



# KENYA

An investment  
guide to Kenya  
OPPORTUNITIES AND CONDITIONS 2012





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## WHY INVEST IN KENYA?

- Diversified and established economy with strong business sector.
- Opportunities in agriculture and horticulture, tourism, mining, power generation, ICTs, manufacturing and acquisition of state-owned enterprises.
- Economic centre of the East Africa Community comprising 138 million people and a GDP of US\$ 138 billion.
- International air and sea gateway to the region.
- Strong reform gains to encourage investment: coherent vision for economic development, regular meetings between government leaders and investors, new framework for public private partnerships, reinforced investment authority.
- New constitution with greater separation of powers to maintain broad-based political stability.

## ACKNOWLEDGEMENTS

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## NOTE TO THE READER

This document is published as part of the UNCTAD-ICC series of investment guides. The publications in this series are intended for the use of foreign investors who are largely unfamiliar with the countries covered.

They are thus designed to offer overviews of potential locations for investment, rather than constitute exhaustive works of reference or provide detailed practical instruction. They do, however, offer pointers to sources of further information in the private as well as the public sector.

There are two other features of these publications that the reader will find worth noting. One is that they are third-party documents, intended to offer a balanced and objective account of investment conditions. Their principal advantage in drawing the attention of investors to the countries they cover is credibility. The other feature is that both their general structure and some of their specific content are the result of consultations with the private sector.

The executive summary is followed by a brief introductory chapter. Then come the three chapters that account for the bulk of the contents. "The operating environment" describes the general conditions in which investors must operate: macroeconomic conditions, infrastructure, human resources, etc. "Areas of opportunity" offers a description of areas of potential interest to foreign investors. "Laws and procedures for investors" focuses on regulations governing investment and foreign direct investment in particular. The fifth and final chapter provides a summary of the perceptions of the private sector in the country, both foreign and domestic.

## PREFACE

Foreign direct investment has come to be widely recognized over the past decade as a major potential contributor to growth and development. It can bring capital, technology, management know-how and access to new markets. In comparison with other forms of capital flows, it is also more stable, with a longer-term commitment to the host economy.

An Investment Guide to Kenya is the concrete product of a collaborative venture by the United Nations Conference on Trade and Development (UNCTAD) and the International Chamber of Commerce (ICC). The objective of this project is to bring together two parties with complementary interests: companies that seek new opportunities and countries that seek new investors. This is not always a straightforward exercise, for firms are driven by their global strategies as much as lured by specific opportunities, and countries have economic and social objectives that transcend attracting foreign investment.

The UNCTAD–ICC investment guides are thus properly seen as parts of a process, a long-term process at the heart of which is an ongoing dialogue between investors and governments. The guides themselves are the product of a dialogue, including that occurring among and between the representatives of business and government during the workshops that precede the completion of the guides. It is our hope that the guides will in turn contribute to the dialogue, helping to strengthen and sustain it. We are convinced that in the long run it is this alone that will create conditions increasingly conducive to greater flows of investment.



Supachai Panitchpakdi  
Secretary-General  
UNCTAD



Jean-Guy Carrier  
Secretary-General  
ICC

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## ABBREVIATIONS

ACP	Cotonou Agreement between the European Union and the African, Caribbean and Pacific States
AGOA	African Growth and Opportunity Act
AKFED	Aga Khan Fund for Economic Development
ATIA	African Trade Insurance Agency
AWAB	Agricultural Wages Advisory Board
BIT	Bilateral investment treaty
BPO	Business process outsourcing
CCK	Communications Commission of Kenya
CET	Common external tariff
COMESA	Common Market for Eastern and Southern Africa
DBK	Development Bank of Kenya
DRC	Democratic Republic of Congo
DTT	Double Taxation Treaty
EAA	East Africa Association
EABC	East African Business Council
EAC	East African Community
EIA	Environmental Impact Assessment
EPA	Economic Partnership Agreement
EPZ	Export processing zones
EPZA	Export Processing Zones Authority
EU	European Union
FDI	Foreign Direct Investment
FKE	Federation of Kenya Employers
FTA	Free Trade Agreement
GAP	Good Agricultural Practice
GDP	Gross Domestic Product
GNP	Gross National Product
GSP	General System of Preferences
GWAB	General Wages Advisory Board
ICC	International Chamber of Commerce
ICDC	Industrial and Commercial Development Corporation
ICSID	International Centre for Settlement of Investment Disputes
ICT	Information and communications technology
IFC	International Finance Corporation
IMF	International Monetary Fund
ITeS	IT enabled services
JKIA	Jomo Kenyatta International Airport
JV	Joint Venture
KAM	Kenya Association of Manufacturers



KCB	Kenya Commercial Bank
Keninvest	Kenya Investment Authority
KEPSA	Kenya Private Sector Alliance
KICC	Kenya International Conference Centre
KICTB	Kenya Information and Communications Technology Board
KIPI	Kenya Industrial Property Institute
KPA	Kenya Ports Authority
KRA	Kenya Revenue Authority
KRC	Kenya Railways Corporation
KTDC	Kenya Tourism Development Corporation
kW	Kilowatt
kWh	Kilowatt hour
KWS	Kenya Wildlife Service
MICE	Meetings, incentives, conferencing and exhibitions
MIGA	Multilateral Investment Guarantee Agency
MoU	Memorandum of Understanding
MW	Megawatts
NEMA	National Environment Management Authority
NESC	National Economic and Social Council
NSSF	National Social Security Fund
PAYE	Pay-as-you-Earn
PCT	Patent Cooperation Treaty
PPP	Public-private partnership
PSC	Production sharing contract
SMEs	Small and medium-sized enterprises
TNC	Transnational Corporation
TPSEAL	Tourism Promotion Services East Africa Limited
TRIPS	Trade-Related Aspects of Intellectual Property Rights
UAE	United Arab Emirates
UNCITRAL	United Nations Commission of International Trade Law
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
USA	United States of America
US\$	United States dollar(s)
VAT	Value-Added Tax
WIPO	World Intellectual Property Organization
WIR	World Investment Report
WTO	World Trade Organization

# TABLE OF CONTENTS

Why invest in Kenya?	iii
<b>EXECUTIVE SUMMARY</b>	<b>1</b>
<b>I. INTRODUCING KENYA</b>	<b>5</b>
Kenya at a glance	5
Country and people	5
Map of Kenya	6
Government and legal system	7
Government economic strategy	8
<b>II. ASSESSMENT OF THE OPERATING ENVIRONMENT</b>	<b>11</b>
Economic performance	11
Trade and investment	12
Infrastructure	15
Transport	15
Human capital	17
Financial sector	18
The private sector	20
<b>III. REGULATIONS AND PROCEDURES FOR INVESTORS</b>	<b>23</b>
Kenya Investment Authority	23
Business Regulatory Reform unit	23
Set up and exit	23
Ownership and property	27
Investment protection and dispute settlement	29
Taxation	30
<b>IV. AREAS OF OPPORTUNITY</b>	<b>33</b>
Infrastructure	33
Horticulture	35
Tourism	36
Renewable energy	39
Natural resource extraction	40
Information and Communication Technologies	41
Privatization	44
<b>V. INVESTOR PERCEPTIONS</b>	<b>47</b>
<b>APPENDICES</b>	<b>49</b>
Appendix I. List of foreign investors	49
Appendix II. Sources of further information	57
Appendix III. Public holidays and business hours	67
Appendix IV. Bibliography	68
Appendix V. Laws relevant to foreign investors	69



# Executive summary

## Why invest in Kenya?

Since independence in 1963, Kenya has maintained a diversified economy in which the private sector has always played a strong role. While there have been periods of tension, the country has never descended into civil war nor succumbed to massive state intervention in the economy. Nevertheless, the eighties, nineties and early 2000s did see a period of economic stagnation with falls in FDI, deterioration of governance and neglect of infrastructure. The move by the Government towards making the private sector a new engine of growth and promoting FDI has been a consequence of this and has brought rewards in terms of GDP growth.

In this light, Keninvest was created in 2004 and given autonomy in 2007 to market the country's opportunities, facilitate investors and ensure aftercare. The Prime Minister meets with the private sector every six weeks and the President too on a less frequent basis. Several reform bills have been lined up, including a bill on public private partnerships (PPPs), which is going through parliament and is designed to attract much-needed investment to the country's infrastructure upgrading and development. And the Privatization Commission has been set up to manage the Government's privatization programme in a transparent and competitive way. Furthermore, the Government has published its Vision 2030, which includes clear benchmarks on how it wishes to develop and bring investment into a number of key sectors.

With regards to governance, a new Constitution was approved with much optimism by referendum in August 2010 with far-reaching changes. This includes a greater separation of powers between the legislature, executive and judiciary; the introduction of checks and balances on the Executive; devolution of power on local matters to 47 counties; a new Senate to act as an upper house in parliament; minimum quotas for women representatives; a new judiciary and screening system for the recruitment of judges; and an expansive bill of rights.

## Advantages

Also notable is Kenya's quality of life. With pleasant temperatures year-round in much of the country, investors rate Kenya highly as a location for family and social life. There is a good supply of international schools, quality hospitals, shopping malls, housing and sports and leisure facilities.

## Opportunities

Kenya's diversified economy and long history of private sector development ensure a wealth of investment opportunity. Within these, the guide identifies a number of priority sectors such as infrastructure development, horticulture, tourism, power generation, natural resource extraction and ICTs. It also focuses on the Government's current privatization programme.

At the heart of Vision 2030, is the Government's desire to significantly improve the country's infrastructure, including road and rail. This has already begun with some major road upgrading. However, private sector investment is sought to develop a new transport corridor to South Sudan including port, road and rail, upgrade roads and railways between Mombasa and the Ugandan border, enlarge Mombasa port and expand Jomo Kenyatta International Airport, a key hub in the region.

Within agriculture, horticulture has been one of the country's fastest growing sectors and exports account for US\$ 1,160 million a year as fruits, vegetables and cut flowers



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are flown daily out of Nairobi to ensure year-round supply to consumers in Europe and the Middle East. Despite meeting the exacting standards of European supermarket chains, vegetable penetration of the EU market stands only at 0.91 percent and fruit a tenth of that. Penetration of the US market is 0 and 0.19 percent respectively, leaving space for growth.

Tourism remains an important sector in the economy but one which the Government is determined to refresh and renew. As new parts of the country are opened up, the authorities are keen to encourage a higher standard of tourism and to target new arrivals from emerging markets (making the most of direct flights to China, Hong Kong SAR and India

and good connections through the Middle East). Furthermore, the Government is keen to diversify the product with a greater emphasis on meetings, incentives, conferencing and exhibitions (MICE), sports and adventure tourism, and the development of Western and Northern circuits. All this requires new, higher quality tourism infrastructure. There is also potential, as has been done by some investors, to integrate tourism facilities in the EAC region as part of a combined offer with Kenya at its heart.

With the country in need of additional power generation capacity to underwrite its expansion and conscious of the need to reduce dependence on hydro-electric sources



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and hydrocarbon imports, the Government is actively encouraging investment in both geothermal and wind, solar and biomass. New geothermal plants are already in operation but it is estimated that there is plenty of untapped potential. Furthermore, wind and biomass production benefit from feed-in tariffs.

Opportunities exist as well in natural resource extraction. The country straddles four geological belts and while small, this sector has benefited from new discoveries. In oil, exploration in the country's four sedimentary basins show promise.

Within services, ICTs, already a nascent sector, to service the regional commercial hub that is Nairobi, to expand into the EAC region and to target English-speaking markets around the world. In addition, Nairobi provides all the necessary infrastructure and skilled labour for companies seeking to site their Africa headquarters.

### **Challenges facing investors**

Kenya has great strengths and advantages as an investment location. However, the country also faces certain challenges. Chief among these is the reliability of the power supply. Companies are required to invest in their own power generation in order to ensure a backup. However, this is also an opportunity, as explained above.

Another concern relates to the administration of taxation. Investors can face delays in obtaining refunds of VAT and withholding taxes and customs clearance can take time with goods subject to a multiplicity of inspections.

Security is also a concern. Major efforts have been made to tackle crime and this is paying off in terms of increased safety in Nairobi. However, the instability in neighbouring Somalia, while outside Kenya's jurisdiction, is having an impact, not least in higher insurance costs for shipping. Yet the signs are that the Government of Kenya is taking this threat seriously and doing its best to mitigate the effects. In addition, the post-election violence of 2008, now hopefully addressed by the 2010 constitution, has nevertheless marked investors.

### **Investment trends**

The country's FDI performance has reflected the Government's efforts to promote investment: US\$ 141 million in 2009 and US\$ 133 million in 2010. In 2007, Kenya attracted US\$ 729 million on the back of privatizations and investment in the Mombasa to Kampala railway. But it isn't just the quantity of investment that is on a positive trend. Kenya is also succeeding in diversifying its FDI with significant flows now coming from China, India, the Middle East and South Africa.

In addition, Kenya is now growing into an outward investor, principally in the sectors of tourism, manufacturing, retail, finance and media, making the most of its access to the EAC region. This is complemented by foreign companies based in Kenya that are using it as a regional base. From almost nothing ten years ago, outward FDI reached US\$ 46.0 million in 2009 before decreasing to US\$ 17.7 million in 2010. Total outward stock stands at US\$ 306 million.

### **Prospects**

Perhaps the best summary of Kenya's prospects is that they are as bright as Kenya chooses to make them. While this could apply elsewhere, it is particularly apt for Kenya, given the country's enormous advantages. Kenya has a strategic location, a port and a coastline, a broad manufacturing base, the best business infrastructure in the region, an able and enterprising workforce, excellent resources for agriculture and tourism – the list is not endless, but it is long. The challenges to be met are serious but hardly insuperable. An investor with an interest in any of the major opportunity areas mentioned above would be most unwise to ignore the potential of a country that is working hard to renew itself and strengthen its status as a regional powerhouse.



# Introducing Kenya

## Kenya at a glance

Name	Republic of Kenya
Political system	Unitary State with Multiparty Democracy
Legislature	Bicameral parliament comprising a National Assembly with 290 members, mostly elected by direct suffrage and a Senate with 68 members, mostly elected by county for five-year terms.
Surface Area	582,646 km <sup>2</sup>
Population	40.5 million (2010 est.) with population growth rate of 2.67 percent Urban rate 2.8 percent for 2000-2009 0-14 years: 43.1 percent 15-64 years: 53.8 percent 65 years and over: 3.1 percent Life expectancy at birth: 57 years
Density	66.8 people per km <sup>2</sup>
Country code	KE
Languages	Swahili is the national language. Swahili and English are official languages. In addition, Kenya's 42 communities have their own languages.
Climate	Kenya lies on both sides of the equator and enjoys a varied climate ranging from tropical to temperate. The Central Highlands and the Rift Valley have the most pleasant climate, with temperatures ranging from the low teens to the mid-twenties Celsius. Rainfall in this area varies from 20 mm in July to 200 mm in April.
Religion	Christian (78 percent), Muslim (10 percent), indigenous African and other (12 percent).
Time Zone	GMT+3
Administration	47 counties
Currency	1 Kenyan Shilling (KES) is equal to 100 cents KES 83 : US\$ 1 (February 2012)
GDP at current US\$	US\$ 32.2 billion (2011)
GDP per capita US\$	US\$ 794 (2011)
Human development rank	143 out of 187 (2011 Human Development Report, UNDP)
Standard & Poor's Rating	B+
Doing Business rank	109 out of 183 for ease of doing business

Sources: UNCTAD, UNICEF, UNDP, World Bank, Government of Kenya, Standard & Poor's.

## Country and people

Kenya lies on both sides of the equator on the east coast of Africa. The country borders Somalia, Ethiopia and Sudan to the north, Uganda to the west, Tanzania to the south and the Indian Ocean to the east. The country's port of Mombasa serves most of the Eastern and Central African landlocked countries, including Burundi, Ethiopia, parts of Northern Tanzania, Rwanda, Sudan and Uganda. The population is 40.5 million (estimated in 2010),

with approximately 8 million people living in the urban areas.

The population growth rate is 2.6 per cent per year. Swahili is the national language while English and Swahili are official languages. The Constitution of Kenya guarantees freedom of religion and worship. Christians are the majority (about 78 percent), Muslims constitute about 10 percent of the population, and about 12 percent subscribe to indigenous beliefs or other religions. The main ethnic groups include





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the Kikuyu, who form the largest segment of the population, the Luhya, the Luo, the Kalenjin and the Kamba. The well-known Maasai number about two percent. Other minority groups of non-African origin such as Europeans and Asians account for less than one percent.

Kenya occupies an area of 582,646 square kilometres (225,000 square miles). Agriculture is the dominant sector of the economy. Horticulture, agro-processing, fishing and livestock hold substantial potential for further development, while natural attractions such as mountains, lakes, rivers and game parks, combined with a climate that ranges from the tropical to the temperate (in the highlands), offer tremendous opportunities for tourism.

## Government and legal system

With a tradition of being a commercial hub in the East Africa region, Kenya was under British rule from 1896 to 1963, when it gained independence. It became a multiparty democracy in 1992 and enjoys an active and participative political culture. In 2010, a Constitution was approved by referendum with far-reaching consequences for the country's system of governance (see Box I.1).

Under the Kenya Constitution (2010), the Government is divided into three distinct branches. The Legislature includes the National Assembly and Senate. The National Assembly has 350 members, of whom 290 are elected, 47 are women-only (one each elected from each county) and 12 nominated by their parties. There is also one *ex officio* member: the Speaker of the National Assembly. The Senate represents the counties. Each of the 47 counties will have an elected senator. Additional senators will include sixteen women nominated by political parties according to their proportion of members of the Senate, one man and one woman, representing the youth, and one man and one woman, representing persons with disabilities. The Speaker shall be an *ex officio* member.

The Executive consists of the President, elected by direct suffrage for a maximum of two five-year terms, Deputy President and cabinet. The President is Head-of-state, commander-in-chief of the armed forces and chairs the National Security Council.

Parliament has the power to introduce legislation on any matter, consider and enact it, following which it must receive assent from the President. Much legislation provides for the minister

### Box I.1. The Constitution of Kenya (2010)

The Constitution of Kenya was enacted on 27 August 2010 following approval by 67 percent of the population in a peaceful referendum. The draft presented at referendum was the product of considerable national debate.

The Constitution marks a radical departure from its predecessor, which had existed since independence in 1963. Key changes include:

- greater separation of powers between the legislature, executive and judiciary;
- the introduction of checks and balances on the Executive;
- devolution of power on local matters to 47 counties, based on the former districts, each with their own legislatures and executives;
- within the parliament, a Senate is established to represent the interests of the counties;
- quotas for women representatives in parliament;
- a Chief Justice is appointed by the President on the recommendation of the Judicial Services Commission. All appointments for judges and magistrates are now vetted by an independent body;
- the introduction of qualifications to be elected;
- a Bill of Rights, which spells out among other things the rights of citizens to life, protection of property, equality, dignity, security, privacy, protection from discrimination, freedom of expression, freedom of association and justice; and
- rules on land acquisition restricting foreigners to 99-year leaseholds.

Source: UNCTAD.

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responsible for a particular aspect of public life to make specific regulations. In Kenya, the Minister for Trade and Industry is responsible for most matters relating to investment, while the Minister for Finance handles fiscal, monetary and related matters. In other instances, the regulatory authorities issue rules to cover particular aspects within their jurisdiction.

In addition, there are 47 county governments, each consisting of an assembly, executive and a directly-elected governor. These governments oversee a range of issues at the local level including agriculture, health services, culture, transport, trade, planning and development.

The Judiciary consists of courts and tribunals with the Supreme Court at its apex, presided by the Chief Justice. The Chief Justice is appointed by the President on the recommendation of the Judicial Service Commission. All judges and magistrates must be vetted by the Judges and Magistrates Vetting Board prior to appointment.

The Supreme Court can receive and rule on appeals from the Court of Appeal, High Court and lower courts and Tribunals. Below the Supreme Court is the Court of Appeal, then the High Court, which has jurisdiction over civil and criminal matters. Additional courts include tribunals on land and labour issues, magistrates courts, kadhis' courts (ruling on Muslim family law) and courts martial.

## Government economic strategy

Since independence, Kenya has followed a mixed economic development strategy. The roles of the public and private sectors have evolved over time, and there has been a shift in emphasis from public to private investment. Since 1993 the Government has initiated various economic reforms to make the economy more responsive to private-sector growth. This has included the Economic Recovery Strategy for Wealth and Employment Creation (2003–2007) and Vision 2030 (2008) (see below).

A key factor in Kenya's economic development has been its role within the process of East African regional integration and its market op-

portunities (see Box 1.2). With an estimated GDP of \$32.2 billion in 2010 and a population of 40.5 million, Kenya remains the economic powerhouse of the East African Community, a single market with a population of 138 million. This is reinforced by an infrastructure that includes the port of Mombasa, providing sea access to Uganda, Rwanda, Burundi and South Sudan, and Jomo Kenyatta International Airport, which functions as an effective air hub between Africa and Europe and Asia. Nairobi is also the financial hub for the region. In addition, Kenya is a member of COMESA, with a population of 444 million.

The Government's economic policy priorities are set out in its Vision 2030. This document and its many subsidiaries articulate the country's strategy over the period of 2008 to 2030 with the aim of becoming «a newly industrializing middle income country providing a high quality of life to all its citizens by the year 2030.» The strategy also places the country firmly within the growing opportunities of the East African region.

The strategy is based on three pillars, economic, social and political, that are to be implemented in successive five-year medium-term plans. The economic pillar focuses on six priority sectors:

### Tourism

As a leading sector, the aim is for Kenya to be among the world's top 10 long-haul tourist destinations with an increase in contribution to GDP, hotel beds and spend per visitor. Diversification of the tourism product includes the development of three resort cities, increasing of premium safari parks, creation of niche products (cultural, eco-sports and water-based tourism), revamping business tourism and investing in new conference facilities.

### Agriculture

Emphasis is placed on increasing productivity in the agriculture, livestock and fisheries sector at the same time as expanding processing activities. The aim is to improve crop yields, make use of currently uncultivated land, reform land-use policies, expanding irrigation schemes, and better branding Kenyan products.

### Box I.2. The East African Community

The East African Community (EAC) is the regional intergovernmental organization of Burundi, Kenya, Rwanda, Uganda and Tanzania. Established in 2000, it consists of seven main organs to enable the Community to fulfil its mission: the Summit (the highest organ of the Community), the Council, the Co-ordination Committee, the Sectoral Committees, the East African Court of Justice, the East African Legislative Assembly and the Secretariat. The Community is headquartered in Arusha. Its official language is English, but it recognizes Swahili as a lingua franca.

The member countries also share a common culture and history, with some variations, and Swahili is widely spoken in the region. It currently encompasses a population of 138 million and a GDP of \$82.1 billion.

The East African Community (EAC) that came into existence in 2000 is actually the second to bear that name. The same three founding countries – Kenya, Tanzania and Uganda – had established its predecessor in 1967, only to see it dissolve ten years later. In the 80-year-long history of East African cooperation, the present EAC is only the latest milestone, but it is a particularly notable one.

Key achievements of the EAC include the establishment of a customs union in 2005 and a common market in 2010 with a common external tariff (0 percent for raw materials, 10 percent for intermediate goods and 25 percent for finished goods) and the removal of tariff and non-tariff internal barriers to trade. Future steps include a monetary union and a political federation.<sup>1</sup>

*Source:* UNCTAD.

### Wholesale and retail trade

The aim is to move towards greater efficiency in the country's marketing system by strengthening informal trade to increase the supply to formal traders such as supermarkets, increasing the number of large stores through the attraction of new chains, and developing a free trade port at Lamu.

### Manufacturing for the regional market;

Kenya aims to become a prime supplier of basic goods to the eastern and central African markets before moving into the manufacture of niche products for other markets. The strategy proposes to invest in training, research and development and attract large investors in agro-processing industries to target local and international markets. The development of economic clusters and SME business parks is envisaged.

### Business process outsourcing

The strategy envisages Kenya becoming "the top BPO destination for Africa". Emphasis will be on attracting investment from transnational corporations that are active in the sector and championing local players. Work has begun

on the construction of a BPO park outside Nairobi that will feature quality infrastructure and streamlined administration.

### Financial services

Development of this sector will focus on increasing savings rates, reducing the share of the population without access to a bank account, addressing the cost of borrowing, and introducing credit reference checks. At the same time, institutional capital will be consolidated through pension fund reform and expansion of bond and equity markets. Skills will also be developed in the sector and the legal framework will be reviewed to facilitate the country's position as a regional financial centre.

Outside the economic pillar, the social pillar focuses on health, education and training, the environment, poverty elimination, and housing and urbanization.

The political pillar emphasizes strategies to strengthen the rule of law, improve electoral and political processes, enhance democracy and public service delivery, improve transparency and accountability, and address security, peace-building and conflict management.



# Assessment of the operating environment

## Economic performance

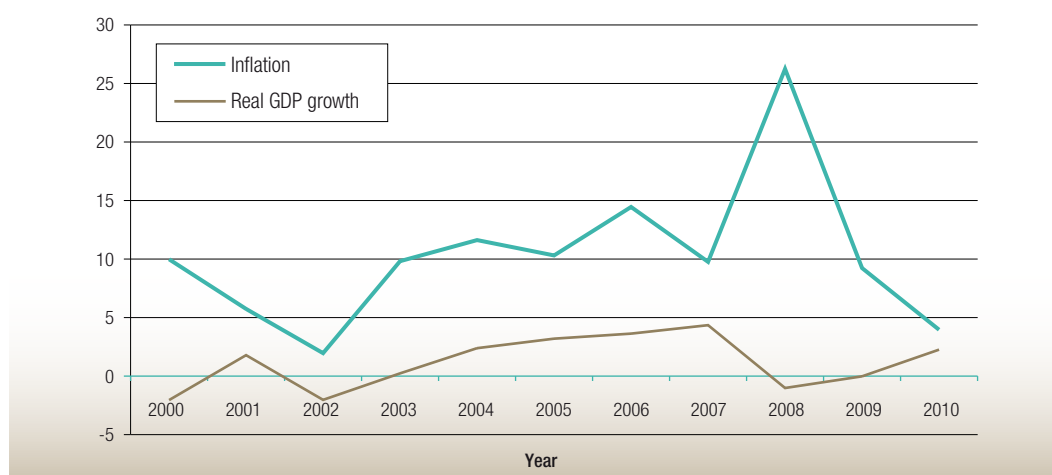
Following two decades of stagnation, private sector-led economic growth has since the early 2000s, been a Government priority. The Economic Recovery Strategy for Wealth and Employment Creation (2003–2007) set the seeds for this with a business-friendly stance, regular meetings with the private sector and a focus on investment in infrastructure and improving access to education and health services. At the same time, the Government embarked on an important privatization programme, which continues to this day. The Government's business-friendly stance has rolled over into Vision 2030, which sets development benchmarks for a number of priority sectors. This has been complemented by the integration of the EAC and the establishment in 2005 of a customs union and in 2010 of a common market.

In a reversal of previous trends, growth picked up in 2004, peaking at 4.35 percent in 2007, although this was also linked to record investment flows into the country related in part to the privatization and the railways. Over the mid-2000s, inflation remained between 10 and 15 percent. However, the post-election violence of 2008 together with the global financial crisis, high commodity import prices and poor weather conditions was to bring

growth down to -1.02 percent, and keep it negative for the following year. At the same time, inflation peaked at 26.2 percent. Nevertheless, this would appear to have been a temporary set back and in 2010, the economy grew 2.26 percent and inflation was down to 3.96 percent. This recovery partly reflected an almost consistent upward movement in exports over previous years (see next section), bucking global trends.

The main contributors to growth were the sectors of: construction, reflecting the significant activity in infrastructure development; manufacturing, transport and services, reflecting Kenya's central position as part of a more integrated EAC and for tourism specifically, new arrivals from emerging markets; agriculture, benefiting from favourable weather conditions; and retail. This was underpinned by a US\$ 260 million economic stimulus package that ran from 2009. Increased agricultural output also had a beneficial impact on food prices, partly explaining the fall in inflation in 2010 from 2008 when violence disrupted supplies. It should be noted that services, agriculture and industry account for over half the Kenyan economy with shares of 30.1 percent, 12.2 percent 10.6 percent respectively. For 2011, the Government forecasts growth of between 3.5 and 4.5 percent.

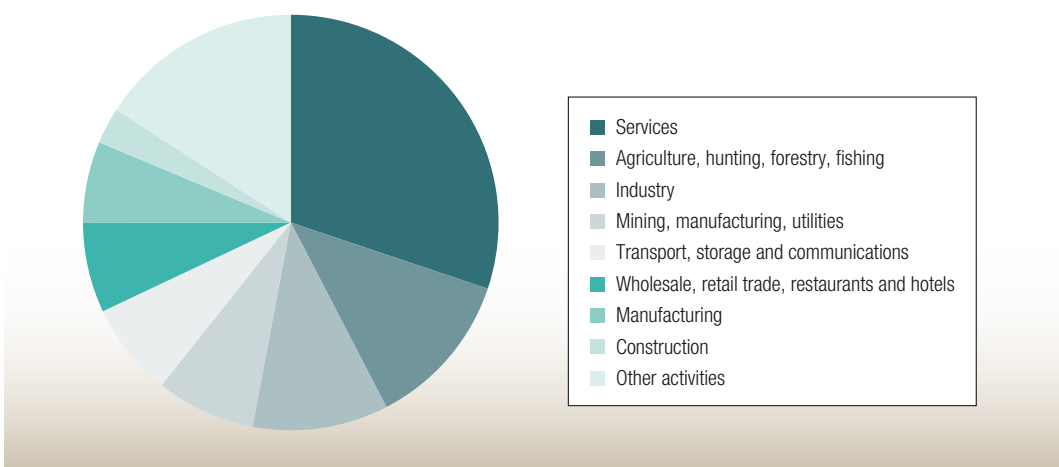
Figure II.1. Inflation and Real GDP growth, 2000-2010



Source: UNCTADSTAT.

2 | The full schedule of tariffs is available in the EAC Common External Tariff Handbook.

**Figure II.2. Real GDP shares by sector, 2009**



Source: UNCTADSTAT.

## Trade and investment

### Market size and access

Kenya has an open trade regime, the result of reforms started in the early 1990s. It is a member of the World Trade Organization and of two sub-regional economic groupings, EAC and COMESA.

As an active member of the EAC common market, with an estimated GDP of \$32.2 billion in 2010 and a population of 40.5 million, all goods manufactured in one EAC country and sold in another are treated as if they were manufactured locally, by virtue of there being no internal tariffs between partner countries. The same countries also levy a common external tariff for goods entering the EAC, with the aim of promoting manufacturing and the processing of raw materials. Under this scheme, raw materials are imported duty free, intermediate goods are charged 10 percent and finished goods 25 percent.<sup>2</sup> The EAC is now moving to tackling non-tariff barriers.

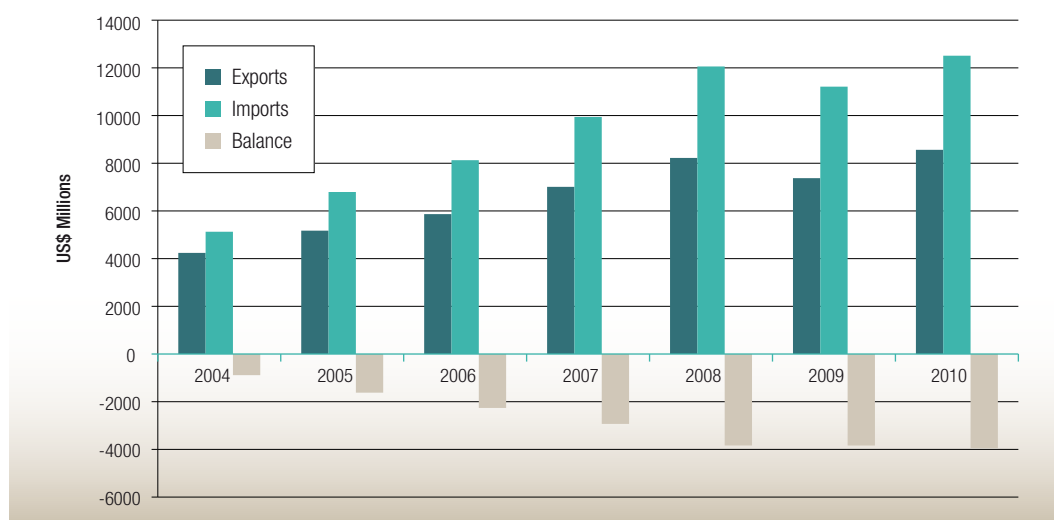
As a member of COMESA, Kenya is also part of a customs union in which member States have agreed to a common external tariff on imports into the region. With the overlap between EAC, COMESA and SADC, discussions have now focused on harmonizing tariffs to create a tripartite free trade agreement covering 26 countries.

Further afield, membership of the EU-EAC interim Economic Partnership Agreement and the Generalised System of Preferences (GSP) enables eligible agricultural products from Kenya to qualify for preferential tariffs on exports to EU member countries. Kenya also has access to the US market, provided by the African Growth and Opportunity Act (AGOA).

### Trade performance

Kenya has enjoyed steady export growth in the last six years. However, this was punctuated by a fall across all export products in 2009 of 11 percent attributable to the global economic environment. At the same time, export growth of 16.1 percent in 2010 was more than matched by an increase in imports, resulting in a worsening trade balance, partly explaining the falling Kenyan Shilling.

Kenya's most important export sector is horticultural, with fruits vegetables accounting for 10.0 percent of exports and flowers accounting for 18.0 percent of exports, having grown 50 percent over the last ten years. These are destined for the European Union, mainly the United Kingdom and the Netherlands. This is followed by manufactures (23.6 percent), which is mainly destined for countries in the region and tea (17.9 percent). Kenya's largest imports are machinery at 29.2 percent and fuel at 22.9 percent. The country's high fuel bill has prompted

**Figure II.3. Trade balance, 2004 to 2010**

Source: UNCTADSTAT.

the Government to examine other energy sources (See Chapter IV on investment opportunities). This is followed by manufactured goods (15.1 percent) and chemicals (12.6 percent).

### Foreign direct investment performance

The Government has made the attraction of FDI a clear policy priority and to this end established Keninvest as a semi-autonomous agency in 2004. Since that time, FDI inflows to Kenya have seen a steady increase, reaching US\$ 141 million in 2009 and US\$ 133 million in 2010. The exceptional inflows of US\$ 729 million in 2007 are attributable to large

privatizations in telecommunications (Telkom Kenya and Safaricom) and investment in the railways (between 2005 and 2010 investment in the railways has reached US\$404 million – see section on rail<sup>3</sup>).

FDI from traditional sources such as Europe has been complemented by that from emerging markets. Investors from China (infrastructure development such as China Road and Bridge Construction Corporation, manufacturing and agriculture), India (ICTs such as Airtel and Yu), the Middle East (hotel and property development such as Fairmont) and South Africa (Rift Valley Railways) are starting to make their presence felt.

**Table II.1. Top export and import markets, 2010, percent of total**

Export markets	%	Import markets	%
United Kingdom	10.84	United States	12.89
Uganda	9.83	China	9.14
Netherlands	9.78	Germany	6.99
United Republic of Tanzania	9.51	Japan	4.54
United States	6.98	France	3.93
Egypt	4.49	United Kingdom	3.66
Democratic Republic of the Congo	4.15	Netherlands	3.39
Rwanda	3.50	Italy	3.19
Pakistan	3.17	China, Hong Kong SAR	2.88
Germany	2.42	Korea, Republic of	2.79

Source: UNCTADSTAT.

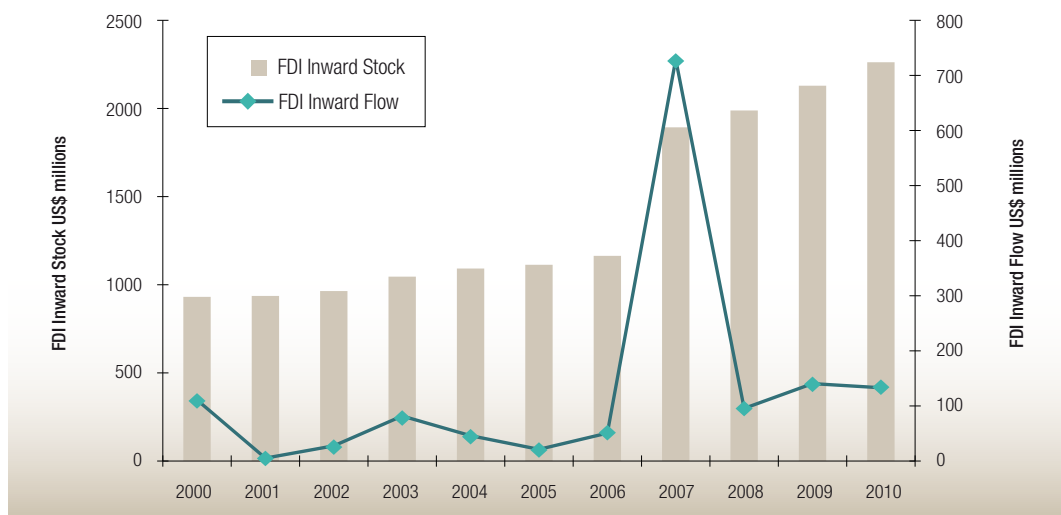


Large infrastructure projects foreseen by the Government (see section on infrastructure) are likely to increase FDI in the coming years. The Government is drafting a PPP bill with the intention of attracting US\$ 40 billion in infrastructure finance.

With an industrial base that is relatively advanced compared to the region, Kenya is also becoming an important outward investor in manufacturing, finance and service activities to EAC countries and the wider region. From

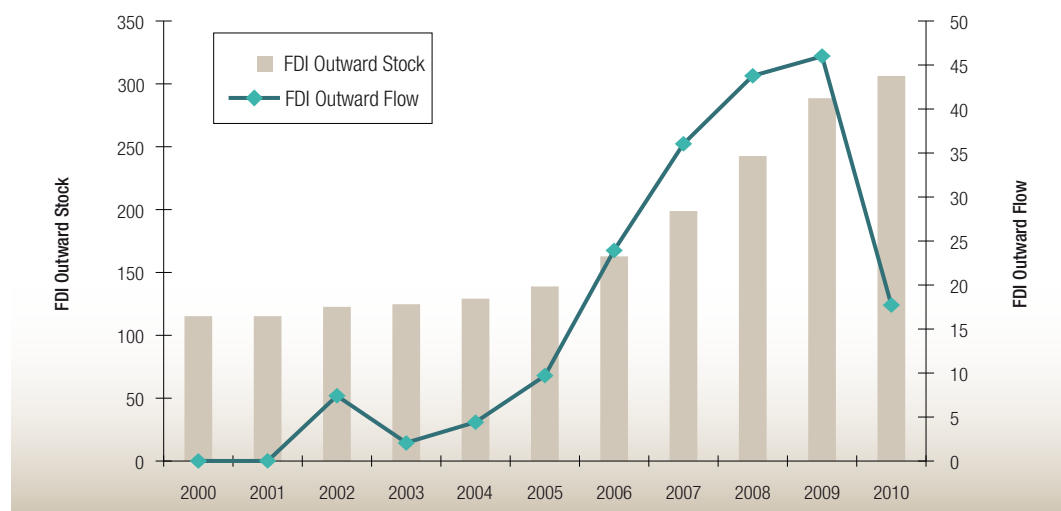
almost nothing ten years ago, outward FDI reached US\$ 46.0 million in 2009 before decreasing to US\$ 17.7 million in 2010. Meanwhile total outward stock stands at US\$ 306 million. Kenyan companies with a significant regional presence include Tourism Promotion Services Eastern Africa (operating as Serena Hotels), Kenya Commercial Bank, Diamond Trust Bank and Equity Bank, East African Breweries, the Uchumi and Nakumatt supermarket chains, and Nation Media (radio broadcasting and television).

**Figure II.4. Kenya's inward FDI performance, 2000 to 2010**



Source: UNCTADSTAT.

**Figure II.5. Kenya's outward FDI performance, 2000-2010**



Source: UNCTADSTAT.

## Infrastructure

### Telecommunications

Kenya's telecommunications infrastructure has seen rapid growth. The country is now connected to three undersea fibre-optic cables (Seacom, TEAM System and EASSY). Through a national backbone, this ensures broadband access to the main urban centres through fixed-line access and in certain locations, microwaves.

There are currently four mobile operators. These are Indian-owned Airtel and Yu, French-owned Orange (which took over the former national operator Telkom) and Safaricom, which is locally listed. All four mobile operators offer 3G access and some are trialling 4G.

Kenya's telecommunications development policy is overseen by the ICT Board, which operates under the Ministry of Information and Communications. Its mandate includes among other objectives, promoting competitive ICT industries in Kenya and investment into such industries, developing capacities in the sector, including through working with academic institutions, and increasing access to all communities in the country. One of its flagship projects will be the creation of an ICT technology park (Konza Technology City), on the outskirts of Nairobi and in the vicinity of Jomo Kenyatta International Airport. Investors are being sought for this.

### Energy

With its dependence on hydro-electric power generation, Kenya is vulnerable to climatic conditions and power outages during dry periods have been increasing in frequency. Current peak electric power demand is estimated at

1,191 MW and is projected to grow at seven percent annually. To this end, total installed power generation capacity of 1,330 MW is complemented by an emergency power producer agreement with Aggreko for 290 MW generated from diesel. Limited cross-border imports also take place with Uganda and the United Republic of Tanzania. Many businesses also retain their own diesel generators. For this reason, the Government is keen to attract investment in renewable energies and geothermal energy (See Chapter IV).

Table II.2 shows the main industrial electricity charges. These charges are subject to VAT at 16 percent and additional levies, namely five percent of unit sales for the Rural Electrification Programme (REP) and three Kenya cents per kWh for the Energy Regulatory Commission. The REP was established to address the challenge of electrification. While the main urban centres are supplied, overall electrification in Kenya remains at 20 percent (51 percent in urban areas and 4 percent in rural areas).

## Transport

### Roads

The current road network comprises a variety of roads, ranging from forest and farm tracks to multi-lane urban and suburban highways. The system is divided into classified and unclassified roads, with a total network of 197,000 kilometres. Out of the classified network of 63,300 kilometres, about 14 percent is to bitumen standard, another 43 percent to gravel standard and the remaining 43 percent to earth standard. The classified road network falls under the Kenya National Highways Authority for trunk and roads and the

**Table II.2. Charges for electricity supplied to industrial customers**

Voltage supplied	Fixed charge	Energy charge per unit consumed	Demand charge per KVA
415V	KES 800	KES 5.75	KES 600
11,000V	KES 2,500	KES 4.73	KES 400
33,000V	KES 2,900	KES 4.49	KES 200
66,000V	KES 4,200	KES 4.25	KES 170
132,000V	KES 11,000	KES 4.10	KES 170

Source: Kenya Power, Rates as of November 2011.

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Kenya Rural Roads Authority. The unclassified network falls under the Kenya Urban Roads Authority, the Kenya Wildlife Service and the Forest Department.

Following a long period of neglect, the Government is embarking on a large-scale programme to upgrade the road network. Key features are:

- improvement of the Northern corridor which connects the port of Mombasa, via Nairobi with Uganda and beyond that, Rwanda, Burundi and the Democratic Republic of Congo. 368 km of road will be rehabilitated;
- construction of the Nairobi-Thika multi-lane highway to handle increased traffic on a busy section of road between Kenya and Ethiopia; and
- development of a new highway linking the port of Lamu to South Sudan and Ethiopia, taking in Garrisa, Isiolo, Mararal, Lodwar, and Lokichogio.

## Rail

Kenya's rail network built a century ago, extends from Mombasa to Tororo on the Ugandan border via Nairobi. The same line continues in Uganda to Kampala with a branch to Pakwach. Kenya's section of the line has the capacity to handle up to 7 million tons of cargo a year but actually handles only a third of this, and only six percent of total cargo on that route – most goes by road. As elsewhere in East Africa, railways in Kenya are in a dilapidated state. There is also a block-train freight service running from Mombasa to Kampala, as well as container-carrying trains daily between Kipevu (Mombasa) and the inland container depot at Embakasi (Nairobi).

In 2005, Kenyan and Ugandan railways jointly concessioned their operations to Rift Valley Railways, a South African-led consortium, for a period of 25 years. With a long-term loan of \$165 million, the consortium has announced its



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intention to rehabilitate the network and rolling stock on the entire length of the line.

A number of long term infrastructure projects envisaged by the Government are examined in the Infrastructure section in Chapter IV Investment Opportunities.

## Air

Kenya has four international airports: Jomo Kenyatta International Airport (JKIA), Mombasa International Airport (MIA), Kisumu Airport and Eldoret International Airport. Wilson Airport in Nairobi is a major airport for domestic charters, with three other domestic airports and numerous airstrips in existence. All airports are managed by the Kenya Airports Authority.

JKIA, which is a major hub in East Africa, currently handles 6 million passengers per annum and 300 million kilos of cargo. The privatization of Kenya Airways in 1996 was a major factor in the increased traffic passing through JKIA. Another factor is horticulture exports to the EU.

Over 20 European, Middle Eastern and Asian airlines currently fly into JKIA. Kenya Airways itself operates direct flights to major European capitals, Dubai, and Mumbai, Hong Kong and Guangzhou in Asia, connecting with a large number of destinations in Africa. There are no direct flights to the United States, which is something of a constraint on taking advantage of export opportunities in garments and potentially in horticulture.

With passenger growth projected at 12 percent a year, the Government is currently seeking investment to expand the main passenger terminal to enable a capacity of 20 million passengers.

## Ports

Mombasa is Kenya's principal port, a hub for the region and based in a deep and sheltered natural harbour. In 2010 it handled 19 million tonnes of cargo. The port is managed, along with eight other minor ports, by the Kenya Ports Authority (KPA), which is a parastatal.

In addition to serving Kenya, the port serves as an important transit point with 5.4 million

tonnes of cargo passing through in 2010; 70 percent of which is destined for Uganda, and the remainder to Tanzania, the Democratic Republic of the Congo, South Sudan, Rwanda, Sudan, Ethiopia, and Somalia. Inland transportation is provided by truck and train, and special railtainer services operate from the port to inland container depots at Nairobi, Kisumu and Eldoret.

The port lies on the main shipping lines and also provides feeder services to Dar es Salaam, Mogadishu, Durban, Salalah, Djibouti and Dubai. The port can service dry bulks, liquid bulks, bagged products, break bulk, motor vehicles, machinery and containerized cargo.

The port has benefited from significant investment in berths, gantries, warehousing, complex storage facilities and information systems with the result that dwell times have reduced from 13.1 days in 2008 to 6.1 days last year. With regards to the container terminal, it handled 619,000 twenty-foot equivalent container units (TEU) last year in a terminal designed for 250,000 TEU. Work therefore started in 2009 on a second terminal which will have a 1.2 million TEU capacity. However, plans for a partial privatization of port services where the KPA would be transformed into a landlord port authority, with most cargo handling and complementary services being ceded to the private sector, have yet to be enacted.

Despite investments in security by the Government of Kenya, piracy off the coast of Somalia has presented a challenge for shipping to the port, not least with regards to insurance costs.

Another sea port (Lamu port) is proposed for development. The port's capacity will be bigger than Mombasa and will link to Ethiopia, and South Sudan, for which additional connections by oil pipeline and railway are being considered (See Chapter IV on investment opportunities).

## Human capital

### Labour

Kenya has a population of about 40.5 million people, of which 47.5 percent constitute the working population, placing it in line with

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the regional average. The country also has the highest 15 + literacy rate in the region (90 percent).

Schools are free. However, access to secondary education is governed by the primary school leaving exam. Priority is given according to score to national schools, then provincial and district schools. Harambee which are only government-subsidized but not free, accept students with lower scores.

There are 30 universities in Kenya. Of these, seven are public (Nairobi, Kenyatta, Moi, Egerton, Maseno, Jomo Kenyatta University of Agriculture and Technology, and Masindo Muliro University of Science and Technology). Aside from public universities there are a number of private ones, which can be placed into three categories. There are chartered universities, which are fully accredited by the Commission for Higher Education. Then there are a number of universities, such as the Aga Khan University, which had been offering degrees prior to the establishment of the Commission for Higher Education. Finally, there are universities, which are authorized to operate with Letters of Interim Authority.

Parallel to the university system is the vocational post-secondary system. This includes national polytechnics, government training institutes, teacher training colleges and private institutions. They offer certificates, diplomas and higher national diplomas for two to three year courses, but may not offer degrees.

With its large expatriate population, Kenya is also well-served with international schools offering British and international curricula. There are 13 schools in Nairobi and others in Eldoret, Gigil, Kisumu, Mombasa, Nakuru, Thika and Turi.

### Health services

Kenya enjoys a fairly extensive public health system consisting of local health centres and hospitals at the sub-district, district, provincial and national levels. At the same time, life expectancy in Kenya stands at 58, which compares favourably with the regional average of 52. Nevertheless, disparities in health outcomes exist between urban and rural areas and the prevalence of HIV among adults

is a third higher than the regional average, while average government health spending per person stands at US\$ 30 compared to a regional average of US\$ 82.

A number of private hospitals exist in Nairobi and Mombasa. This includes the Aga Khan University Hospital and Nairobi hospital. Nairobi's expatriate health provision is such that it commonly used, along with Johannesburg, as a medical evacuation destination for international organizations in the region.

## Financial sector

Kenya is the financial hub of the East African region, helped both by its history as a regional centre and its market size.

### Banking

Kenya has an extensive and relatively well developed banking industry, serving both the domestic and regional markets. There are 44 banks registered in Kenya. They include global names such as Barclays and Standard Chartered, homegrown commercial banks that now enjoy a presence in the wider region such as Kenya Commercial Bank and Diamond Trust Bank, and commercial banks that evolved from cooperative beginnings such as Equity Bank, Family Bank and the Co-operative Bank.

The banking sector has seen increased competition resulting in an expansion of bank branches within the country and the provision of innovative products such as mobile banking. At the same time, budgetary devolution to the counties, envisaged under the constitution is likely to lead to the further development of banking services at the local level. In the other direction, the larger banks (Barclays, Standard Chartered, Kenya Commercial Bank) built a strong business in servicing the regional operations of local and foreign companies implanted in Kenya. Nevertheless, the decision by the Central Bank of Kenya, which regulates banks, to increase the capital requirement to 250 million KES as of December 2012 may lead to consolidation and a reduction in the number of banks overall.

### Box II.1. Kenya Commercial Bank

Kenya Commercial Bank (KCB) is one of Kenya's largest, with, as of December 2011, assets of US\$ 3.92 billion, shareholder capital valued at US\$ 528 million and market share of 14 percent with 1.8 million customers. It has a network of 169 branches across the country.

KCB traces its roots to 1896 when the National Bank of India established an outlet in Mombasa. It evolved into the National and Grindlays Bank, which was fully bought by the Government of Kenya in 1970 and renamed Kenya Commercial Bank. The Government has been gradually reducing its stake, which now stands at 17.7 percent, the rest owned by private and institutional investors.

Aside its presence in Kenya, KCB is also one of the country's leading investors into the region, with a growing presence in Rwanda (9 branches and 7 percent market share), South Sudan (19 branches and 40 percent market share), Tanzania (11 branches and 3 percent market share) and Uganda (14 branches and 2 percent market share). Expansion is planned into Burundi over the course of 2012. The bank is also cross-listed on the Rwanda, Uganda and Dar-es-salaam securities exchanges.

Source: Keninvest.

The formal banking sector serves 23 percent of the adult population. It is complemented by non-bank financial institutions that serve a further 41 percent. These include microfinance institutions, savings and credit cooperatives and NGOs. Altogether these reported a total of US\$ 443 million in loan portfolios.<sup>4</sup> Additional measures to increase access to finance include agent banking, which enables commercial banks to partner with third parties like shops, supermarkets, petrol stations and chemists to offer specified banking services on their behalf. The Central Bank has also put in place a credit information sharing system.

Another important and widely used component of the banking sector, though not regulated as such, is the Mpesa mobile transactions system, provided by Safaricom. It allows any mobile phone user to pay for products at shops, remit funds to relatives or store money. In 2010, the service had 9 million users.

### Insurance

There are 43 licensed insurance companies in Kenya and two reinsurance companies. The largest five in descending order of market share are Jubilee, APA, UAP, Ken-india and Co-operative, and together held 37.2 percent of the market. The principal classes of insurance both at the personal and corporate level remain predominantly

in motor, fire industrial, personal accident and life.

While the industry has been seeing rapid growth with gross earned premiums for the industry reaching 63.4 billion KES in 2010, up by 17.7 percent on the previous year, overall penetration of the market remains low. The insurance industry is governed by the Insurance Act and regulated by the Insurance Regulatory Authority.

### Capital markets

The Nairobi Stock and Securities Exchange (NSE), a listed company, is Africa's fourth largest by absolute capitalization, after Johannesburg, Cairo and Mauritius. It trades both equities and bonds with a growing participation of local investors (responsible for 50 percent of market turnover in August 2011).

Currently 57 companies are listed, of which eight are actively traded. Monthly turnover is generally between 6 and 10 billion KES. Bond turnover is generally between 20 and 50 billion KES a month of which about 98 percent is government paper.

Since 2006, NSE has operated an electronic trading system and since 2007, a wide area network has enabled brokers to place orders from their offices. Clearing is performed by the Central Depository and Settlement Corporation.

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The NSE is regulated by the capital markets authority. Tasked with increasing capitalization from 50 percent of GDP to 90 percent by 2030, the CMA is examining ways to further develop Kenya's capital markets. This includes the introduction of over-the-counter trading.

While cross-listing between the exchanges of Nairobi, Dar-es-salaam and Kampala is limited, there have been proposals to combine these three markets into a regional exchange. Indeed, this is one of the objectives of the EAC and the three exchanges use the same software. However, challenges to this remain, most notably in differing rules on capital flows and issues of market depth and liquidity.

## The private sector

By East African standards, Kenya has a very substantial private sector, including a significant number of foreign investors. (For a sampling of foreign investors in Kenya, see Appendix I) The country has always been a market economy, and it escaped both the dislocation caused in Uganda by the expulsion of the Asians in the late 1970s and the problems created by the socialist experiment in Tanzania from the 1960s through the 1980s. The import substitution policies of the 1960s and 1970s led to considerable diversification of the economy, and foreign investment has played an important role in the economy.

Key players in voicing private-sector concerns include the following bodies:

### **The Kenya Private Sector Alliance (KEPSA)**

The Kenya Private Sector Alliance, formed in 2003, is the umbrella organization of over 200 private-sector organizations in Kenya. Its objectives include the following: to enable the private sector to have a strong impact on socio-economic development through a collective effort; to create a harmonized approach to cross-sectoral issues; to ensure the formulation of policies that encourage both domestic and foreign investment; and to pursue regional, continental and international economic opportunities.

### **The Federation of Kenya Employers (FKE)**

The Federation of Kenya Employers was registered under the Trade Unions Act in January 1959 as an association representing the collective interests of employers. Its major objectives are to harmonize and defend employers' interests and to raise the social consciousness of employers so as to enable them to realize the full potential of their enterprises by promoting increased labour productivity, sound management techniques, better industrial relations, fair labour practices, effective work organization and stronger staff motivation.

### **The Kenya Association of Manufacturers (KAM)**

The Kenya Association of Manufacturers is the leading organization of industrialists in Kenya. It was constituted in 1959 to unite industrialists under a powerful umbrella organization to encourage investment, uphold standards, and represent their views and concerns to the Government. Ordinary membership is restricted to persons, firms and companies directly engaged in manufacturing, processing or any other productive method. Associate membership is extended to other companies and firms that, by the very nature of their business, have a direct interest in the expansion of industry, including financial institutions, insurance companies and consulting firms.

### **The Eastern Africa Association (EAA)**

The Eastern Africa Association was established in 1964. Members include around 300 companies from India, South Africa, the United Kingdom and the United States, among others. The EAA is headquartered in London and acts as a channel of communication between foreign investors and Eastern African governments. It interprets the policies and objectives of governments to its members and, in turn, explains the views and needs of investors, prospective investors and foreign businesses generally to governments. It has a strong presence in the EAC but is also present in a number of other countries, including Ethiopia and Madagascar.

### **The East African Business Council (EABC)**

The East African Business Council is the umbrella organization for businesses in East

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Africa. It has three categories of membership. One category consists of chambers of commerce, manufacturers' associations, employers' federations and organizations in the banking, tourism, insurance, agriculture and transport sectors. A second category is that of investment promotion centres, export promotion councils and EPZs. The third category is that of companies.

### **Kenya Flower Council (KFC)**

The Kenya Flower Council is a private voluntary association of independent growers and exporters of cut-flowers and ornamentals. KFC was formed to foster the responsible and safe production of cut flowers in Kenya while promoting the welfare of Kenyan flower growers and protecting the natural environment. KFC participates in trade fairs, organizes annual

Flower Days in UK, Germany and the Netherlands and pursues other initiatives intended to grow the industry.

### **The Fresh Produce Exporters Association of Kenya (FPEAK)**

The association represents growers, exporters and service providers in the horticulture industry. Formed in 1975, when export horticulture was in its infancy, the association has grown to become Kenya's foremost sectoral trade association. Members are involved in growing and/or exporting fresh cutflowers, fruits, and vegetables. FPEAK supports growers and exporters by providing technical and marketing information and training, acts as an information centre, and runs active lobbying and advocacy programmes to enhance the sector's competitiveness







# Regulations and procedures for investors

## Kenya Investment Authority

The Kenya Investment Authority (Keninvest) was established by the Investment Promotion Act, 2004; its purpose “to promote and facilitate investment by assisting investors in obtaining the licenses necessary to invest and by providing other assistance and incentives”. According to the Act:

- Keninvest (Kenya Investment Authority) has the mandate to promote and facilitate investment by:
- issuing investment certificates;
- assisting investors in obtaining licenses, permits, incentives and exemptions;
- providing information on investment opportunities and sources of capital; and
- advising the Government on improving the investment environment.
- Foreign investors are required to obtain an investment certificate in order to invest in Kenya. (A local investor does not require such a certificate but must register with the Keninvest. However, by obtaining a certificate they are eligible for benefits detailed below.)
- To obtain a certificate, a foreign investor must invest a minimum of US\$ 100,000 or the equivalent (a local one must invest KES 1 million). An investor must also show that the potential investment will be beneficial to Kenya, as judged by such criteria as its positive impact on employment, skill upgrading, transfer of technology, foreign exchange generation, tax revenue enhancement, and the like.
- Keninvest is expected to make and communicate its decision regarding an investment certificate within 10 working days after receiving a complete application unless there are special reasons (related for example to other relevant permits, licenses and approvals; security, health or environmental considerations) requiring referral to a third party.
- An investment certificate granted under the Act offers investors some important benefits, the principal one having to do with Kenya's rather extensive licensing requirements.

The Second Schedule of the Act specifies 71 licenses. The holder of an investment certificate is entitled to the initial issuance of all of these that are required for his or her operations and spelled out in the certificate – barring any special legal provision to the contrary, which Keninvest is required to check. Until the licenses are actually issued, and for a maximum period of 12 months after the issuance of the certificate, the licenses are deemed to have been issued by virtue of the certificate, subject to the submission of appropriate applications and fees. This entitlement is only for the initial issue of licences, after which the laws under which they are normally issued apply as usual.

- Another benefit of the investment certificate is that the holder is entitled to entry (work) permits for three members of the holder's management or technical staff and three fellow-owners (or shareholders or partners). The permits are valid for two years and may be reissued to the same or different persons.

## Business Regulatory Reform unit

The Regulatory Reform Unit was established by the Ministry of Finance to liaise with regulators with a view to simplifying the licensing procedure. The Unit also vets new licenses to ensure that they are in consonance with internationally accepted regulatory practices and standards.

## Set up and exit

### Incorporation and related requirements

The various forms of legal incorporation of business enterprises in Kenya include:

- incorporated limited liability companies (private and public)
- partnerships
- sole proprietorships
- cooperatives

- companies limited by guarantees for most non-profit organizations.
- representative offices, which are required to comply with Part X of the Companies Act (i.e. to secure a certificate of compliance from the Registrar of Companies).

Limited liability companies are the entities most favoured by foreign investors. These offer advantages similar to those offered by corporate bodies in other countries. A shareholder's liability for any deficiency on winding up is usually limited to the amount unpaid for the issued and called-up capital on the shares issued to the investor. Shares may be transferred without affecting the continuity of the business.

### Land acquisition

Land in Kenya is classified by the Constitution into three types: public land, private land and community land. Of the three, community land occupies the largest surface. The freedom to own and deal with property is guaranteed by the Constitution. There are several land-tenure systems under which land may be held and operated.

One is freehold tenure, the holding of registered land in perpetuity subject to statutory and common law qualifications. Another is leasehold tenure, the holding of land on a lease between the lessor and lessee for a given period from a specified date of commencement, on such

#### Figure III.1. Steps required to start a business in Kenya

Obtain approval for the company name from the Registrar of Companies (3 days)

Stamp the memorandum and articles and a statement of the nominal capital (8 days)

Costs 1 percent of nominal capital + KES 2,005, stamp duty on Memorandum and Articles of Association

Pay stamp duty at bank

Sign declaration of compliance (Form 208) before a Commissioner of Oaths or notary public (1 day)

Costs KES 200

File deed and details with the Registrar of Companies at the Attorney General's Chambers in Nairobi (7-14 days)

For the first KES 100,000: KES 2,200.

For every KES 20,000 after the first KES 100,000: KES 120, subject to a maximum of KES 60,000.

Filing fee for three forms: KES 600.

Register with the Tax Department for a Personal Identification Number (1 day)

No charge

Register with the VAT office (1 day)

No Charge

Apply to the local authority for a business permit (1 day)

Medium trader, shop, or retail service from 5 to 20 employees and/or premises 50–300 sq. m. (fair location): KES 5,000.

Mid-size business of 50 employees and premises 300 sq. m.: about KES 20,000 to KES 50,000, depending on the nature of the business.

Register with the National Social Security Fund (NSSF) (1 day)

No Charge

Register with the National Hospital Insurance Fund (NHIF) (1 day)

No charge

Register for PAYE (1 day)

No charge

Make a company seal after a certificate of incorporation has been issued (2 days)

Between KES 2500 and KES 350

Sources: Keninvest.

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terms and conditions as the parties may agree on. A third way in which land may be acquired and used is having it allocated by the Government.

The Constitution restricts foreign ownership of private land to leasehold for a maximum of 99 years.

The procedure for the allocation of alienated or unalienated government land is that the developer identifies land suitable for development and completes an application form, which he or she forwards to the appropriate District Land Board for consideration. The Land Board meets once or twice a month (depending on the district) to consider all applications, after which a decision is made and a certificate of allocation issued. Then the developer can process a lease or transfer the title depending on the type of land acquired. This process generally takes three to four months.

Dealings in agricultural land (mostly rural land) are subject to Land Control Board consent under the Land Control Act. Agricultural land (defined as freehold land outside urban areas or land held on a leasehold title that restricts its use to an agricultural purpose) cannot be acquired unless a Land Board approves an application by the owner of such land and the person who wishes to acquire it. Land Control Boards operate in each district throughout Kenya and meet more or less regularly to consider such applications. (It is worth noting that land situated outside an urban area that is held on a leasehold title for a non-agricultural purpose is not subject to this control.) Applications for consent must be considered within six months of the agreement to enter into the transaction, or they must be renewed or extended by a Court.

It is possible for land to be controlled in more than one manner. For example, a freehold beachfront plot situated on the coast outside an urban area may also be subject to the provisions of the Land Control Act in that the land would be regarded as “agricultural” even if it is actually used for a hotel. For this reason, it is usual and desirable for such plots of land to be held on leasehold titles restricted to an appropriate non-agricultural purpose so that the Land Control Act does not apply to such plots of land.

## **Environment-related requirements**

Investors in Kenya are required to comply with environmental standards. The National Environment Management Authority (NEMA) oversees these matters and is the principal regulatory agency for them. Developers of projects involving manufacturing or processing, or any project sited by a body of water or in a conservation area, are required to carry out an environmental impact assessment (EIA) and obtain an environmental impact assessment license, prior to project implementation. Upon submission of the EIA, NEMA is required to respond within six months. If within nine months no reply is received, the investor may proceed with the project.

## **Technology transfer**

Foreign investors are encouraged to provide training and development of human resources and undertake the transfer of technology and expertise to local staff.

## **National treatment**

Legally, there is no difference in the treatment accorded to foreign and local companies.

## **Competition policy**

Kenya has taken a liberal stance in regard to competition and price setting, with market forces being allowed to determine who enters or exits a given business and what prices are to be charged. The Restrictive Trade Practices, Monopolies and Price Control (RTPMC) Act (Chapter 504, Laws of Kenya) was enacted in 1988 as a transitional instrument to regulate the market and at the same time allow the Government to gradually remove price controls. The Act covered such areas as predatory trade practices, collusive tendering and collusive bidding, control of mergers and concentration and also established the Monopolies and Prices Commission within the Ministry of Finance. Continuing efforts to improve competition in the Kenyan economy and following the recommendations of the voluntary UNCTAD Peer Review (2005) on the enforcement of the RTPMC Act, the Government enacted the 2010 Competition Act. The Act establishes an independent Competition Authority and,

in addition to the common provisions of a competition law, includes consumer welfare. Appropriate budgetary allocations have been provided to strengthen its capacity.

### Exchanging and remitting funds

The Central Bank of Kenya governs matters relating to the management of foreign exchange. The Kenya shilling is the official Kenyan currency. No foreign exchange controls currently exist. Both residents and non-residents may open foreign-currency accounts with domestic banks. No person except authorized dealers is allowed to engage in the foreign exchange business, except where the Central Bank permits a specific person or class of persons to do so, subject to the conditions it may impose.

### Expatriate employees

Expatriates are allowed to work in Kenya provided they have an entry permit (work permit) issued under the Kenya Citizenship and Immigration Act. An applicant for an entry permit needs to describe the work he or she intends to engage in and will be allowed to engage only in that specific activity. Entry permits are usually granted to foreign enterprises approved to operate in Kenya as long as the applicants are key personnel. Any enterprise, whether local or foreign, may recruit expatriates for any category of skilled labour if Kenyans are not available. The issue of work permits is closely controlled, although the Government recognizes that foreign investors or shareholders need to be represented in senior management. This applies in particular to managing directors, senior finance and marketing executives and highly specialized technical positions. Keninvest facilitates the acquisition of entry permits, which can be obtained on arrival in Kenya if they have not been secured beforehand.

### Local employees

The labour laws of Kenya are embodied in its Employment Act (2007) as well as the Labour Institutions Act (2007), the Labour Relations Act (2007), the Occupational Safety and Health Act (2007) and the Work Injury Benefits Act (2007).

The provisions covered by the Employment Act include those regarding wages, non-discrimination, harassment, leave, housing, health and welfare, local and foreign contracts of service, the employment of women and youth, termination of contract, and other administrative matters.

Wages are paid in the manner specified in the written contract of employment. They may be paid in daily, weekly or monthly instalments. For piece rate work, the employee is paid in proportion to the actual work completed. Wages can also be paid in accordance with any agreement entered into by a trade union of which the employee is a member.

Wages are set by the Minister of Labour on the proposal of the Agricultural Wages Advisory Board (AWAB) and the General Wages Advisory Board (GWAB). Selected minimum wages are set out in Table III.1.

**Table III.1. Selected minimum wages in Kenya, 2011**

Occupation	KES per month
Agricultural	
Unskilled agricultural employee	3,765
Farm foreman	6,792
Lorry driver or car driver	5,517
General <sup>(a)</sup>	
Miner	8,193
Machinist	9,815
Garment and dress cutter	11,684
Receptionist	11,684
Cashier	17,118
Driver (heavy commercial vehicle)	17,118

Source: The Regulation of Wages Order 2011.

<sup>(a)</sup> Applies to the cities of Nairobi, Mombasa and Kisumu. Other municipal areas are generally 8 percent less and other areas 24 percent less.

The normal working hours consist of not more than 52 hours of work per week with at least one day of rest in a seven day period. No person under the age of 16 may be required to work for more than six hours a day. Every employee is also entitled to an annual leave with full pay of not less than 21 working days after every year of continuous service and not less than 1.75 days per month when employment is terminated after two or more months of continuous service. The annual leave is in



addition to all public holidays, weekly rest days and sick leave as fixed by law or by written agreement. Sick leave is fixed at seven days of full pay and seven days at half pay within a 12 month period. The country has about 10 public holidays a year.

Female employees are entitled to three months of fully paid maternity leave with a right to return to the previous post or one that is reasonably suitable. Male employees benefit from two weeks of paternity leave.

An employer may terminate the contract of an employee for non-disciplinary reasons with 28 days notice or payment in lieu. However, in the case of redundancies, there are notification requirements either to the employee or their trade union, giving the reasons in writing. Further conditions may be governed by a collective agreement. Contract terminations for employees who have served beyond their probationary period can be appealed to the labour officer or an industrial tribunal.

### Exit

The Kenyan legal system is quite flexible on exit options, which are normally determined by the agreement that the investor has with other

investors in the project. 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 and returning to its home country, if the legal requirements and clearances have been satisfied. The Companies Act gives the procedures for both voluntary and compulsory winding-up processes.

### Ownership and property

There are no general restrictions on the percentage of equity that foreign nationals may hold in a locally incorporated company. Nonetheless, there are some restrictions on investment in companies listed on the Nairobi Stock Exchange and certain businesses, such as fishing and insurance. Similarly, there are no regulations restricting joint-venture arrangements between Kenyans and foreigners, or prohibiting the acquisition of Kenyan firms by foreign-owned firms. These are matters subject to mutual agreement between partners.

Private and public companies may accept an individual's share in other entities (if it is

5 | Kenya is party to the Paris Convention for the protection of industrial property, the Bern Convention for the Protection of Literary and Artistic Works, the Protocol to the Madrid Agreement Concerning the International Registration of Marks and the Patent Cooperation Treaty (PCT), among others.

transferable and if it is acceptable to the newly formed company) instead of cash. Companies should inform the Registrar of Companies of any allotment for consideration other than cash through a written contract constituting the title of the recipient of the allotment.

### Intellectual property rights

Kenya has laws to enforce intellectual property rights, being a member of the World Intellectual Property Organization (WIPO) and its various conventions and protocols,<sup>5</sup> as well as the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), and the African Regional Industrial Property Organization. Foreign investors also benefit from the same rights as local investors.

Kenya's Trade Mark Act (1957, last amended in 2002) allows trademark infringement to be fined up to KES 5,000. In the area of patents, the Industrial Property Act (2001) provides for

civil proceedings in case of non-intentional patent infringement, with remedies in the form of injunctions, damages and compensation. In the case of intentional patent infringement it mandates criminal proceedings, with penalties that include a fine and up to five years in prison; going beyond minimum standards required by Kenya's international obligations. Border measures including anti-counterfeit measures are addressed under the Anti-counterfeit Act (2008).

The Kenya Industrial Property Institute (KIPI) considers applications for and grants industrial property rights. Foreign applicants are entitled to right of priority and for international filing. Other Kenyan organizations include the Kenya Copyright Board (KECOBO), the Kenya Plant Health Inspectorate Service (KEPHIS), which among other things, protects new seed and plant varieties, and the Anti-Counterfeit Agency (ACA).



## Investment protection and dispute settlement

### Expropriation

The Constitution of Kenya provides protection against the expropriation of private property except in cases of public interest and where due process is followed. In such cases adequate and prompt compensation must be provided. This is detailed in the Land Acquisition Act. Further protection is also guaranteed by the various bilateral agreements with other countries (see Table III.1). Kenya is also a member of the World Bank's Multilateral Investment Guarantee Agency (MIGA), which offers insurance against non-commercial risk.

### Revocation of license

A foreign investment certificate may be revoked:

- if it was issued on the basis of incorrect information given by the applicant; for the certificate;
- if the certificate was obtained by fraud; or
- if a condition of the certificate was breached.

In all cases, the holder of the certificate shall receive written notice of the KIA's intention to revoke it and shall be provided the opportunity to make representations. In practice, the KIA has rarely revoked licences. It normally relies on counselling to achieve the desired corrective action.

### Treaties protecting investment

Kenya has signed bilateral investment treaties with a number of countries (see Table III.2).

**Table III.2. Bilateral investment treaties**

Burundi
China
Finland
France
Germany
Iran, Islamic Republic
Italy
Libya
Netherlands
Switzerland
United Kingdom

Source: UNCTAD.

### Dispute settlement

The legal system in Kenya is adversarial, and most disputes are resolved through litigation in court, although arbitration and alternative dispute resolution are becoming increasingly popular.

The Arbitration Act governs arbitration. Parties opting to refer their present or future differences to arbitration must include an arbitration clause in their agreement. The authority of an arbitrator appointed by virtue of such an agreement is irrevocable, except by leave of the High Court or unless a contrary intention appears in the agreement. Facilities for alternative dispute resolution are provided by Kenya's Dispute Resolution Centre. In addition, The Chartered Institute of Arbitrators has a Kenya chapter.

Kenya is also a member of the International Centre for the Settlement of Investment Disputes (ICSID), a World Bank agreement for the settlement of disputes between States and Nationals of other States. Under this agreement, Kenya is required to recognize ICSID arbitral awards.

The Foreign Judgments (Reciprocal Enforcement) Act (Chapter 43, Laws of Kenya) provides for the enforcement in Kenya of judgments given in other countries that accord reciprocal treatment to judgments given in Kenya. The countries with which Kenya has entered into reciprocal enforcement agreements are Australia, Malawi, Rwanda, Seychelles, United Republic of Tanzania, Uganda, the United Kingdom and Zambia. Without such an agreement, a foreign judgment is not enforceable in the Kenyan courts except by filing suit on the judgment.

Kenyan courts would, as a general rule, recognize a governing-law clause in an agreement that provides for foreign law. However, the selection of such a law must be real, genuine, bona fide, legal and reasonable. A Kenyan court would not give effect to a foreign law if the parties intended to apply it in order to evade the mandatory provisions of a Kenyan law with which the agreement has its most substantial connection and which, for this reason, the court would normally have applied.



## Taxation

### Personal income tax

The income tax is a direct tax levied on income from business, employment, rent, dividends, interest and pensions, among others. It is paid by any person resident in Kenya, a resident being defined as someone who has a permanent home in Kenya and has spent any part of the working year in the country, or as someone who, without a permanent home in Kenya, has spent 183 days or more working in the country in the year of assessment or an average of 122 days per year over the previous two years. Residents in Kenya are assessed on the worldwide employment income. A foreign employee of a non-Kenyan firm who is resident in Kenya is subject to tax on all emoluments. Pay as You Earn (PAYE) is the method of collection for individuals in gainful employment. The employer deducts a certain amount of tax from his/her employee's salary or wages on each payday and then remits it (Income Tax Act, Chapter 470). Income tax rates are contained in Table III.3.

**Table III.3. Personal income tax rates**

Threshold	Rate
On the first KES 121,968	10 percent
On the next KES 114,912	15 percent
On the next KES 114,912	20 percent
On the next KES 114,912	25 percent
On all income over KES 466,704	30 percent

Source: Income Tax Act 2009.

### Corporate tax

This is a direct tax on profits made by corporate bodies such as limited companies, trusts, clubs, societies, associations and cooperatives. It has its legal basis in the Income Tax Act, Chapter 470. In general taxable income consists of gross profits minus allowable deductions over a tax year that matches the calendar year. However, companies may under Section 27 of the Income Tax Act and with prior approval of the Commissioner, vary their accounting year. The rate differs between resident and non-

resident companies. (A resident company is one incorporated in Kenya.)

Companies listed on the Nairobi Stock Exchange (NSE) are also taxed at slightly lower rates than other companies in order to encourage listing. In addition, expenses incurred on legal costs and other incidental expenses relating to authorization and issue of shares, debentures or similar securities offered for purchase by the public are allowable as deductions. Expenses incurred for purposes of listing on any securities exchange operating in Kenya (without raising additional capital) are also deductible.

In addition, investment in buildings and machinery for manufacturing and hotels enjoys a 100 percent deduction. This deduction rises to 150 percent for investments outside the cities of Kisumu, Mombasa and Nairobi.

Investors in export-processing zones who do not engage in commercial activities such as trading, enjoy a 10-year tax holiday, followed by a 25 percent corporate tax rate for the following 10 years.

### Excise taxes

Excise taxes are levied on alcoholic beverages, tobacco products, petroleum products, motor vehicles, carbonated drinks, fruit drinks and mineral water, and cosmetics. The taxes are imposed under the Customs and Excise Act (Chapter 472). Tobacco and alcohol are taxed on a specific basis.

### Trade taxes

As a member of the EAC customs union, all goods manufactured in one EAC country and sold in another are treated as if they were manufactured locally, by virtue of there being no internal tariffs between partner countries. The same countries also levy a common external tariff for goods entering the EAC, with the aim of promoting manufacturing and the processing of raw materials. Under this scheme, raw materials are imported duty free, intermediate goods are charged 10 percent and finished goods 25 percent.<sup>6</sup> Investors in export processing zones (EPZs) are exempted from paying import duties.

6 | The full schedule of tariffs is available in the EAC Common External Tariff Handbook.

**Table III.4. Principal taxes affecting investors**

	Resident rate	Non-resident rate
Corporate tax	30 percent (a)	37.5 percent
Withholding taxes		
Dividends <sup>(b)</sup>	5 percent	10 percent
Management, technical or professional fees	5 percent	20 percent
Royalties	5 percent	20 percent
Interest		
Government bearer bonds	15 percent	15 percent
Bearer bonds with 10 year and above maturity	10 percent	25 percent
Other bearer instruments	25 percent	25 percent
Social security <sup>(c)</sup>	5 percent of payroll	5 percent of payroll
Capital gains from transfer of property	10 percent	10 percent

Source: Kenya Revenue Authority

<sup>(a)</sup> Reduced to 20 percent for the first five years upon listing at least 40 percent of share capital, 25 percent for the first five years upon listing at least 30 percent of share capital, or 27 percent for the first three years upon listing at least 20 percent of share capital in a security exchange approved under the Capital Markets Act (CMA).

<sup>(b)</sup> No tax is paid if the recipient is a resident company and owns at least 12.5 percent of the payer.

<sup>(c)</sup> Subject to a maximum per year of KES 2,400.

The table shows the most common withholding taxes.

### Value-added tax (VAT)

VAT is a consumption tax levied on taxable goods and services, whether locally produced or imported. It was introduced in 1990 to replace the sales tax and is administered under the VAT Act, Chapter 476. Registration is compulsory where annual turnover is expected to be KES 5 million or more.

The normal rate of VAT is 16 percent. However, some fuels oils and electricity are taxed at 12 percent. Food products are generally exempt as are a large number of services. Goods and services that are exported or supplied to privileged persons/organizations (such as projects in EPZs or international organizations) are zero-rated. There is also a large list of zero-rated goods linked to basic foodstuffs, medical products and machinery. More details are available in the schedules of the VAT Act 2009 Edition.

### Double taxation agreements

Kenya has signed double taxation agreements with a number of countries (see Table III.5).

**Table III.5. Double taxation agreements**

Country	Type
Canada	Income and capital
Denmark	Income and capital
France	Air and sea transport
Germany	Income and capital
India	Income and capital
Italy	Income and capital
	Protocol
Norway	Income and capital
South Africa	Income
Sweden	Income and capital
Thailand	Income
United Kingdom	Income and capital
Zambia	Income and capital

Source: UNCTAD.



# Areas of opportunity

In contrast to much of the continent, Kenya presents a diversified economy and a long history of private sector development. As a result, opportunities can be found in every sector.

What follows is a description of Kenya's fast-growing sectors for which their remains clear potential. These include the sectors of: infrastructure, for which the Government is keen to bring in private investment to underpin the country's economic development; horticulture, which has become a major export sector and for which their remains potential (by the same measure tea and coffee have not been included); tourism, which the Government is seeking to refresh and renew; natural resource extraction, based on developments in geological exploration; power generation, which is urgently needed in order to match supply to demand; ICTs, to service Nairobi's position as a regional hub; and privatization, for which a special commission has been established.

## Infrastructure

Kenya's Vision 2030 envisages a massive up-grading and extension of the country's infrastructure. To facilitate this, a PPP bill is going through Parliament. A number of infrastructure projects are highlighted that present significant opportunities for investors in the coming years.

It is important to note that while the Government has put forward plans on how it would like to develop infrastructure, it is equally open to ideas and proposals from potential investors.

### Redevelopment of the Northern Corridor

The Northern Corridor comprises the road and rail network between the port of Mombasa and Tororo on the Ugandan border, taking in along the way, Nairobi and Kisumu. It is important transit route to the Great Lakes region (Burundi, D. R. Congo, Rwanda and Uganda) as well as the Northern areas of the United Republic of Tanzania. The corridor handles about 40 million tonnes of cargo annually including agricultural goods, cement, coffee,

dairy products, fluospar, grains, paper, petroleum products, salt, soda ash, sugar and timber.

With only six percent of cargo travelling by rail, investment is already taking place in rehabilitating the Kenya Uganda Railways under the private concession Rift Valley Railways. However, investment is still sought for the development of a commuter railways system around Nairobi (population 3.13 million) to allay the city's growing traffic problems. This will involve the rehabilitation of approximately 160 km of the existing rail system within the Greater Nairobi area and the construction of a spur to Jomo Kenyatta International Airport, as well as the rehabilitation and construction of new stations. Plans are also being made to build a standard gauge line to replace the current Kenya-Uganda railway.

Parallel to the railways, the plan also envisages the rehabilitation of 368 km of road and the possibility of toll-paying dual carriageways, and the development of inland container ports to facilitate distribution and logistics.

### Jomo Kenyatta International Airport

JKIA is the main passenger and cargo hub for the East African region. It currently handles 6 million passengers per annum with demand projected to grow by 12 percent a year. It is the home base for Kenya Airways, a well-regarded African airline, part-owned by KLM. A further 36 other airlines also fly to JKIA of which 20 are significant international airlines. The airport also handles 300 million kilos of cargo with growth projected at 10 percent a year.

Despite the number of passengers passing through, the current terminal only has a design capacity of 2.5 million passengers. An extension is currently under construction to increase that capacity to 3.8 million, but further extension is required.

To this end, the Government is looking for investors to construct a new terminal with a capacity of 20 million passengers per year and a floor space of 172,000 square metres with 32 contact and 8 remote gates. This would be

accompanied by a new runway for which the Government is looking separately for funding. The new terminal would be preceded by the opening of a new rail connection and toll road (mentioned above).

### **A new corridor from Lamu to South Sudan and Ethiopia**

The lack of capacity at the port of Mombasa and the creation of South Sudan and its strategic orientation towards Kenya has given new impetus to the development of a transport corridor from Lamu to Juba and Ethiopia. This corridor would be composed of several elements:

- A port, estimated at US\$ 4 billion, would be situated in Manda Bay, a natural harbour that benefits from a 3.5 km entrance. It would have capacity for 20 berths and, with its deep waters and ability to accommodate large vessels, act as a transshipment hub.

- A railway would connect Lamu to Juba over a distance of 1,720 km. Parallel to that would be a toll highway. Both would take into account the towns of Garrisa, Isiolo, Mararal, Lodwar, and Lokichogio.

- An oil pipeline would also be required to enable South Sudan to export its oil via Lamu.
- In addition, Lamu would be vested with a new airport, oil refinery and tourist resort.

The Government is keen to attract investment into these projects and envisages either direct investment or public-private partnerships.

It should be noted that the corridor and consequent transport infrastructure could enable further investment opportunities in agriculture. Twenty four million hectares of land along the corridor could be used for livestock production. Furthermore, 9.2 million hectares have potential for crop production if irrigated from the Tana Delta and Athi and Tana rivers.

#### **Box IV.1. Export Processing Zones**

The EPZ Act was passed in 1990 and created the Export Processing Zones Authority (EPZA) as the regulatory body. By 2011, there were 40 EPZs in operation or under development. Most are close to Nairobi or Mombasa, with the largest at Athi River, 25 kilometres from Nairobi. It should be noted that operations such as horticultural farms can also be designated EPZs. The largest single investment by a company in an EPZ has been De La Rue in security and printing (US\$ 48 million).

Investors in EPZs benefit from a range of fiscal incentives. These include a 10 years tax holiday followed by a 25 percent flat tax for the next 10 years; exemption from all withholding taxes during the first 10 years; exemption from import duties on machinery, raw materials, and inputs; no restrictions on management or technical arrangements; and exemption from stamp duty and from the VAT on raw materials, machinery and other inputs.

However, investors must fulfill certain conditions when applying for a license (developer, producer, service or trader) to operate in an EPZ. At least 80 percent of production must be for export. This needs to be justified by letters from potential buyers. In addition, anything sold locally, within 20 percent of output, must be approved by the Minister and will be taxed at the normal rate.

Plots in EPZs can be bought on 50 year lease or rented. At Athi River, 1 hectare plots cost US\$ 5,000 per annum or US\$ 100,000 for 50 years. There is an additional 15 percent service charge and a US\$ 1,000 annual license fee.

Main foreign sources of EPZ investment are from China, Taiwan Province of China and India. The African Growth and Opportunity Act (AGOA) has brought in a large number of investors in the garment sector, although there is uncertainty over the duration of the third country provision. In addition, the expansion of the EAC customs union has restricted the usefulness of EPZs as a platform for exporting to the region.

To this end, the Government is looking at moving towards Special Economic Zones of the type present elsewhere in Africa under which investors can have access to quality infrastructure to produce both for the local and foreign markets. At the same time, the removal of offshore status make it easier for investors to source from Kenyan suppliers, thus creating backward linkages into the local economy.

*Source:* UNCTAD.

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## Horticulture

With a combination of active government support, favourable agro-climatic conditions (22°C-30°C in the day, 6°C-12°C at night and 60-80 days of rain), availability of low-cost farm workers and the know-how, reach and financial weight of foreign investors, matched by the year-round demand for certain vegetables in international markets, and direct air connections to Europe, horticulture has emerged as one of the country's fastest growing sectors within agriculture, making Kenya a major exporter in this field. Horticulture production is divided into fruits and vegetables on the one hand, and cut flowers on the other.

### Fruits and vegetables

Fruits and vegetables accounted for US\$ 490 million of export earnings in 2010. Participation by foreign investors (mainly Dutch and British) in the growing, processing and export of fruits and vegetables has been significant and has helped secure market access and raise quality, both to meet EU sanitary and phytosanitary standards and additional ones, for example those set by the British Retail Consortium. As a result, the United Kingdom in general accounted for 55.1 percent of Kenya's vegetable exports, followed by 18.0 percent to the Netherlands. The most common vegetables are fresh beans (French beans, fine beans and dwarf beans), fresh peas (mange tout, sugar snap and garden peas), brussels sprouts, broccoli, courgettes, and baby carrots. Fruit exports, which include mangoes and avocado, have more diversified export patterns, with 19.5 percent to France, followed by 12.9 percent to the Netherlands and 9.47 percent to the United States.

There are still many opportunities in this area. Kenya has no more than 0.91 percent of EU market share in edible vegetables and only 0.09 percent in edible fruits. Corresponding figures for the US market are 0 percent and 0.19 percent. And for the UAE, a growing market for Kenyan horticultural products, 0.38 percent and 0.80 percent. Furthermore, the trend towards healthy eating and the promotion by governments, on WHO advice, of 'five portions' a day of vegetables and fruits, is leading to a growth in consumption.

### Cut flowers

There has been a cut flower industry in Kenya since the 1980s. However, it is only since the 1990s that foreign investment has enabled the industry to acquire new technologies, upgrade quality control and improve infrastructure. As a result, exports of cut flowers reached US\$ 670 million in 2010, accounting for 25 percent of the EU's imports and for which 66 percent were destined for the Netherlands, 17 percent for the UK and five percent for Germany, although a significant amount of what passes through auction houses in the Netherlands is re-exported. Principal flowers exported from Kenya are roses, spray and standard carnations, statice, alstroemeria, lilies and hypericum. Peak periods for this sector include Valentines Day, UK and European Mother's Days, Easter, St Nicholas, Christmas and France for New Year's Eve.

The floriculture industry, located for the most part on the shores of Lake Naivasha, but present in a number of areas through the Rift Valley and Mount Kenya region, is vertically integrated, depending to a large extent on out-grower arrangements (more so than fruits and vegetables). Small cut flower farms in Kenya produce and sell their flowers to larger local Kenyan or foreign companies, which control, grade, bunch and export the flowers via cold storage facilities at Jomo Kenyatta International Airport in Nairobi. The industry employs 2 million people, or 7 percent of the population, directly and indirectly.

### Certification

In response to requirements introduced by buyers in international markets with regards to standards of environmental management, product and food safety, quality, traceability, and the occupational health and safety of workers, the two main horticultural producer groups, the Fresh Produce Exporters Association of Kenya and the Kenya Flower Council have both launched codes of practice, which are benchmarked to the international Global-GAP (good agricultural practice) initiative. Fruit and vegetable producers are certified under Kenya-GAP, while cut flower producers are certified under the Kenya Flower Council's code of practice.

#### Box IV.2. Oserian Flower Farm, Naivasha

Oserian was established in 1969 as a five hectare family-owned farm producing white and green asparagus. It also incorporated an agrochemical business, later sold to Bauer Ltd. In 1982, the company diversified into cut flowers, starting with stasis, which it exported to the Netherlands. At the time, it was the first flower farm in Africa. Since then it has grown to be, at 256 hectares, the largest single farm in Kenya, producing an average of one million stems a day. Flower varieties include carnations, lisianthus, flox, rascus, snap dragon, solidago, sunflower, and spray roses.

Flowers are picked every day between 5 a.m. and 6 a.m., are packed by 9 a.m. and are at Jomo Kenyatta International Airport by noon where they are placed in cold storage. At 11 p.m. they are loaded onto cargo flights and are in a depot in Rotterdam at 11 a.m. the next day. Twenty fours later they are at supermarket warehouses across Europe, and 60 hours after picking are on the supermarket shelf.

Oserian's strategy hasn't just focused on growing its operations in Kenya. It also set up its own auction house in the Netherlands, now sold, called Teleflora, specifically for imported flowers. The auction house was complemented by marketing arms in the UK and mainland Europe, enabling Oserian to directly supply UK supermarkets.

Over the years it has had to overcome a number of challenges. These have included initially high freight costs, clearances for EU sanitary and phytosanitary standards, and the high quality requirements of EU customers. In 1985 the Government of the Netherlands banned Kenyan flower imports, though this was short-lived.

The company has invested significantly in research and development. It is now producing scented roses with a guaranteed seven-day shelf-life, and in partnership with the Kenyatta Agricultural Research Institute is working on new varieties of strawberries with taste colour and sweetness for the local market, as well as disease resistant yam, cassava, sorghum and millet. It is also examining natural remedies to avoid pesticides. The farm is certified Fairtrade, Max Havelaar, Leaf, Kenya Flower Council and Global Gap.

Oserian has placed great emphasis on its social and environmental commitments. All staff are housed or provided with allowances. Medicine, transport and work gear are provided as is severance pay, funeral allowances. An onsite vocational training centre offers courses in driving, computing, carpentry and other subjects, enabling staff to move to higher paying posts. Furthermore, all energy needs are provided onsite through two geothermal plants.

*Source:* UNCTAD.

## Tourism

Kenya offers fine natural attractions, combined with a network of hotels and game lodges that give visitors good value for their money. With its national parks, game reserves, marine parks, biosphere reserves, archaeological sites and pearly beaches, Kenya remains a natural tourism magnet. The most popular tourist attractions in Kenya are the wildlife and beaches. Others include museums, snake parks and historical sites. However, many of these resources remain largely unexploited.

Kenya currently receives about one million visitors a year, which is around half the number visiting South Africa. The main markets for

Kenyan tourism in descending order of visitor numbers are the UK (who travel mainly by scheduled flights), the US, Italy, Germany, (of which the latter two mainly travel on charter flights to Mombasa), France and India. Emerging markets are growing in importance and the Kenya Tourist Board is focusing on them as well as Australia. India is about to overtake France in visitor arrivals and China has grown fast. Both countries enjoy direct flights to Nairobi. Table IV.1 shows the principle origins by bed-nights.

Focus is also growing on domestic tourism, which currently fills 35 percent of bed capacity and which ensures greater value-added for local operators. Regional markets are also growing in importance. For example, Uganda

is a market for medical tourism while South Africans visit Kenya in search of a safer and more authentic experience. The further development of the domestic and regional market will provide an effective bulwark against any slump or disruption in the international market.

**Table IV.1. Bed-night occupancy by country of residence, 2009**

Country of Residence	Bed-nights
Kenya residents	2,150,900
United Kingdom	909,700
Germany	685,600
Italy	383,200
USA	233,800
France	231,800
Switzerland	127,500
Uganda	103,000
Scandinavia	97,300
South Africa	87,800

Source: Ministry of Tourism.

The Ministry of Tourism is trying to refresh the Kenya brand by promoting investment into higher quality accommodation and facilities

so as to depart from a past image of low cost beach tourism. At the same time, the ministry is trying to diversify the offer both within the traditional beach and safari products as well as to new sectors (see below). This is called the Brand Kenya initiative. The ministry is also keen to make use of EAC integration by promoting regional circuits.

One area is in meetings, incentives, conferencing and exhibitions (MICE), which Kenya is well positioned for given its position as an African commercial and transport hub. It is estimated that such delegates, of which there were 322,000 in 2010, spent an average of US\$ 400 per stay, helping maintain an occupancy rate in Nairobi of 80 percent. This sector is currently focused on the Kenya International Conference Centre (KICC), which hosted 19 international meetings (defined as gatherings of 1,000 or more international attendees) in 2010 and 10 in 2009. However, KICC is in need of renovation and with competition on the continent restricted to Cape Town, Cairo and Marrakesh, and a new 3,000-seat capacity conference centre being built in Kigali, there is likely to be plenty of demand for new conference centres for which the Government is seeking investors in the towns of Mombasa or Kisumu.





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The Government is also looking to tap into the growing sports and adventure tourism market. One proposal is to exploit Kenya's athletic reputation to develop high altitude training camps. Hiking can also be further developed around Mount Kenya as can other activities such as white water rafting, game fishing, and kite surfing. The Government is also keen to increase the provision of golf courses in the country, of which there are currently 45. All these activities also require the provision of accommodation.

New areas that the Government is keen to develop are the Western circuit, the Northern circuit and new coastal resorts. The Western circuit comprises Mount Elgon, the second highest in Kenya, Ruma National Park, which is famed for its rare species of antelope, Lake Baringo, and the area around Lake Victoria. The Northern circuit takes in a more arid landscape and comprises Lake Turkana, Kenya's second largest lake, the Tana River Basin and the North Eastern Province. New coastal areas include Lamu in the North and Shimoni on the border with the United Republic of Tanzania. Major

resort developments are also taking place in Watamu and Kilifi, which are both North of Mombasa in an area famed for the quality of its beaches.

Currently the largest investors in tourism are local private companies, such as Serena (see Box IV.3) and Sarova, and the Kenyan Government. Smaller lodges tend to be owned by investors from the UK as well as from Kenya. In order to encourage further investment, the Kenya Tourism Development Corporation (KTDC) can provide concessional funding, typically a US\$ 500,000 loan on a US\$ 3-4 million investment. KTDC can also facilitate land acquisition.

Hotel and restaurant licenses as well as a tour operator's licenses are delivered by the Ministry of Tourism. Six-monthly health inspections are conducted by the local authority and the fire department is in charge of delivering fire safety certificates. With regards to land use, this must be approved by the local authority or the Kenya Wildlife Service if the facility is a game park.

### **Box IV.3. An entry point to the region: Serena Hotels**

The Serena hotels and lodges are distinguished by the quality of their service and their attention to local tradition in architecture and decor. With roots in Kenya, Serena Hotels now operates throughout the Eastern African region as well as in Afghanistan, Mozambique, Pakistan and Tajikistan. While it owns seven properties in Kenya (Nairobi, Mombasa, Amboseli and Mara, among others), it also owns eight properties in the United Republic of Tanzania (Lake Manyara, Ngorongoro, Serengeti and elsewhere), two in Uganda (Kampala and Lweeza), one in Burundi (Bujumbura) and two in Rwanda (Kigali and Gisenyi). The latter is now the scene of considerable expansion with plans to eventually expand to seven properties. In seeking out new properties, Serena tends to focus on locations that have been bypassed by other business or luxury chains.

In Kenya, Serena Hotels enjoyed a turnover of US\$ 26.9 million in 2010, up from US\$ 25.2 million the year before and comparing to total group revenue in 2010 of US\$ 49.8 million. Serena Hotels employs 1,200 staff in Kenya. Recognizing them as its greatest single asset it places much emphasis on employing local staff, providing extensive training, rotating them around its properties and promoting from within.

The Serena chain in Africa is the brand name of Tourism Promotion Services Eastern Africa Limited. TPSEAL has operated in Kenya since 1971 and floated nearly 39 million shares on the Nairobi Stock Exchange in 1997. The shares, then valued at KShs 13 each, now trade at KShs 57 each. TPSEAL owned 37 percent by the Aga Khan Fund for Economic Development (AKFED), which is incorporated as a commercial entity under Swiss law. AKFED, founded in 1984, is the only for-profit entity in the Aga Khan Development Network (AKDN), also based in Switzerland, and sees its aim as going beyond profits to encompass employment creation, human resource development, and the preservation of natural and cultural assets. AKDN has a history in East Africa going back to the late nineteenth century.

*Source:* UNCTAD, TPSEAL.

#### Box IV.4. Kenya Utalii College

Established in 1973 and government-owned, Utalii College is currently the largest provider of trained staff to the travel and tourism industry in Kenya and a significant provider to the region. Currently 800 students graduate a year.

The college offers both degree and short courses covering: travel and tourism management; hotel management; travel operations; tour guiding and administration; front office; food production; food and beverage service; and housekeeping and laundry. It also provides language training in German, French, Japanese and Chinese. The college is based in Nairobi but has opened training centres in Kisumu and Mombasa.

Beyond teaching, the college is working with national universities and private institutions to help them develop courses related to the industry. Recognized by the UN World Tourism Organization as a centre of excellence, it has also been working with other hospitality schools in Africa to harmonize standards. In addition, the college provides consultancy services to hotels or those wishing to start a hotel.

*Source:* UNCTAD.

Nevertheless, a number of challenges remain for the sector. Among these is security. While crime may have decreased, the effects of instability in neighbouring Somalia is being felt close to the border. With regards to promoting regional tourism circuits on a wider basis, the absence of a single visitor's visa for the EAC, and by extension a single visa fee instead of multiple ones, will discourage a more seamless integration.

## Renewable energy

Kenya currently has an installed power generation capacity of 1,330 MW. Eighty percent of that is produced by KenGen, a state-owned company, which derives 65 percent of its power from hydroelectric sources. Thirty percent of its power is obtained from seven dams on the Tana River. Thus not only is the country's power generation susceptible to climatic conditions, but with peak electricity demand currently at 1,191 MW and growing at seven percent a year, power outages during dry periods are frequent.

This gap is partly addressed through diesel generation. KenGen has an emergency power producer agreement with Aggreko for 290 MW. Separately, many businesses also own standby generators.

Aware of the environmental and financial cost, the Government is encouraging the production

of energy from renewable sources and has implemented a policy of feed-in tariffs to support this (see Table IV.2). Chief among the energies being promoted, although not subject to a feed-in tariff, is geothermal power, for which there is an estimated capacity in the Rift Valley of between 3,000 and 5,000 MW, and which, since 1957, has already proved itself as a source of energy, albeit at a current output of 202 MW.

To this end, the Government created the Geothermal Development Company. Its role is to prospect and develop blocks and then sell exploitation licenses to investors to develop steam turbine power generation plants. The first project consisted of 25 wells drilled in the Ol Karia field, which yielded 196 MW. The second project, currently underway is Menegai Phase 1 and consists of four blocks with an estimated capacity of 400 MW. GDC is mapping these blocks by drilling 120 wells. With further development, GDC estimates that the Menegai field could yield 1,250 MW. Overall, GDC hopes to produce 2,000 MW of steam and is seeking total investment of US\$10 billion, of which it has already obtained a significant amount. Other geothermal projects include one by KenGen for 280 MW.

In addition to geothermal energy, the Government is keen to encourage wind power generation and several projects have been announced. This includes a 300 MW average capacity wind

**Table IV.2. Government approved feed-in tariffs, 2010**

Source of energy	Condition	Price per Kilowatt hour in US\$	
		For firms	For non-firms
Wind energy	Effective generation capacity should be above 500kW but not exceeding 100 MW	0.12	0.12
Biomass	Effective generation capacity should be above 500kW but not exceeding 100 MW	0.08	0.06
Small hydro plants	Less than 1 MW	0.12	0.10
	Between 1 and 5 MW	0.10	0.08
	Between 5 and 10 MW	0.08	0.06

Source: Ministry of Energy.

farm of 353 turbines on Lake Turkana (by Lake Turkana Wind Power), and a 60 MW wind power project on the Kinangop Plateau (by Aeolus Kenya). Other sources being encouraged are solar, biomass and small hydro plants.

seven years in total, plus provisions. Exploration licenses are transferable.

The mining sector contributes less than one percent of Kenya's GDP with most minerals exported in raw form. However, certain opportunities do exist

## Natural resource extraction

### Mining

The Mining and Minerals Act requires all prospecting licenses to have an initial duration of four years. Renewals are granted to up to

According to the Ministry of Environment and Mineral Resources, Kenya has unexplored potential for the discovery of minerals, although several important minerals spread over various localities in the country are currently being mined. Broadly, Kenya's mining map comprises four belts.



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One is the under-exploited, Greenstone belt in western Kenya (which is linked to the lucrative mining belts currently under heavy exploitation in Tanzania). It contains gold, copper, silver, zinc and iron ores. Another is the Mozambique belt, which passes through central Kenya and is the source of Kenya's unique gemstones as well as potential coal seams. The Rift belt is the best known; its resources include soda ash, fluor spar, marble and diatomite, as well as Kenya's considerable geothermal resources. Finally, the sedimentary rock of the coastal belt contains titanium and hydrocarbons.

Among the minerals that are found in Kenya in significant quantities are soda ash, fluor spar and titanium. There is reasonable potential for gold. Meanwhile opportunities for coal are being investigated by the Government. The Ministry of Environment and Mineral Resources together with private prospecting companies are currently evaluating the viability of iron ore.

A large-scale mining operation in the country is the Magadi Soda plant, which extracts deposits of soda ash from Lake Magadi. The Government also signed a fiscal agreement with Tiomin Kenya, a subsidiary of Tiomin Resources of Canada, to allow the company to mine titanium deposits in Kwale along Kenya's southern coastline. Important mining operations in Kenya include the Kenya Fluor spar Company near Eldoret with an annual output of 100,000 tonnes, and the Magadi Soda plant at Lake Magadi.

### Oil exploration

Oil exploration is governed by the Petroleum (Exploration and Production) Act (Chapter 308), which includes a Production Sharing Contract (PSC) model. Kenya has no signature bonuses and no tax payments, as corporate taxes are payable by the Government through its "take". Kenya is an ideal location for investors interested in frontier exploration acreage opportunities. The Government may elect to participate in any development area up to a maximum of 10 percent. The percentage is negotiable.

Kenya uses a large portion of its foreign exchange on oil imports, which could productively go elsewhere if oil were found

locally. In a bid to find oil within its borders, the Government set up the National Oil Corporation of Kenya under the Ministry of Energy in 1981 and vested in it the responsibility for petroleum exploration and production.

Kenya's petroleum potential lies in four largish sedimentary basins: Anza, Mandera, Tertiary Rift and Lamu. Since exploration started in 1954, 30 wells have been drilled in the four basins. The seismic, gravity and aeromagnetic data and cores with drill cuttings retrieved during exploration from 1960 onwards are available for use by explorers.

While commercially viable fields have yet to be found, exploration activities have revealed the presence of oil and gas reserves. Furthermore, interest has increased with the discovery of confirmed reserves of 2.5 billion barrels and estimated reserves of up to 6 billion barrels in the Albertine rift basin in neighbouring Uganda. Currently Ireland's Tullow Oil and BG Group, Canada's Africa Oil Corp, US Anadarko Petroleum Corp and the China National Offshore Oil Corporation (CNOOC) are undertaking exploration activities. France's Total and the UK's Dominion have also shown strong interest.

## Information and Communication Technologies

The installation of a broadband backbone connected to three undersea fibre-optic cables (Seacom, TEAM System and EASSY) has significantly improved Kenya's connectivity and prospects for the ICT sector, be it in business process outsourcing (BPO) or the development of IT-enabled services (ITeS). The main operators in this sector are Technobrain (BPO and ITeS), Direct Channel (BPO and ITeS), Kencall (callcentre), Horizon (callcentre), Adept Systems (BPO), A24 (content provider), Craft Silicon (software developer for banks), Spanco (BPO servicing Airtel), and IBM (servicing Airtel). A number of Kenyan companies also have in-house divisions.

Currently, the sector is focused on the local market, providing services to banks, insurance, cable and telecommunications, power, water

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and other utilities. The size of this market is estimated at US\$ 500 million and it is of note that companies such as Spanco, followed Airtel into Kenya to continue servicing them. However, in the medium term, it is expected to expand into the region both on its own account, given its relative sophistication compared to neighbouring markets, and in order to service its clients' expansion plans into the EAC and beyond.

However, Kenya has yet to use its assets in terms of human resources, English language and European time zone to make a significant impact on the world market. A reason given for this is the increasing sophistication and scale of required to compete at the global level or rival established centres such as India. Call centres, for example, are now required to deal with the total customer experience, which includes getting new customers, processing and analyzing data, verifying inventory and credit, identifying customers to whom to market new products and selling these, and data mining. In

addition, this requires the technical capacity to integrate themselves into different companies' databases and systems, a capacity which companies in Kenya are only now achieving.

The Government has been an important driver in the sector. In 2010, the Ministry of Information and Communications, with support from the World Bank, established the Kenya ICT Board. Its role is to implement Government policy in this area through developing infrastructure and capacity.

Important projects supported by the Board include the development of a technology park located near Jomo Kenyatta International Airport. Called Konza City, it will provide land and facilities for BPO and ITeS. It is also intended that it feature a science park, operated by the University of Nairobi, a financial district, conference facilities, schooling and accommodation. The Board is still open on how to develop it and is interested in working with investors. Other parks that might be developed

#### **Box IV.5. Kencall, a homegrown ITeS and BPO company**

Established in 2005 by brothers Nicholas and Eric Nesbitt, and Stephen Liggins, Kencall is now Kenya's largest contact centre operating globally and providing call center and BPO services, which include customer care, telesales, technical support, customer acquisition, web chat services and BPO.

While swift growth in early years was followed by more volatile periods, the company feels that the sector is now maturing and that Kenyan companies understand the need for its services.

Kencall's customers are both global (United Kingdom, United States, Canada and Australia) and local. Locally it services multinationals, Kenyan firms and various government departments. An example of the latter was the operation of a drought hotline in 2009 for the Ministry of Special Programmes. Based on calls received, Kencall was required to provide daily analyses of the situation in the North of Kenya as it developed.

The company currently employs over 600 full time staff of which 80 percent are graduates, with an annual attrition rate of 15 percent, comparatively low for the sector. Over 70 percent of the staff are female. CEO Nicholas Nesbitt points out that of those staff who leave, many return to university to pursue further studies or move to other companies in the same sector. He sees his company as a good calling card.

While the company does have clients in the global market it feels that space remains for the Government to further market the country's industry and invest in capacity development. At the same time, the arrival of fibre-optic infrastructure in the country has been helpful to the company's development, though niggling problems with reliability remain.

Nesbitt is keen to highlight the quality of graduates the company receives from local universities and to point to a new generation of young Kenyans on the market who have already developed their own programmes and applications. He is also encouraged by the commitment shown by the current Government to meeting with industry on a regular basis to discuss its needs.

*Source:* UNCTAD.

#### Box IV.6. Opendata

Launched in July 2011 by the Ministry of Information and Communications, the Kenya Open Government Data Portal makes freely available online core government development, demographic, statistical and expenditure data that can be drilled down, where relevant, to the province or county level. It is aimed at researchers, policymakers, ICT developers and the general public.

The Government expects that Opendata will have three main benefits. Firstly, the availability of information should provide an economic benefit in better identifying how savings and efficiencies can be made, and how service delivery can be improved. Secondly, it equips parliamentarians, policy makers, civil society and individuals with the data they need to analyze and make informed decisions. Thirdly, it is expected to contribute to transparency and accountability in providing detailed and timely information on the operations of government.

Opendata currently carries 160 datasets from different government departments. This includes the 2009 census, national budget data, nation and county public expenditure data, information on health care and school facilities. Other examples include soil maps, which could be of use to farmers.

The raw data is also available for download so technical users and developers can analyze data and use it to build applications for the web and mobile. In August 2011, it was estimated that 100 applications had been developed to use the data.

*Source: opendata.go.ke and McKinsey & Co.*

by private investors are Tatu City, to the North of Nairobi and Eldoret City.

The Board is also undertaking other important initiatives that will create demand in the sector and spur further development. These include:

- e-government applications for the courts system (principally case managements systems), online company registration, government procurement, land registration, immigration, e-signatures within government and e-voting;

- a digital inclusion project to set up 290 digital centres around the country; and
- providing better connectivity to and within universities.

A key development has been the creation of a website called Opendata (see Box IV.6). The data contained provides many opportunities to develop applications to analyse and make use of that data both to commercial and social ends.



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## Privatization

A number of important investments are still awaiting privatization. The current Privatization Programme (see Table IV.3) outlines opportunities in infrastructure, agriculture, tourism, financial and manufacturing sectors among others.

Kenya's Privatization Programme is managed by the Privatization Commission, which has been in operation since 2008 and draws its mandate from the Privatization Act (2005). The creation of the Commission followed two earlier phases of privatization. The first phase consisted of 170 privatizations, mainly small but also including Kenya Airways. The second phase included larger operations such as KenGen, Safaricom and Telkom Kenya (sold to Orange).

The Commission starts the privatization process by preparing detailed proposals on the companies to be privatized, which is then followed by a call for bids. Following receipt of bids, a prequalification list is drawn up based on meeting the technical requirements. The financial bids of those on the list are then opened for the final decision. Principle criteria for succeeding include expertise, access to finance and commitment to invest.

Exceptions exist to this procedure. In cases where a company is already operating as a joint venture, the co-owner has a right of first refusal. The Commission can also direct that parts of a company be sold to certain groups such as employees of a factory or farmers supplying an agroprocessing company. The Commission is also keen to explore different types of partnership including PPPs, as long as these remain competitive.



**Table IV.3. Current Government privatization programme**

Entity to be privatized	Current Government ownership
Development Bank of Kenya (DBK)	· Industrial and Commercial Development Corporation (ICDC): 89.3 percent
National Bank of Kenya (NBK)	· Ordinary shares · Government of Kenya (GoK): 22.5 percent National Social Security Fund (NSSF): 48.05 percent. · Preference shares · GoK: US\$ 45.7 million · NSSF: US\$ 11.9 million
Chemelil Sugar Company	· Agriculture Development Corporation (ADC): 96.21 percent · Development Bank of Kenya (DBK): 1.42 percent
South Nyanza Sugar Company Ltd.	· GoK: 98.8 percent · ICDC: 0.7 percent · Industrial Development Bank (IDB): 0.3 percent
Nzoia Sugar Company	· GoK 97.93 percent · Industrial Development Bank Capital Ltd. (IDBCL): 0.94 percent
Miwani Sugar Company. Ltd. (Under Receivership)	· GoK: 49 percent.
Muhoroni Sugar Company. Ltd. (Under Receivership)	· Agricultural Development Corporation (ADC): 16.9 percent · DBK: 0.3 percent
Kenya Wine Agencies (KWAL)	· ICDC: 28.8 percent
Kabarnet Hotel	· Kenya Tourism Development Corporation (KTDC): 98.2 percent
Mt. Elgon Lodge Ltd.	· KTDC: 72.92 percent · Kitale Municipal Council: 13.54 percent · Trans-Nzoia County Council: 13.54 percent
Golf Hotel Ltd.	· KTDC: 80 percent · Kakamega Municipal Council: 20 percent
Sunset Hotel Ltd.	· KTDC: 95.4 percent · Kisumu City: 4.6 percent
Kenya Safari Lodges and Hotels Ltd.	· KTDC: 63.42 percent · Kenya Wildlife Service (KWS): 0.02 percent
International Hotels Kenya Ltd.	· KTDC: 40 percent
Kenya Hotel Properties Ltd.	· KTDC: 33.83 percent
Mountain Lodge Ltd.	· KTDC: 39.11 percent
Ark Ltd.	· KTDC: 5.64 percent
Eldoret Container Terminal	· Kenya Ports Authority (KPA): 100 percent.
Stevedoring services	· KPA: 100 percent
Development of Berths 11-14	· KPA: 100 percent
Consolidated Bank of Kenya	· Deposit Protection Fund: 50.2 percent · State corporations and other Government institutions: 48.8 percent
Agrochemical and Food Company	· ADC: 28.2 percent · ICDC: 28.8 percent
Kenya Pipeline Company Limited (KPC)	· GoK: 100 percent
Kenya Electricity Generating Company (KenGen) (Sale of part of Government shares)	· GOK: 70 percent
East African Portland Cement	· NSSF: 27 percent · GoK: 25 percent
Kenya Meat Commission (KMC)	· GoK: 100 percent
New Kenya Co-operative Creameries	· GoK: 100 percent
Numerical Machining Complex	· Kenya Railways Corporation: 51 percent · Nairobi University: 49 percent
A number of isolated power stations	· Not known

Source: Privatization Commission.





# Investor perceptions

This chapter summarizes the results of consultations with the private sector in Kenya. The consultations were carried out through individual meetings with investors, firm managers and representatives of business associations.

This summary should be seen as no more than indicative of private sector opinion in Kenya.

## General observations

Overall, investors were very positive about their decision to establish in Kenya. They cited its diversified economy, strong private sector and the Government's general pro-business stance. Many also cited the proactive role being taken by the Government in driving forward EAC integration and expansion.

## Specific points

### Licensing procedures

Investors did not report encountering significant difficulties with obtaining the licenses necessary to establishing and maintaining their operations. In general, all important business licenses could be obtained within two to four weeks. Business permits from local councils generally take up to two weeks. Investors noted that obtaining work permits did not present a challenge, nor purchasing land.

### Human resource and labour issues

Investors spoke very highly of the Kenyan workforce, which they regard as able, enterprising and motivated. Companies based in Kenya, whether domestic or foreign, that expanded into the EAC region have often appointed Kenyan staff as their country managers. Note was also made of the low incidence of labour disputes and the relative flexibility with regards to managing contracts.

### Infrastructure

Overall investors were positive about several

aspects of the country's infrastructure. This included telecommunications and the availability of fibre optic connections to the outside world. However, concerns were raised about their reliability and incidences of vandalism. Kenya's air connections were also praised and investors noted that this made the Nairobi an easy base from which to access the region. The ongoing development of the road network was rated positively.

Important concerns were raised with regards to energy provision. The supply could be erratic and investors noted periods of brownouts. Added to this is the current need for diesel generation.

With regards to shipping, concerns were raised that insurance costs had increased due to piracy in neighbouring Somalia, though this remained outside Kenya's jurisdiction.

### Dealing with Government

Investors appreciated the strength of democracy and active civil society in the country. They also felt that the Government was keen to understand their concerns. The Prime Minister held a roundtable with business every six weeks, which is supplemented by the President's Council. In addition, access to line ministers was not a challenge. Investors in the tourism sector were especially positive about their relations with government and local authorities through the Kenyan Association of Hotel Keepers and Caterers.

Much optimism was expressed about the new constitution and investors noted the establishment of an independent anti-corruption commission and the renewal of the judiciary. However, question marks were raised about the consequences of devolution on red tape, opportunities for discretion and the possible additional taxes. While corruption was not cited as a major issue, investors did note ongoing requests for small facilitation fees at the lower levels of Government.

Concerns were also raised with the time taken to obtain refunds of VAT and withholding taxes.

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Some investors felt that if they complained, they would be subject to a more rigorous inspection of their accounts. Customs clearance was also cited as an issue with perceptions that the correct tariff line was not always being applied. Furthermore separate regulatory inspections of goods by bodies such as the Kenya Dairy board and Bureau of Standards made for additional delays.

### Quality of life

Investors were keen to highlight the quality of life in Kenya. They pointed to its pleasant climate, landscapes wildlife and easy access to the coast. They mentioned the many sporting

and leisure activities, shopping malls with a wide availability of goods, cinemas, exhibitions and social life bringing together expats and locals. Also highlighted were the many high standard international schools, the presence of good quality hospitals, and ready availability of broadband internet and 3G phone access. It was also felt that crime had been decreasing, though it did still remain an issue. However, investors in the tourism sector highlighted their cooperation on security matters with the police and military. Investors also referred to the post-election violence in 2008. It was hoped that the new constitution would address some of the underlying problems.



# Appendices

## APPENDIX I. List of foreign investors

This is a sampling of partially or wholly foreign-owned companies in Kenya, not an exhaustive list. Those marked with (R) are using Kenya as a regional base.

### 1. AGRICULTURE AND RELATED

	Name of company	Major foreign ownership	Business	Contact details
1	Alltech Biotechnology E.A. Ltd (Alltech Biotechnology)	United States	Animal feed additives	Bandari Plaza, Mezzanine 3 Woodvale Grove, Westlands, P.O. Box 13995-00800, Nairobi, Kenya Tel.: +254 (20) 449 082 Fax: +254 (20) 449 082 Email: alltech@africaonline.co.ke
2	Aquarius Systems (Aquarius Systems)	United States	Water hyacinth harvesting	Email: jmdd@aquarius-systems.com
3	BAT Industries (British American Tobacco plc)	United Kingdom	Tobacco products	Likoni Road, Industrial Area, P.O. Box 30000-00100, Nairobi, Kenya Tel.: +254 (20) 694 2000 Fax: +254 (20) 694 2221/7 Email: info_ke@bat.com
4	Delmonte Kenya Limited (Del Monte Foods)	United States	Food products	Oloiptip Road, Thika, P.O. Box 147-01000, Thika, Kenya Tel.: +254 (20) 214 1600-6 Fax: +254 (20) 357 7801/2 Email: nanasi@delmonteworld.com
5	George Williamson Kenya Ltd (Williamson Tea Holdings plc)	United Kingdom	Tea/ Food	Williamson Hse, 4th Ngong Ave, P.O. Box 42281-00100, Nairobi, Kenya Tel.: +254 (20) 271 0740 Fax: +254 (20) 271 8737 Email: wtk@williamson.co.ke
6	Goldsmith Seeds (Goldsmith Seeds)	United States	Floriculture	UNEP Ave, Nairobi, P.O. Box 10346, Nairobi, Kenya Tel.: +254 (20) 712 0973 Fax: +254 (20) 712 0660 Email: absalom@wananchi.com
7	James Finlay (Kenya) Ltd (James Finlay Ltd)	United Kingdom	Tea	Kericho/Nakuru Rd, Kericho P.O. Box 223-20200, Kericho, Kenya Tel.: +254 (20) 52 20155 Fax: +254 (20) 387 4838 Email: info@finlays.co.ke
8	Unilever Tea Kenya Ltd (Unilever plc)	United Kingdom	Tea growing and processing	Kericho-Nakuru Rd, Kericho P.O. Box 20-20200, Kericho, Kenya Tel.: +254 (20) 52 20146-9 Fax: +254 (20) 52 303 47 Email: utkl.hr@unilever.com
9	Vitacress Kenya Ltd	United Kingdom and Netherlands	Horticulture	Off Baba Dogo Rd, P.O. Box 63249-00619, Nairobi, Kenya Tel.: +254 (20) 856 0902 +254 (20) 856 0650 Fax: +254 (20) 860 653

## 2. MINING, OIL AND GAS

	Name of company	Major foreign ownership	Business	Contact details
1	BOC Kenya (Linde Group)	Germany	Industrial gases	Kitui Road, Enterprise Rd, P.O. Box 18010-00100, Nairobi, Kenya Tel.: +254 (20) 694 4000 Fax: +254 (20) 694 4001 Email: bocinfo@boc.co.ke
2	Caltex Oil (Kenya) Ltd (Chevron Corporation)	United States	Petroleum	Chevron (Caltex) Plaza, Limuru Rd, P.O. Box 30061-00100, Nairobi, Kenya Tel.: +254 (20) 375 1244 Fax: +254 (20) 366 8396 Email: caltex@africaonline.co.ke
3	Kenya Shell (The Royal Dutch/Shell Group)	Netherlands	Petroleum	Laiboni Ctr, Lenana Rd, Kilimani, P.O. Box 43561-00100, Nairobi, Kenya Tel.: +254 (20) 320 5555 Fax: +254 (20) 271 4575 Email: shellkenya@ksl.shell.com

## 3. MANUFACTURING

	Name of company	Major foreign ownership	Business	Contact details
1	Abbot Laboratories (Abbot Laboratories)	United States	Pharmaceutical	Nivina Twrs, Westlands Rd, P.O. Box 46043-00100, Nairobi, Kenya Tel.: +254 (20) 374 9326/21 Fax: +254 (20) 374 2463 Email: info@sagifa.com
2	Atlas Copco Eastern Africa Ltd (Atlas Copco AB)	Sweden	Industrial equipment	North Airport Rd, Embakasi, P.O. Box 40090-00100, Nairobi, Kenya Tel.: +254 (20) 660 5000 Fax: +254 (20) 825 472 Email: info.acea@ke.atlascopco.com
3	Bamburi Cement (Lafarge)	France	Clay products	Kenya-Re Twrs, 6 <sup>th</sup> Flr Upper Hill, Ragati Road, P.O. Box 10921-00100, Nairobi, Kenya Tel.: +254 (20) 271 0487/9 +254 (20) 289 3000 Fax: +254 (20) 271 0581 Email: corp.info@bamburi.lafarge.com
4	Bata Shoe Company (Kenya) Ltd (Bata Shoe Company)	Canada	Footwear	P.O. Box 23-00217, Limuru, Kenya Tel.: +254 (20) 66 71205/6/7 +254 (20) 2091170 Fax: +254 (20) 66 71145 Email: bata.kenya@bata.com
5	Bayer East Africa Ltd (Bayer AG)	Germany	Pharmaceutical	Outering/Thika Rd Junction, P.O. Box 30321-00100, Nairobi, Kenya Tel.: +254 (20) 856 0667-9 +254 (20) 856 0670-4 Fax: +254 (20) 856 1636 Email: info@bayerea.com
6	Beiersdorf East Africa Ltd (Beiersdorf AG)	Germany	Cosmetics	Sasio Rd, Industrial Area, P.O. Box 78273-00507, Nairobi, Kenya Tel.: +254 (20) 653 0051 Fax: +254 (20) 653 0053 Email: contacts.nairobi@beiersdorf.com

### 3. MANUFACTURING (cont.)

	Name of company	Major foreign ownership	Business	Contact details
7	Bestfoods Kenya Limited (Unilever plc)	United Kingdom	Tea growing and processing	Commercial St, Industrial Area P.O. Box 30062-00100, Nairobi, Kenya Tel.: +254 (20) 692 2000 Fax: +254 (20) 692 2489 Email: bestfoods@africaonline.co.ke
8	CarTrack Kenya Ltd (Lojak Corporation)	United States	Vehicle security equipment	Kenya Road, Upper Hill, P.O. Box 79448-00200, Nairobi, Kenya Tel.: +254 (20) 272 4911 Fax: +254 (20) 271 3010 Email: customerservice@tracker.co.ke
9 (R)	Coca-Cola East and Central Africa Ltd (The Coca-Cola Company)	United States	Soft drink manufacture and distribution	The Coca-Cola Plaza, Upper Hill, P. O Box 30134-00100, Nairobi, Kenya Tel.: +254 (20) 325 3000 Fax: +254 (20) 325 3253
10	Colgate Palmolive(EA) Ltd (Colgate-Palmolive Company)	United States	Oral and household care products	Purshottam Place, Westlands Rd, P.O. Box 30264-00100 , Nairobi, Kenya Tel.: +254 (20) 374 8901 Fax: +254 (20) 374 6709 Email: info@colpal.com
11	Corn Products Kenya Ltd (Corn Products International Inc.)	United States	Food manufacturing	Makson's Plaza, 3 <sup>rd</sup> Fl, Parklands Rd, P.O. Box 11889-00400, Nairobi, Kenya Tel.: +254 (20) 362 8000 Fax: +254 (20) 362 8205 Email: sales.kenya@cornproducts.com
12	De la Rue Currency & Security Print (K) Ltd (De la Rue plc)	United Kingdom	Currency and security printing	Noordin Rd, off Thika Rd, Ruaraka, P.O. Box 38622-00623, Nairobi, Kenya Tel.: +254 (20) 856 0086 Fax: +254 (20) 856 0787 Email: john.cornish@ke.delarue.com
13 (R)	Ecolab East Africa (Ecolab Inc.)	United States	Industrial detergents	Tulip Hse, Wing B, Mombasa Rd, P.O. Box 63497-00619, Nairobi, Kenya Tel.: +254 (20) 354 0625 Fax: +254 (20) 354 0189 Email: info@ecolab.co.ke
14	Eli Lilly (Suisse) SA (Eli Lilly and Company)	United States	Pharmaceutical	Chiromo Crt., Chiromo Rd, P.O. Box 41556-00100, Nairobi, Kenya Tel.: +254 (20) 374 7054 Email: lillykenyafa@attmail.com
15	Eveready East Africa Ltd (Eveready Battery Company Inc.)	United States	Batteries for general use	Standard Building, Wabera St., P.O. Box 44765-00100, Nairobi, Kenya Tel.: +254 (20) 216 139 Fax: +254 (20) 343 213 Email: info@eveready.co.ke
16 (R)	General Motors EA Ltd (General Motors Company)	United States	Motor vehicle assembling	Mombasa/Enterprise Rd, P.O. Box 30527-00100, Nairobi, Kenya Tel.: +254 (20) 693 6111 Fax: +254 (20) 693 6199 Email: info.kenya@gm.com
17	Glaxosmithkline (Glaxosmithkline plc)	United Kingdom	Pharmaceutical, medical	Likoni Rd, Ind. Area, P.O. Box 78392-00507, Nairobi, Kenya Tel.: +254 (20) 693 3200 Fax: +254 (20) 693 3385

### 3. MANUFACTURING (cont.)

	Name of company	Major foreign ownership	Business	Contact details
18	Henkel Kenya Ltd (Henkel AG & Co. KGaA)	Germany	Chemicals	Outering Rd, Ruaraka, P.O. Box 40050-00100, Nairobi, Kenya Tel.: +254 (20) 856 1891 Fax: +254 (20) 856 1894 Email: info.kenya@henkel.com
19 (R)	Jos. Hansen & Soehne EA Ltd (Jos. Hansen & Soehne GmbH)	Germany	Pharmaceutical	Baba Dogo Rd, Ruaraka, P.O. Box 30196-00100, Nairobi, Kenya Tel.: +254 (20) 856 1637 Fax: +254 (20) 856 1640 Email: info@hansenkenya.com
20	Mitsubishi Corporation Nrb Liaison Office (Mitsubishi Corporation)	Japan	Vehicle manufacturing	Eden Square, 4 <sup>th</sup> Fl, Chiromo Rd, P.O. Box 48738-00100, Nairobi, Kenya Tel.: +254 (20) 374 7100 Fax: +254 (20) 374 7599
21	Nestlé Foods Kenya Ltd (Nestlé SA)	Switzerland	Food products	Pate Rd, Ind. Area, P.O. Box 30265-00100, Nairobi, Kenya Tel.: +254 (20) 532 569/70 Fax: +254 (20) 532 572 Email: nestle@ke.nestle.com
22 (R)	Procter and Gamble EA Ltd (The Procter and Gamble Company)	United States	Cosmetics	Old Embakasi Rd, off Mombasa Rd, P.O. Box 30454-00100, Nairobi, Kenya Tel.: +254 (20) 823 108 Fax: +254 (20) 823 107 Email: nzioka@pg.com
23	Siemens Limited (Siemens AG)	Germany	Telecommuni- cation equip- ment	Nairobi Business Park, Ground Fl, Unit B, Ngong Road, P.O. Box 50867-00200, Nairobi, Kenya Tel.: +254 (20) 285 6000 Fax: +254 (20) 285 6274 Email: info.ke@siemens.com
24	Tetra Pak (Tetra Pak Beteiligungs GmbH)	Sweden	Packaging materials	Tetra Pak Bldg, Enterprise/Likoni Rd, P.O. Box 78340-00507, Nairobi, Kenya Tel.: +254 (20) 690 9000 Fax: +254 (20) 532 083 Email: info@tetrapak.com
25 (R)	Wrigley Company (EA) Ltd (Wm. Wrigley Jr. Company)	United States	Chewing Gum	Bamburi Rd, Ind. Area, P.O. Box 30767-00100, Nairobi, Kenya Tel.: +254 (20) 395 2000 Fax: +254 (20) 395 2100 Email: infokenya@wrigley.com

## 4. SERVICES

### 1. Financial Services

	Name of company	Major foreign ownership	Business	Contact details
1	Acacia Financial Services Ltd (Acacia Life Insurance Company)	United States	Legal and pension services; investment holding	4th Flr, Jubilee Exchange Bldg, P.O.Box 8443, Nairobi, Kenya Tel.: +254 (20) 251 000 Email: ann2004@yahoo.co.ke
2	Chartis Kenya Insurance Company Ltd (American International Group Inc.)	United States	Insurance	Chartis Hse, Eden Square Complex, Chiromo Rd/Westlands Rd, P.O. Box 49460-00100, Nairobi, Kenya Tel.: +254 (20) 367 6000 Fax: +254 (20) 367 6001 Email: chartiskenya@chartisinsurance.com
3	AON Minet Kenya Insurance Brokers Ltd (AON Corporation)	United States	Insurance	AON Minet Hse, off Nyerere Rd, P.O. Box 48279-00100, Nairobi, Kenya Tel.: +254 (20) 497 4000 Fax: +254 (20) 272 2556 Email: adm@aon.co.ke
4	Barclays Bank (Barclays plc)	United Kingdom	Banking	Barclays Plaza, Loita St., P.O. Box 30120-00100, Nairobi, Kenya Tel.: +254 (20) 224 1270 Fax: +254 (20) 213 915 Email: barclays.kenya@barclays.com
5	British American Insurance Co (K) Ltd (British American Insurance Company Ltd)	United Kingdom	Insurance	Britak Centre, Mara/Ragati Rd, Capitol Hill, Upper Hill, P.O. Box 30375-00100, Nairobi, Kenya Tel.: +254 (20) 271 0927 Fax: +254 (20) 271 7626 Email: insurance@british-american.co.ke
6	Citibank N.A. (Citigroup Inc)	United States	Banking	Citibank Hse, Upper Hill, P.O. Box 30711-00100, Nairobi, Kenya Tel.: +254 (20) 271 1221 Fax: +254 (20) 271 4810/1 Email: info@citibank.co.ke
7	Alexander Forbes Risk & Insurance Brokers Kenya Ltd (Alexander Forbes)	South Africa	Financial services	Landmark Plaza, 10 <sup>th</sup> Fl, Argwings Kodhek Rd, P.O. Box 52439-00200, Nairobi, Kenya Tel.: +254 (20) 496 9000 Fax: +254 (20) 496 9300 Email: riskservices@forbes.co.ke
8	Old Mutual Life Insurance (Old Mutual plc)	South Africa	Insurance	Old Mutual Bldg, Corner of Mara/Hospital Rd, P.O. Box 30059-00100, Nairobi, Kenya Tel.: +254 (20) 282 9000 Fax: +254 (20) 272 2415 Email: info@oldmutualkenya.com
9	CFC Stanbic Bank (Standard Bank Group Ltd)	United Kingdom	Banking	Stanbic Bldg, Kenyatta Ave, P.O. Box 30550-00100, Nairobi, Kenya Tel.: +254 (20) 326 8000 Fax: +254 (20) 375 2905/7 Email: corporatebankingkenya@stanbic.com customercare@stanbic.com
10	Standard Chartered Bank (Standard Chartered plc)	United Kingdom	Banking	Stanbank Hse, Moi Ave, P.O. Box 30003-00100, Nairobi, Kenya Tel.: +254 (20) 329 3000 Fax: +254 (20) 221 4086 Email: Talk.To-Us@sc.com



#### 4. SERVICES (cont.)

##### *II. Information communications & Technology services*

	Name of company	Major foreign ownership	Business	Contact details
1	AirTel Kenya (Bharti Airtel)	India	Telecommunication	Parkside Towers, Mombasa Rd., P.O. Box 73146-00200, Nairobi, Kenya Tel.: +254 (20) 733 100 300 Fax: +254 (20) 691 1104 Email: info.africa@airtel.com
2	Safaricom Ltd (Partly Vodafone Group plc)	United Kingdom	Telecommunication	Safaricom Hse, Waiyaki Way, P.O. Box 66827-00800, Nairobi, Kenya Tel.: +254 (20) 427 3272 Fax: +254 (20) 427 3894 Email: investorrelations@safaricom.co.ke customercare@safaricom.co.ke

#### 5. TOURISM AND TRANSPORT

	Name of company	Major foreign ownership	Business	Contact details
1	Abercrombie & Kent Ltd	United Kingdom	Tour operations	Abercrombie & Kent Hse, Mbs Rd, P.O. Box 59749-00200, Nairobi, Kenya Tel.: +254 (20) 695 0000 Fax: +254 (20) 695 0320 Email: info@abercrombiekent.co.ke
2	KLM Royal Dutch Airlines (Air France- KLM)	France	Air transport	Loita St, 6 <sup>th</sup> Flr, Barclays Plaza, P.O. Box 49239-00100, Nairobi, Kenya Tel.: +254 (20) 327 4767 Fax: +254 (20) 327 4777 Email: KLM.kenya@KLM.com
3	Lonrho Hotels Kenya Ltd (Norfolk Hotel, et al. - John Holt Group Ltd)	United Kingdom	Hotel management	Harry Thuku Rd, Parklands, P.O. Box 58581-00100, Nairobi, Kenya Tel.: +254 (20) 221 6940 Fax: +254 (20) 221 6796 Email: lonhotsm@form-net.com
4	Pollman's Tours and Safaris Ltd (Partly TUI Group)	Germany and Mauritius	Tour operations	Pollmann's Hse, Mombasa Rd, P.O. Box 45895-00100, Nairobi, Kenya Tel.: +254 (20) 559 548 Fax: +254 (20) 533 123 Email: pollmans@nairobi.pollmans.co.ke
5	Somak Tours and Travel (Somak Travel Ltd)	United Kingdom	Tour operations	Somak Hse, Mombasa Rd, P.O. Box 48495-00200, Nairobi, Kenya Tel.: +254 (20) 653 5508 Fax: +254 (20) 653 5667 Email: admin@somak-nairobi.com
6 (R)	Tourism Promotion Services Management Ltd (Serena Hotels-Aga Khan Group)	Switzerland	Hotels & Lodges	Williamson Hse, 4 <sup>th</sup> Flr, Ngong Ave, P.O. Box 46302-00100, Nairobi, Kenya Tel.: +254 (20) 271 1077 Fax: +254 (20) 682 4261 Email: admin@serena.co.ke

## 6. BUSINESS SUPPORT

	Name of company	Major foreign ownership	Business	Contact details
1	AGS Frasers International Removals (AGS Frasers International Removals Ltd)	South Africa	Freight	Old Mombasa Rd, P.O. Box 14061-00800, Nairobi, Kenya Tel.: +254 (20) 682 3490 Fax: +254 (20) 682 3491 Email: direction-kenya@ags-demanagement.com sales@agskenya.com
2	Ayton Young & Rubicam Ltd (Young & Rubicam (Y&R))	United States	Advertising	2 <sup>nd</sup> Flr, Panesar's Center, Mombasa Rd, P.O. Box 41036-00100, Nairobi, Kenya Tel.: +254 (20) 234 8076/7 Fax: +254 (20) 233 4306 Email: mary.ayiga@yrbrands.com
3	Cargill Kenya Ltd (Cargill Inc.)	United States	Tea warehousing, handling, storage, blending, etc	Shimazi Industrial Area, Mombasa, P.O. Box 90403-80100, Mombasa, Kenya Tel.: +254 (20) 41 225 701 Fax: +254 (20) 41 255 284 Email: mombasa_kenya@cargill.com
4	Deloitte & Touche (Kenya) (Deloitte Touche Tohmatsu)	Switzerland	Auditing and consulting	Deloitte Place, Waiyaki Way, P.O. Box 40092-00100, Nairobi, Kenya Tel.: +254 (20) 423 0000 Fax: +254 (20) 444 8966 Email: admin@deloitte.co.ke
5	DHL Worldwide Express Kenya Ltd (Deutsche Post AG)	Germany	International air express parcel and logistic services	DHL House, Witu Rd, P.O. Box 67577-00200, Nairobi, Kenya Tel.: +254 (20) 692 5120 Fax: +254 (20) 653 6673 Email: nbobooking@dhl.com
6 (R)	KPMG East Africa (KPMG International)	Switzerland	Auditing and consulting	Lonrho Hse, 16 <sup>th</sup> Flr, Standard St., P.O. Box 40612-00100, Nairobi, Kenya Tel.: +254 (20) 280 6000 Fax: +254 (20) 221 5695 Email: info@kpmg.co.ke
7	Maersk Sealand K Ltd (A.P. Moller-Maersk Group)	Denmark	Shipping	Kamsons Hse, Mombasa Rd, P.O. Box 43986-00100, Nairobi, Kenya Tel.: +254 (20) 828 910 +254 (20) 828 922 Fax: +254 (20) 828 921 Email: kenopsmng@maersk.com kensaldinrb@maersk.com
8	United Parcel Service (UPS) (United Parcel Service Inc.)	United States	Courier service	SDV Transami Complex, North Airport Rd, P.O. Box 46586-00100, Nairobi, Kenya Tel.: +254 (20) 642 1603 Fax: +254 (20) 642 1610 Email: pwachanga@ups.com

## OTHERS

	Name of company	Major foreign ownership	Business	Contact details
1 (R)	Actis (Actis Capital plc)	United Kingdom	Diversified equity investor in emerging markets	Norfolk Towers, 1 <sup>st</sup> Flr, Kijabe St., P.O. Box 43233-00100, Nairobi, Kenya Tel.: +254 (20) 221 9952 Fax: +254 (20) 221 9744 Email: info@act.is.com bouma@act.is.com
2	Oxford University Press EA Ltd (Oxford University Press)	United Kingdom	Publishing	The Oxford Place, Elgon Rd, Upper Hill, P.O. Box 72532-00200, Nairobi, Kenya Tel.: +254 (20) 273 2041-43 +254 (20) 273 2046-49 Fax: +254 (20) 273 2011 +254 20 273 2060 Email: enq@oxford.co.ke
3	Sera Software (EA) Ltd (Sera Europe B.V.)	Netherlands	Software	Mobil Plaza, P.O. Box 16886-00620, Nairobi, Kenya Tel.: +254 (20) 600 9300 +254 (20) 600 9232 Fax: +254 (20) 600 9300 Email: info@serasoft-ea.com sera@serasoft-ea.com
4	SGS Kenya Ltd (SGS SA)	Switzerland	Inspection certification firm	Victoria Towers, 2 <sup>nd</sup> Flr, Kilimanjaro Ave, Upper Hill, P.O. Box 72118-00200, Nairobi, Kenya Tel.: +254 (20) 273 3699 +254 (20) 273 3693 Fax: +254 (20) 273 3664 Email: enquiries.kenya@sgs.com
5	Sumitomo Corporation (Sumitomo Corporation)	Japan	Trading	I & M Building, 4 <sup>th</sup> Flr, Ngong Rd., P.O. Box 41097-00100, Nairobi, Kenya Tel.: +254 (20) 271 7000/2 Fax: +254 (20) 271 0374 Email: sylvia.itenya@sumitomocorp.co.ke

Source: Keninvest.



## APPENDIX II. SOURCES OF FURTHER INFORMATION

### GOVERNMENT MINISTRIES AND AGENCIES

#### Office of The President

Box 30510-00100  
Harambee Hse, Harambee Ave.  
Tel.: +254 (20) 222 74 11  
Website: [www.officeofthepresident.go.ke](http://www.officeofthepresident.go.ke)

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#### Office of The Vice President

Jogoo House, "A" Taifa Road  
P.O. Box 30478, Nairobi, Kenya  
Tel.: +254 (20) 228411  
Telegrams: "HOME"  
Website: [www.homeaffairs.go.ke](http://www.homeaffairs.go.ke)

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#### Office of The Prime Minister

Box 74434- 00200  
Nairobi, Kenya  
Tel.: +254 (20) 3247000  
Email: [info@primeminister.go.ke](mailto:info@primeminister.go.ke)  
Website: [www.primeminister.go.ke](http://www.primeminister.go.ke)

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#### Ministry of Agriculture,

Kilimo Hse, Cathedral Road,  
Box 30028-00100,  
Nairobi, Kenya  
Tel.: +254 (20) 271 88 70  
Fax: +254 (20) 271 11 49  
Email: [inquiry@kilimo.go.ke](mailto:inquiry@kilimo.go.ke)  
Website: [www.kilimo.go.ke](http://www.kilimo.go.ke)

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#### Ministry of Energy,

Nyayo House,  
Box 30582,  
Nairobi, Kenya  
Tel.: +254 (20) 31 01 12  
Fax: +254 (20) 2228314  
Email: [ps@energymn.go.ke](mailto:ps@energymn.go.ke)  
Website: [www.energy.go.ke](http://www.energy.go.ke)

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#### Ministry of Environment and Natural Resources

Box 30126-00100,  
Maji Hse, Ngong Road, Nairobi, Kenya  
Tel.: +254 (20) 273 08 089  
Fax: +254 (20) 273422 - 275586  
Email: [psoffice@environment.go.ke](mailto:psoffice@environment.go.ke)  
Website: [www.environment.go.ke](http://www.environment.go.ke)

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#### Ministry of Finance

Box 30007,  
Treasury Building, Nairobi, Kenya  
Tel.: +254 (20) 225 22 99  
Website: [www.treasury.go.ke](http://www.treasury.go.ke)

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#### Ministry of Information and Communication

Box 30025-00100  
Nairobi, Kenya  
Tel.: +254 (20) 225 11 62  
Fax: +254 (20) 31 51 47  
Website: [www.information.go.ke](http://www.information.go.ke)

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#### Ministry of Cooperative Development & Marketing

Box 3054-00100  
Nairobi, Kenya  
Tel.: +254 (20) 273 15 31  
Website: [www.co-operative.go.ke](http://www.co-operative.go.ke)

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#### Ministry of Land

Box 30450-00100  
Ardhi House, Ngong Road  
Nairobi, Kenya  
Tel.: +254 (20) 271 80 50  
Fax: +254 (20) 272 12 48  
Website: [www.lands.go.ke](http://www.lands.go.ke)

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#### Ministry of Planning and National Development & Vision 2030

Box 30050 -00100  
Treasury Building, Nairobi, Kenya  
Tel.: +254 (20) 225 22 99  
Email: [webmaster@planning.go.ke](mailto:webmaster@planning.go.ke)  
Website: [www.planning.go.ke](http://www.planning.go.ke)

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#### Ministry of Tourism

Utalii House, Off Uhuru Highway  
Box 30027, Nairobi, Kenya  
Tel.: +254 (20) 313011 - 313010 - 316849 - 340148  
Email: [info@tourism.go.ke](mailto:info@tourism.go.ke)  
Website: [www.tourism.go.ke](http://www.tourism.go.ke)

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#### Ministry of Roads

Box 30260 -00100  
Ministry of Works Building, Nairobi, Kenya  
Tel.: +254 (20) 272 31 01/88  
Fax: +254 (20) 2722 154  
Email: [info@roadsnet.go.ke](mailto:info@roadsnet.go.ke)  
Website: [www.roads.go.ke](http://www.roads.go.ke)

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#### Ministry of Trade

Box 30430-00100  
Teleposta Towers, Nairobi, Kenya  
Tel.: +254 (20) 315 001-4  
Fax: +254 (20) 310983  
Email: [ps@trade.go.ke](mailto:ps@trade.go.ke)  
Website: [www.trade.go.ke](http://www.trade.go.ke)

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### Ministry of industrialization

Box 30418-00100  
GPO Nairobi, Kenya  
Tel.: +254 (20) 31 50 014  
Fax: +254 (20) 310983  
Email: info@industrialization.go.ke  
Website: www.industrialization.go.ke

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### Ministry of The East African Community

Box 8846-00200  
Nairobi, Kenya  
Tel.: +254 (20) 2245741 - 221 1614  
Fax: +254 (20) 2229650  
Email: ps@meac.go.ke  
Website: www.meac.go.ke

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### Immigration and Registration of persons

P. O. Box 30191-00100  
Nairobi, Kenya  
Tel.: +254 (20) 222022  
Fax: +254 (20) 220731  
Email: dis@immigration.go.ke  
Website: www.immigration.go.ke

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### Ministry of Justice, National Cohesion and Constitutional Affairs

Box 56057-00100  
Co-operative Bank Hse,  
Nairobi, Kenya  
Tel.: +254 (20) 222 40 29  
Email: ps@justice.go.ke  
Website: www.justice.go.ke

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### Attorney General's Chambers

State Law Office  
P.O. Box 40112  
Nairobi, Kenya  
Tel.: +254 (20) 227 461  
www.attorney-general.go.ke

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### Ministry of Foreign Affairs

Box 30551-00100  
Old Treasury Building,  
Nairobi, Kenya  
Tel.: +254 (20) 31 88 88  
Fax: +254 (20) 341935 - 344333  
Email: communication@mfa.go.ke  
Website: www.mfa.go.ke

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### Ministry of Forestry and Wildlife

Box 41394-00100  
Teleposta Towers, Nairobi, Kenya  
Tel.: +254 (20) 221 96 22  
Fax: +254 (20) 2710015 -2725586  
Email: info@forestryandwildlife.go.ke  
Website: www.forestryandwildlife.go.ke

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### Ministry of Labour

Box 40326-00100  
NSSF Hse, Bishop Road Nairobi, Kenya  
Tel.: +254 (20) 272 98 00  
Email: infor@labour.go.ke  
Website: www.labour.go.ke

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### Ministry of Transport

Box 52692-0020  
Transcom House  
Ngong Road  
Nairobi, Kenya  
Tel.: +254 (20) 2729200  
Fax: +254 (20) 2730330  
Website: www.transport.go.ke

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### Ministry of Public Works

Works House, Ngong Road,  
Box 30743,  
Nairobi, Kenya  
Tel.: +254 (20) 2723101/88 - 2713135  
Fax: +254 (20) 2737659  
Email: info@publiworks.go.ke  
Website: www.publicworks.go.ke

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### Nairobi Metropolitan Development

P.O. Box 30130-00100  
Nairobi, Kenya  
Tel.: +254 (20) 317224 - 317235  
Fax: +254 (20) 317226  
Email: nairobimetro@kenya.go.ke  
Website: www.nairobimetro.go.ke

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### Ministry of Industrialization

P.O. Box 30418-00100,  
Nairobi, Kenya  
Tel.: +254 (20) 315001-4  
Fax: +254 (20) 310983  
email: ps@industrialization.go.ke  
Website: www.industrialization.go.ke

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## OTHER GOVERNMENT AGENCIES

### Kenya Investment Authority

Kenya Railways headquarters,  
Workshop road Haile Selassie ave.  
P.O. Box 55704 -00200  
Nairobi, City Square  
Tel.: +254 (20) 221 401-4  
Fax: +254 (20) 222 43862  
Websites: [www.investmentkenya.com](http://www.investmentkenya.com)  
Email: [info@investmentkenya.com](mailto:info@investmentkenya.com)

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### Central Bank of Kenya

Haile Selassie Avenue  
Box 60000-00200  
Nairobi, Kenya  
Tel.: +254 (20) 2861000  
+254 (20) 2860000  
Fax: +254 (20) 340192  
Email: [comms@centralbank.go.ke](mailto:comms@centralbank.go.ke)  
Website: [www.centralbank.go.ke](http://www.centralbank.go.ke)

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### Commissioner of Customs and Excise

Box 40160 00100,  
Forodha Hse, Nairobi, Kenya  
Tel.: +254 (20) 271 5540  
Fax: +254 (20) 271 8417  
Website: [www.revenue.go.ke](http://www.revenue.go.ke)

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### Commissioner of Income Tax

Box 30742 00100  
Times Towers  
Haile Selassie Avenue, Nairobi, Kenya  
Tel.: +254 (20) 272 7430  
Website: [www.revenue.go.ke](http://www.revenue.go.ke)

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### Commissioner of Insurance

Anniversary Towers  
University Way, Nairobi, Kenya  
Tel.: +254 (20) 330 428  
Website: [www.revenue.go.ke](http://www.revenue.go.ke)

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### Commissioner of Lands

Lands Department  
Box 3009 00100,  
Ardhi House, Ngong Road, Nairobi, Kenya  
Tel.: +254 (20) 271 8050  
Website: [www.lands.go.ke](http://www.lands.go.ke)

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### Commissioner of Value Added Tax

Times Towers  
Haile Selassie Avenue, Nairobi, Kenya  
Tel.: +254 (20) 224 275  
Website: [www.revenue.go.ke](http://www.revenue.go.ke)

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### Export Processing Zones Authority (EPZA)

P.O. Box 50563-00200  
Nairobi, Kenya  
Tel.: +254 (45) 6626421/2-6  
Fax: +254 (45) 6626427  
Email: [info@epzakenya.com](mailto:info@epzakenya.com)  
Website: [www.epzakenya.com](http://www.epzakenya.com)

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### Export Promotion Council

Box 40247-00100 GPO  
Nairobi, Kenya  
Tel.: +254 (20) 2228534-8  
Fax: +254 (20) 2218013  
Email: [chiefexecutive@epc.or.ke](mailto:chiefexecutive@epc.or.ke)

---

### Capital Markets Authority

Reinsurance Plaza  
Box 74800 - 00200  
Nairobi, Kenya  
Tel.: +254 (20) 2226225 - 2213730  
Fax: +254 (20) 2228254  
Website: [www.cma.or.ke](http://www.cma.or.ke)

---

### Retirement Benefits Authority

Rahimtulla Tower, 13th Floor,  
Upper Hill Road,  
Opp UK High Commission,  
Nairobi, Kenya  
P.O. Box 57733 - 00200  
Nairobi, Kenya  
Tel.: +254 (20) 2809000  
Fax: +254 (20) 2809000  
Email: [info@rba.go.ke](mailto:info@rba.go.ke)  
Website: [www.rba.go.ke](http://www.rba.go.ke)

---

### Insurance Regulatory Authority (IRA)

P.O BOX 43505 - 00100  
Zep- Re Place Off Mara Road  
Upper Hill, Nairobi, Kenya  
Tel.: +254 (20) 4996000 - 0727 563110  
Fax: +254 (20) 2710126  
Email: [commins@ira.go.ke](mailto:commins@ira.go.ke)  
Website: [www.ira.go.ke](http://www.ira.go.ke)

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### The Public Procurement Oversight Authority

10<sup>th</sup> Floor National Bank of Kenya Building  
Harambee Avenue,  
Box 58535-00200, Nairobi, Kenya  
Tel.: +254 (20) 3244000  
+254 (20) 2213106 - 2213107  
Fax: +254 (20) 2213105  
+254 (20) 3244377 - 3244277  
Email: [info@ppoa.go.ke](mailto:info@ppoa.go.ke)  
Website: [www.ppoa.go.ke](http://www.ppoa.go.ke)

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#### Kenya Industrial Property Institute

Box 51648-00200  
Weights and Measures Building  
South C, Nairobi, Kenya  
Tel.: +254 (20) 6002 210 - 6002 211  
Fax: +254 (20) 6006 312  
Email: kipi@swiftkenya.com  
Website: www.kipi.go.ke

---

#### Kenya Revenue Authority

Box 48240-00100  
Times Towers,  
Haile Selassie Avenue, Nairobi, Kenya  
Tel.: +254 (20) 310 900/ 2810000  
Fax: +254 (20) 341 342  
Website: www.revenue.go.ke

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#### Kenya Bureau of Standards

P.O. Box 54974, Nairobi, Kenya  
Tel.: +254 (20) 694 80 00  
Fax: +254 (20) 2503 293  
Email: info@kebs.org  
Website: www.kebs.org

---

#### Nairobi City Council

City Hall, City Hall Way, Nairobi, Kenya  
Tel.: +254 (20) 224 2 82  
Fax: +254 (20) 218 291 - 214 780

---

#### Registrar of Companies

Sheria House  
Harambee Avenue, Nairobi, Kenya  
Tel.: +254 (20) 227 461  
Website: www.attorney-general.go.ke

---

#### Tana & Athi River Development Authority

P.O. Box 47309-00100, Nairobi, Kenya  
Tel.: +254 (20) 34 17 81/2/4/7/8/90  
Fax: +254 (20) 535 832/3  
Email: tarda@tardakenya.org

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#### Telkom Kenya Ltd

Telkom Plaza Ralph Bunche Road  
P.O. Box 30301-00100, Nairobi, Kenya  
Tel.: +254 (20) 495 2001  
Email: info@orange-tkl.co.ke  
Website: www.orange-tkl.co.ke  
Website: www.telkom.co.ke

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#### Agricultural Finance Corporation

Development House,  
P.O. Box: 30367, 00100 GPO,  
Moi Avenue Nairobi, Kenya  
Tel.: +254 (20) 317199 - 3272000  
Fax: +254 (20) 2219390  
Email: info@agrifinance.org  
Website: www.agrifinance.org

---

#### ICT Board of Kenya

Telposta Towers, 12th floor, Kenyatta Ave.  
Box 27150-00100  
Nairobi, Kenya  
Tel.: +254 (20) 2211960 - 2089061  
Fax: +254 (20) 2211962  
Email: communications@ict.go.ke  
Website: http://www.ict.go.ke

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#### Agricultural Society of Kenya

P.O. Box 30176-00100,  
Nairobi, Kenya  
Tel.: +254 (20) 3866655/6  
Fax: +254 (20) 3870181 - 3873838  
Email: prm@ask.co.ke  
Website: www.ask.co.ke

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#### Agricultural Development Corporation

Box 47101-00100  
Nairobi, Kenya  
Tel.: +254 (20) 2250695 - 2250185  
Fax: +254 (20) 243571  
Email: info@adc.co.ke  
Website: www.adc.co.ke

---

#### National Housing Corporation

The Managing Director  
NHC House, Aga Khan Walk  
P.O. Box 30257-00100 GPO  
Nairobi, Kenya  
Tel.: +254 (20) 312 149 - 312 147  
Fax: +254 (20) 311 318  
Email: info@nhckenya.co.ke  
Website: www.nhckenya.co.ke

---

#### Kenya Bureau of Statistics

Box 30266-00100  
Herufi Hse, Lt. Tumbo Rd  
Nairobi, Kenya  
Fax: +254 (20) 315 977  
Email: info@knbs.or.ke

---

#### Communication Commission of Kenya

Waiyaki way  
Box 14448-00800  
Westlands Nairobi, Kenya  
Tel.: +254 (20) 424 2000  
Fax: +254 (20) 445 1866  
Email: infor@cck.go.ke  
Website: www.cck.go.ke

---

#### Kenya Tourist Board

Kenya-Re Towers, Ragati Road  
P.O. BOX 30630-00100, Nairobi, Kenya  
Tel.: +254 (20) 2711 262  
Email: info@kenyatourism.org  
Website: www.magicalkenya.com

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#### Kenya Tourism Development Corporation

Box 42013-00100  
Nairobi, Kenya  
Utalii House - Uhuru Highways  
Tel.: +254 (20) 2229751-4  
Fax: +254 (20) 2227817  
Email: info@ktdc.co.ke  
Website: www.ktd.co.ke

---

#### Energy Regulatory Commission

Box 42681-00100  
Nairobi, Kenya  
Tel.: +254 (20) 2717627 - 25417000  
Fax: +254 (20) 2717603  
Email: info@erc.go.ke  
Website: www.erc.go.ke

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#### Kenya Plant Health Inspectorate Service

Box 49592-00100, Nairobi, Kenya  
Tel.: +254 (20) 3597201/2/3 - 3536171/2  
Fax: +254 (20) 3536175  
Email: director@kephis.org  
Website: www.keohis.org

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#### Kenya Industrial Estate

Box 78029 -00507,  
Nairobi, Kenya  
Tel.: +254 (20) 6513 48/53  
Fax: +254 (20) 651 355  
Email: admin@kie.co.ke  
Website: www.kie.co.ke

---

#### National Environmental Management Authority

Box 67839 -00200  
Nairobi, Kenya  
Tel.: +254 (20) 600552 2/6/7  
Fax: +254 (20) 6008997  
Email: dgnema@nema.go.ke  
Website: www.nema.go.ke

---

#### Kenya National Chamber of Commerce and Industry

Box 80635 -00100  
Kaunda Avenue, Mombasa, Kenya  
Tel.: +254 (41) 2316161  
Email: info@kenyachamber.co.ke  
Website: www.kenyachamber.co.ke

---

#### Kenya Ports Authority

Box 95009-80104 Mombasa, OR  
Box 20072-00200 - Nairobi, Kenya  
Tel.: +254 (41) 2113999/ 2112999  
+254 (41) 6931000  
Fax: +254 (41) 2311867  
+254 (41) 823614  
Email: micd@kpa.co.ke  
Website: www.kpa.co.ke

---

#### Kenya National Bureau of Statistics

P.O. Box 30266-00100 GPO  
Nairobi, Kenya  
Tel.: +254 (20) 317583 - 317586,  
Fax: +254 (20) 315977  
Email: info@knbs.or.ke

---

#### KWS Headquarters

Kenya Wildlife Service  
P.O. Box 40241-00100  
Nairobi Kenya  
Tel.: +254 (20) 6000800  
+254 (20) 6002345  
Fax: +254 (20) 6003792  
Email: director@kws.go.ke

---

#### African Trade Insurance Agency

Kenya Re Towers, 5th Floor, Off Ragati Road, Upperhill  
Mailing Address:  
P.O. Box 10620, G.P.O. 00100, Nairobi, Kenya  
Tel.: +254 (20) 272 6999 - 271 9727  
Fax: +254 (20) 271 9701  
Cell: +254 722 205 007 - 733 625 511  
Email: info@ati-aca.org

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#### Kenya Plant Health Inspectorate Services

KEPHIS Headquarters  
P.O. Box 49592-00100, Nairobi, Kenya  
Tel.: +254 (20) 3597201/2/3 - 3536171/2  
0722-516221- 0723-786779  
0733-874274 - 0734-874141  
Fax. 020-3536175  
Email: director@kephis.org

---

#### The Privatization Commission

P. O. Box 34542-00100,  
Nairobi, Kenya  
Tel.: +254 (20) 2212346/7/8  
Fax: +254 (20) 2212237/8  
Email: info@pc.go.ke

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#### Kenya Bureau of Standards

P.O Box 54974-00200, Nairobi Kenya  
Tel.: +254 (20) 6005490 - 6005610  
Cell: +254 (20) 722202137/8  
Fax: +254 (20) 6004031  
Email: info@kebs.org

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## PRIVATE SECTOR

### Eastern Africa Association

Box 41272-00100  
Jubilee Place Mama Ngina Street  
Nairobi, Kenya  
Tel.: +254 (20) 340341 - 214898  
Fax: +254 (20) 340341  
Email: eea@africaonline.co.ke  
Website: www.eaa-ion.co.ke

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### Federation of Kenyan Employers

Box 48311-00100  
Wajiri House Argwings Kodhek Road  
Nairobi, Kenya  
Tel.: +254 (20) 2720242  
Fax: +254 (20) 270295 - 2727990  
Email: fkehq@fke-kenya.org  
Website: www.fke-kenya.org

---

### Kenya Association of Manufacturer

Box 30225-00100  
Peponi Road Westlands  
Nairobi, Kenya  
Tel.: +254 (20) 3744886  
+254 (20) 3744634 - 37460222  
Fax: +254 (20) 374 60 28/30  
Email: kam@iconnect.co.ke  
Website: www.kenyamanufacturer.org

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### Kenya Institute of Public Policy, Research and Analysis

Box. 56445-00200  
Bishop's Garden Towers  
Nairobi, Kenya  
Tel.: +254 (20) 271 99 3 3/4  
Fax: +254 (20) 271 9951  
Email: admin@kippra.or.ke  
Website: www.kippra.org

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### Kenya Private Sector Alliance

Box 3556-00100  
Nairobi, Kenya  
Tel.: +254 (20) 273 0371/2  
Fax: +254 (20) 2730374  
Email: psforum@kippra.org  
Website: www.kepsa.or.ke

---

### Tea Board of Kenya

Box 20064  
Naivasha road  
Nairobi, Kenya  
Tel.: +254 (20) 572 421  
Fax: +254 (20) 562 120  
Email: teaboard@form-net.com  
Website: www.teaboard.or.ke

---

### Tea Growers Association

Box 320  
Kericho, Kenya  
Tel.: +254 (20) 52 20039  
Fax: +254 (20) 52 32172

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### Institute of Economic Affairs

Box 53989-00200  
Nairobi, Kenya  
Tel.: +254 (20) 2717402  
Fax: +254 (20) 2716231  
Email: admin@ieakenya.or.ke  
Website: www.ieakenya.or.ke

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### Coffee Board of Kenya

Coffee Plaza Building, 10<sup>th</sup> Floor  
Haile Selassie Avenue  
PO BOX 30566 - 00100  
Nairobi, Kenya  
Tel.: +254 (20) 315754/6 - 315754/6  
Fax: +254 (20) 311079  
Website: www.coffeeboardkenya.co.ke

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## KENYAN LAW FIRMS

### A F & Gross Company Advocates

Elgeyo Marakwet Close (off Ngong Road),  
P.O. Box 57792,  
Nairobi, Kenya  
Tel.: +254 (20) 3871053

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### Hamilton Harrison & Mathews

ICEA Building, Kenyatta Avenue,  
Box 30333-00100  
Nairobi, Kenya  
Tel.: +254 (20) 3258000  
Fax: +254 (20) 3258222

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### Miller & Company Advocates

Box 45707-00100  
Nairobi, Kenya  
Tel.: +254 (20) 2248462 - 2228081  
Fax: +254 (20) 224975  
Email: miller@milleradvocates.com  
Website: www.milleradvocates.com

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### Oraro & CO. Advocates

Tel.: +254 (20) 271 14 80 - 224 94 69  
Email: oraro@africaonline.co.ke  
Website: www.oraro.co.ke

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### Rachier & Amollo Advocates

Box 55645-00200  
Nairobi, Kenya  
Tel.: +254 (20) 202 224 78 18 - 224 93 26  
Email: lawtechs@rachieradv.co.ke

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### B M Musau & Co., Advocates

Reinsurance Plaza,  
Taifa Road  
P.O. Box 16393-00100, GPO  
Nairobi, Kenya  
Tel.: +254 (20) 24 28 60  
Fax: +254 (20) 25 05 61

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### A R Kaplan and Co

Box 4144-00100  
Nairobi, Kenya  
Tel.: +254 (20) 224 84 51  
Fax: +254 (20) 224 84 14  
Email: ark@ark.co.ke

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### B M Mutie & Co. Advocates

10th Floor, Harambee Plaza,  
Haile Selassie Avenue  
P.O Box 14846-00100  
Nairobi, Kenya  
Tel.: +254 (20) 2243180  
Fax: +254 (20) 2245005

---

### Ahmednasir Abdikadir & Co. Advocates

CBA Building, 2<sup>nd</sup> Floor,  
Standard Street  
P.O. Box 57731-00200  
Nairobi, Kenya  
Tel.: +254 (20) 2217886  
Fax: +254 (20) 2213582

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## CONSULTANCY FIRMS IN KENYA

### Price Waterhouse Coopers

Box 43963  
Nairobi, Kenya  
Tel.: +254 (20) 285 5000/ 271 195  
Fax: +254 (20) 285 5001/ 2711184  
Email: [pwc.kenya@ke.pwc.com](mailto:pwc.kenya@ke.pwc.com)  
Website: [www.pwc.com/ke](http://www.pwc.com/ke)

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### Aon Consulting

Box 48279-00100  
Nairobi, Kenya  
Tel.: +254 (20) 272 25 56  
Fax: +254 (20) 272 25 74  
Email: [admin@aon.com](mailto:admin@aon.com)  
Website: [www.aon.com](http://www.aon.com)

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### Deloitte Consulting

Box 40092-00100  
Nairobi, Kenya  
Tel.: +254 (20) 4230000/ 4441344  
Fax: +254 (20) 4448966  
Email: [admin@deloitte.co.ke](mailto:admin@deloitte.co.ke)  
Website: [www.deloitte.com](http://www.deloitte.com)

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### KPMG Consulting

Box 40612-00100  
Nairobi, Kenya  
Tel.: +254 (20) 2806000  
Fax: +254 (20) 2215695  
Email: [info@kpmg.co.ke](mailto:info@kpmg.co.ke)  
Website: [www.kpmg.co.ke](http://www.kpmg.co.ke)

### Ernst & Young

Kenya Re Towers  
Off Ragati Road  
P.O. Box 44286-00100  
Nairobi, Kenya  
Tel.: +254 (20) 2715300  
Fax: +254 (20) 271 2716271  
Website: [www.ey.com/easternafrika](http://www.ey.com/easternafrika)

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### Gachoka & Associates

Certified public accountants of Kenya  
Box 2443-00200  
Nairobi, Kenya  
Tel.: +254 (20) 27333547  
Fax: +254 (20) 2731272  
Email: [info@ga.co.ke](mailto:info@ga.co.ke)

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### Computer Associates

Website: [www.ca.com](http://www.ca.com)

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### Manpower Consulting

Website: [www.manpower.com](http://www.manpower.com)

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### SAP Consulting

Website: [www.sap.com](http://www.sap.com)

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## PROFESSIONAL ASSOCIATIONS

### Architectural Society of Kenya

The Professional Center,  
Parliament Road  
Box 44258-00100  
Nairobi, Kenya  
Tel.: +254 (20) 2224806  
Fax: +254 (20) 2220582  
Email: aak@aak.or.ke  
Website: www.aar.or.ke

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### Association of Land Surveyors of Kenya

For more information on the Association  
please contact:  
Mr. Zachary M. Muritu  
Chairman,  
Association of Land Surveyors of Kenya  
Box 62093 Nairobi  
Tel.: +254 (20) 2721171, 2718050, 0722 743425  
Email: zmuritum@yahoo.com

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### Insurance Institute of Kenya

For more information contact us through:  
Insurance Institute of Kenya (IIK)  
P. O. Box 1200-00200  
Nairobi, Kenya  
Tel.: +254 (20) 605606  
Email: iik@wananchi.com

---

### Kenya Institute of Bankers

Lyric House, 6th Floor  
Box 73530  
Nairobi, Kenya  
Tel.: +254 (20) 318301, 313070, 313081  
Fax: +254 (20) 316350  
Email: thebanker@kib.co.ke  
Website: www.kib.co.ke

---

### The Marketing Society of Kenya

The MSK Centre  
Fedha Towers, 11th Floor  
Muindi Mbingu Street  
Box 69826-00400  
Nairobi, Kenya  
Tel.: +254 (20) 223237, 223238  
Fax: +254 (20) 223229  
Email: training@msk.co.ke  
Website: http://www.msk.co.ke

---

### The Institute of Quantity Surveyors of Kenya

Box 13929, Nairobi, Kenya  
Tel.: +254 (20) 3875291  
Fax: +254 (20) 3875291  
Email: iqsknrb@iqsk.co.ke  
Website: www.iqskkenya.org

---

### Law Society of Kenya

Lavington, Gatanga Road  
Box 72219-00200,  
Nairobi, Kenya  
Tel.: +254 (20) 387 4664 - 3865017  
Website: www.lsk.or.ke

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### Kenya Institute Planners

NSSF Building, Block A Eastern Wing, 10th Floor  
P.O Box 10682-00100  
GPO Nairobi, Kenya  
Tel.: +254 (20) 2731559 - 0728315288  
Fax: +254 (20) 2731559  
Email: kip@wananchi.com  
Website: www.kip.co.ke

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## RELEVANT WEBSITES

Kenya Investment Authority  
[www.investmentkenya.com](http://www.investmentkenya.com)

Ministry of Foreign Affairs  
[www.mfa.go.ke](http://www.mfa.go.ke)

Kenya Revenue Authority  
[www.revenue.go.ke](http://www.revenue.go.ke)

Ministry of Forestry & Wildlife  
[www.forestryandwildlife.go.ke](http://www.forestryandwildlife.go.ke)

Ministry of Industrialization  
[www.industrialization.go.ke](http://www.industrialization.go.ke)

Ministry of Planning, National Development and Vision 2030  
[www.planning.go.ke](http://www.planning.go.ke)

Ministry of Tourism  
[www.tourism.go.ke](http://www.tourism.go.ke)

Ministry of Trade  
[www.trade.go.ke](http://www.trade.go.ke)

Kenya National Bureau of Statistics  
[www.knbs.or.ke](http://www.knbs.or.ke)

Kenya Law Reports  
[www.kenyalaw.org](http://www.kenyalaw.org)

Kenya Yellow Pages  
[www.yellowpageskenya.com](http://www.yellowpageskenya.com)

## APPENDIX III. PUBLIC HOLIDAYS AND BUSINESS HOURS

### List of public holidays in 2012

The official Kenyan holidays for 2012 are:

1 January	New Year Day
6 April	Good Friday <sup>(a)</sup>
9 April	Easter Monday <sup>(a)</sup>
1 May	Labour Day
1 June	Madaraka (Independence) Day
20 October	Mashujaa day
19 August	Eid-al-Fitri <sup>(a)</sup>
12 December	Jamhuri (Republic) Day
25 December	Christmas Day
26 December	Boxing Day

If a holiday falls on a Sunday, it is observed on the following day.

<sup>(a)</sup> The dates of these public holidays vary from year to year in accordance with the lunar calendar.

### Business hours

#### Government working hours:

8 a.m. to 5 p.m., Monday to Friday, with a one-hour lunch break.

#### Private-sector working hours:

8 a.m. to 5 p.m., Monday to Friday, with a one-hour lunch break.

Most private-sector organizations also work half days on Saturday.

#### Banking hours:

9 a.m. to 3 p.m., Monday to Friday, and 9 a.m. to 11 a.m. on the first and last Saturday of the month for most banks.

#### Shopping hours:

Most shops are open from 8 a.m. to 6 p.m. on weekdays.

Some are also open during weekends from 9 a.m. to 4 p.m.



## APPENDIX IV. BIBLIOGRAPHY

Association Of Kenya Insurers (2010), Insurance Industry Annual Report 2010.

Vision 2030 Secretariat (2007), Kenya Vision 2030.

Vision 2030 Secretariat (2011), Vision 2030 Flagship projects.

Vision 2030 Secretariat (2011), Kenya Public Private Partnership, Investment Project Proposals.

Policy Innovation Systems for Clean Energy Security (PISCES) (2008), Policies and Regulations Affecting Biofuel Development in Kenya.

Deloitte (2011), Kenya Highlights 2011.

Dynamics of Horticultural Exports To European Union Markets: Challenges and Opportunities in Sub-Saharan Africa.

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Transit Transport Coordination Authority of the Northern Corridor, Investment Opportunities in the Northern Corridor with Emphasis on Transport Infrastructure.

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Nairobi Stock Exchange (2011), Monthly Trading Highlights, August 2011.

Nairobi Stock Exchange (2007), Status Report on Regional Integration of African Markets in East Africa, 2007.

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Kenya National Bureau of Statistic (2010), Statistical Release, Gross Domestic Product, Third Quarter 2010.

Kenya National Bureau of Statistic (2011), Kenya Economic Survey 2011.

UNCTAD (2011), World Investment Report 2011

## APPENDIX V. LAWS RELEVANT TO FOREIGN INVESTORS

Arbitration Act (1995)  
Companies Act (Chapter 486)  
Competition Act (2010)  
Constitution of Kenya (2010)  
Capital Markets Act (Chapter 485A)  
Copyright Act (Chapter 130)  
Customs and Excise Act (Chapter 472)  
Employment Act (2007)  
Export Processing Zones Act (Chapter 517)  
Foreign Judgments (Reciprocal Enforcement) Act (Chapter 43)  
Income Tax Act (Chapter 470)  
Industrial Property Act (2001)  
Insurance Act (Chapter 487)  
Investment Promotion Act (2004)  
Labour Relations Act (2007)  
Land Acquisition Act (Chapter 295)  
Land Control Act (Chapter 302)  
Mining Act (Chapter 306)  
Petroleum (Exploration and Production) Act (Chapter 308)  
Privatization Act (Chapter 485C)  
Restrictive Trade Practices, Monopolies and Price Control Act (Chapter 504)  
Trade Marks Act (Chapter 506)  
Value Added Tax Act (Chapter 476)





UNITED NATIONS