

**STATEMENT BY KENYA DELEGATION DURING UNCTAD'S 68<sup>TH</sup> EXECUTIVE SESSION  
OF TRADE AND DEVELOPMENT BOARD 30<sup>TH</sup> SEPTEMBER – 4<sup>TH</sup> OCTOBER 2019**

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**Item 3: Investment for Development**

**Mr. President, Ambassador Michael Gaffey**

**Mr. James Zhan, Director, Division on Investment and Enterprise, UNCTAD**

**Excellencies**

**Distinguished Delegates**

The Kenya delegation takes this opportunity to congratulate, most sincerely, the UNCTAD Secretariat and in particular, Division on Investment and Investment for unveiling the World Investment Report (2019) which clearly articulates the state of global investment with a focus on Special Economic Zones (SEZ), an important instrument for attracting investment.

The delegation also commends the various panellists for sharing excellent country experiences on how the SEZ have worked in their countries as centres of incubation, employment, FDI and as tools that have contributed immensely to economic development in general. The delegation proposes that a high level forum be considered during the World Investment Forum (2020) where the role of SEZ can be discussed in details for countries to learn from each other. From the examples we have heard today, SEZ are important tools that developing countries can take advantage of to enhance FDI.

**Mr. President,**

The World Investment Report (2019) notes that global foreign direct investment flows continued to perform dismally, falling by 13% to \$1.3 trillion in the third consecutive year. Flows in developing countries remained stable while those to Africa rose by 11 percent to US \$46 billion.

In Kenya, FDI inflows increased by 27% to \$1.6 billion. Investments were received in diverse industries including manufacturing, chemicals, hospitality, oil and gas. This increase was occasioned by efforts made by the Kenya government in facilitation of the private enterprise and foreign investment. As a result, Kenya scored huge improvements in the World Bank's "Ease of Doing Business" index jumping 107 places since 2012 to its present position of number 61 globally and 3<sup>rd</sup> in Africa.

**Mr. President,**

The Report further notes that Africa today has 237 established Special Economic Zones (SEZ) and that Kenya has the largest number in the continent, totaling to about 61 in number. Kenya has mainly been marketing the Export Processing Zones (EPZ) as attractive destinations for foreign investment. These have mainly been trade and labour intensive for implementation under the US based African Growth Opportunity Act (AGOA).

Kenya set up SEZ with the sole purpose of creating an enabling environment in the zones through development of integrated infrastructure facilities, creation of incentives for economic and business activities, and removal of impediments to economic or business activities that generate profits for enterprises.

Indeed, EPZ and SEZ have been very impactful in Kenya and have created many employment opportunities, increased exports volumes, attracted new investors, created linkages and opportunities for local suppliers, enhanced economic activities across the country, enhanced competitiveness of industries and generally contribute to economic growth and development. SEZ continue to be established to support manufacturing, one of the four pillars of H.E. President Kenyatta's Big Four Agenda. However, there is a lot for Kenya and other developing countries to learn from countries where advanced SEZ have been developed like in China.

**Mr. President,**

Like the rest of Africa, Kenya is optimistic that the implementation of the ACFTA Agreement will have positive impact on FDI flows within the continent. Regional integration will boost trade in the continent and ultimately promote regional value chains and economic development. We are hopeful that this will contribute significantly to the achievement of the sustainable goals in the continent.

In conclusion, the Kenya delegation fully associates itself with the statements delivered by the distinguished Ambassador of Ecuador on behalf of G77 and China and the distinguished Representative of Togo on behalf of the African Group.

**I thank you.**

