



KENYA'S TRADE & INVESTMENT POTENTIAL

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Kenya India trade relations

Kenya – India Trade Relations

- India and Kenya enjoy close and cordial relations that go back to historical times. The Indian Diaspora plays a very significant role in the Kenyan economy and has helped in cementing the trade and cultural relations between the two countries. There is a strong presence of the vibrant Indian community in Kenya numbered over 70,000, with approximately 20,000 Indian Nationals and 50,000 Persons of Indian Origin. Several Kenyans of Indian origin have distinguished themselves as lawyers, judges, doctors and academicians. Most of the Indian Diaspora has their origins in Gujarat and Punjab.
- India is an important economic partner and falls within the category of the top ten major trading partners of Kenya. India is Kenya's 2nd biggest source of imports and is eighteenth overall as a destination for exports. India ranks Kenya as one of its major trading partners in Africa.



Trade Statistics between Kenya and India from Year 2012 to Year 2021 (000,000)

Year	Exports (USD)	Exports (Kshs)	Imports (USD)	Imports (Kshs.)	Balance of Trade (USD)	Balance of Trade (Kshs.)
2012	89.06	7,528.31	2,309.61	195,230.09	-2,220.55	-187,701.78
2013	110.02	9,475.05	2,998.39	258,229.70	-2,888.37	-248,754.65
2014	99.55	8,752.28	3,008.76	264,536.26	-2,909.21	-255,783.98
2015	91.20	8,954.12	2,572.09	252,523.49	-2,480.88	-243,569.37
2016	117.42	11,918.56	2,024.53	205,498.88	-1,619.92	-193,580.32
2017	57.94	5,981.68	1,650.76	170,410.21	-1,592.81	-164,428.53
2018	85.86	9,100.95	1,747.66	185,252.10	-1,661.80	-176,151.16
2019	50.99	5,404.42	1,697.49	178,873.44	-1,636.50	-173,469.01
2020	71.18	7,687.83	1,746.72	188,645.45	-1,008.87	-180,957.62
2021	94.74	10,412.76	2,100.12	231,012.86	-2,005.37	-220,600.11

Kenya – India Import Trade Statistics 2021

Top 10 import Products	Import Value in KShs
Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses, put ...	28,863,747,228
Petroleum oils and oils obtained bituminous minerals (excluding crude); preparations containing	18,012,003,182
Semi-finished products of iron or non-alloy steel	15,696,628,213
Motor cycles incl; mopeds and cycles fitted with auxiliary motor, with or without side cars	14,278,963,947
Rice	9,231,302,260
Motor vehicles for the transport of goods, incl. chassis with engine and cab	6,834,612,206
Uncoated paper and paperboard of a kind used for writing, printing or other graphic purposes	4,782,211,568
Tractors (other than tractors of heading 8709)	4,524,513,899
Polymers of ethylene, in primary forms	3,059,095,741
Articles of interior furnishing, of all types of textile materials (excluding blankets and	2,933,515,373
TOTAL	108,216,593,617

SOURCE: KENYA EXPORT PROMOTION & BRANDING AGENCY

Kenya – India Export Statistics 2021

Top 10 Export Products	Export value in KShs
Dried leguminous vegetables, shelled, whether or not skinned or split	4,785,084,009
Carbonates; peroxocarbonates "percarbonates"; commercial ammonium carbonate containing ammonium ...	2,265,857,374
Tea, whether or not flavored	1,232,203,140
Wool neither carded nor combed	279,173,743
Waste scrap, aluminum (excluding slags, scale and the like from iron and steel production	238,364,780
Waste and scrap of cooper (excluding ingots or other similar unwrought shapes, of remelted	161,182,455
Articles of Zinc n.e.s	139,253,148
Precious and semi-precious stones whether or not worked or graded but not strung	123,449,094
Coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes	107,362,384
Unwrought zinc	91,785,374
Total	9,423,715,591



Why invest in Kenya?

Kenya at a Glance

☐ Kenya is the gateway to Eastern and Central Africa. Its strategic location accords it preferential access to regional and international markets.



GDP (2020)
US\$ 98.84B

GDP Growth (2020)
↓ 0.3%



FDI Inflows (2020)
US\$ 717M

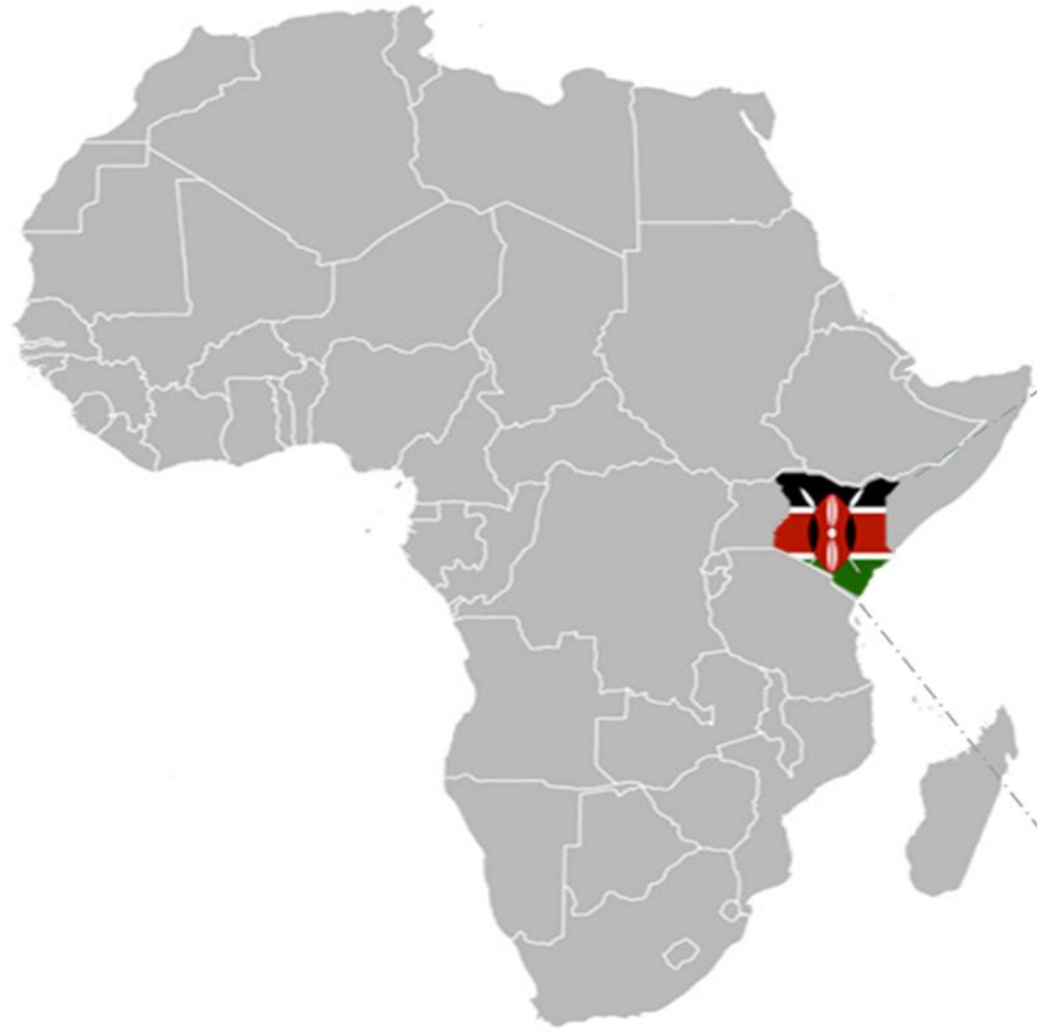
FDI Growth (2020)
↓ 34.7%



Average GDP Per Capita (2020)
US\$ 1,838



Av. Exchange Rate
US\$ 1 – KES 109.8



Area
582,650 sq km

Population
54 Million

Age structure
0-14 years: 40.02%
15-35 years: 35%
36-64 years: 21.98%
65 years and over: 3%

Official language
English

Political system
Devolved State with
Multiparty Democracy,
47 Counties

Kenya lies on the equator
and enjoys a varied climate
ranging from tropical to
temperate (10° C to 35° C)



Connect to your markets via established infrastructure....



US\$3.6 billion

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

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

Jomo Kenyatta International Airport (Nairobi) projected to handle

25 million passengers by 2025.



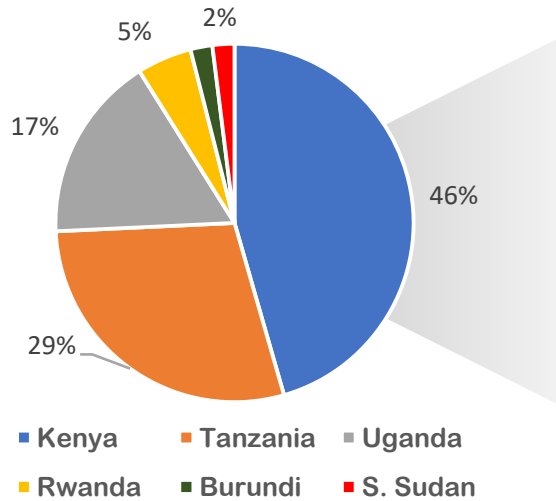
- Kenya serves as the **Communications & Logistics hub of the region** with access to regional transport corridors.
- **Air transport hub:** 4 international airports in Nairobi, Mombasa, Kisumu & Eldoret, connecting directly to Europe, Asia and the USA.
- **Two strategic ports:** Mombasa port (15m depth) connected to over 80 ports worldwide; Lamu port (17.5m depth) launched in 2021 to increase Kenya's cargo handling capacity.
- With extensive Indian Ocean coastline, Kenya is well suited as a **production and distribution base** to service Africa, Europe, the Middle East, and South Asia.
- State of the art **inland container depots** at Nairobi & at Naivasha SEZ.
- **Standard gauge railway** runs 30-freight and 2-passenger services daily between Nairobi and Mombasa.
- **Availability of factory space** in Industrial Zones. Naivasha SEZ targeting textile and apparel companies. Available steam and cheap power for spinners, textile mills, fabric dyers and finishers.

Stable economic growth

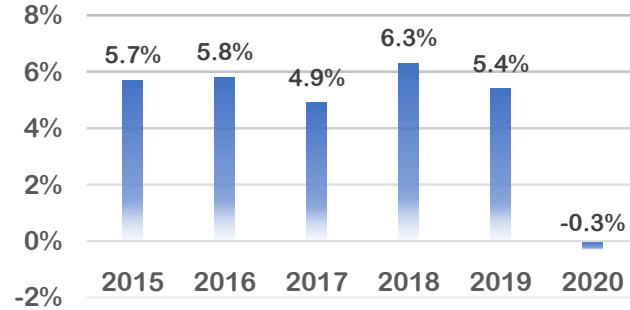
- Kenya exhibits strong growth prospects supported by a growing middle class with an increasing appetite for high-value goods and services

Regional Economic hub

Comparative GDP Contribution, 2020



Kenya's GDP growth (%), 2015-2020



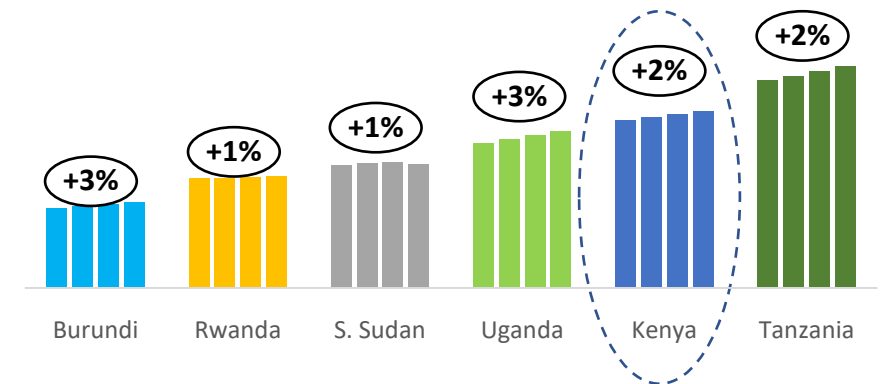
Source: World Bank

- Kenya's GDP growth has been at an average of 5.5% over the last 10 years, 2020 saw a decelerated growth due to negative impact of COVID 19
- Kenya is the dominant economy in East Africa contributing 46% to the region's GDP.
- Kenya is currently the 3rd largest economy in sub-Saharan Africa

Growing consumer market

- Kenya has the second largest population within the EAC at ~50 million and is growing at a rate of 2.2% p.a.
- Urban population has increased from 9.8% in 1969 to 28% in 2020 leading to increase in consumer demand for high value goods

Urban Population as a % of Total Population, 2016-2019



Source: World Bank

- The size of Kenya's middle class is growing, evidenced by the growth in its GNI per capita, which has increased at a CAGR of 2% over the past 10 years

Large pool of youthful, productive and skilled workforce

Population

54 million

Median Age

20 years

81.5%
literacy

43
universities

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

High labour productivity in Kenya, drawn from the large pool of highly trainable and literate workforce

Combine our talents with yours!

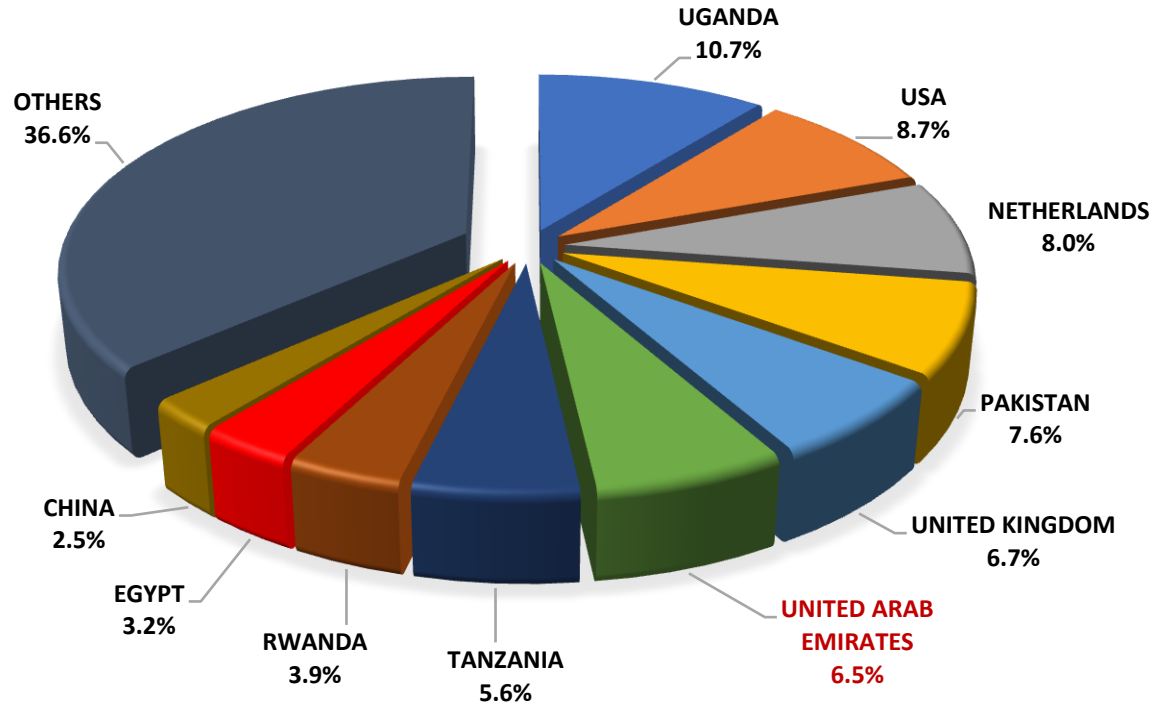
- ❖ Kenya welcomes expatriates to operate and manage critical aspects of their businesses.
- ❖ Kenya's combination of transport, choice of housing, education and access to outdoor leisure activities make it an attractive overseas destination for expatriates.



Strong Market Access & Good Trade Relations

Kenya has signed Preferential Trade Agreements with a total population of over **1.7 Billion people** & a market value of over **US\$ 40 Trillion**

Top Destinations of Kenyan products

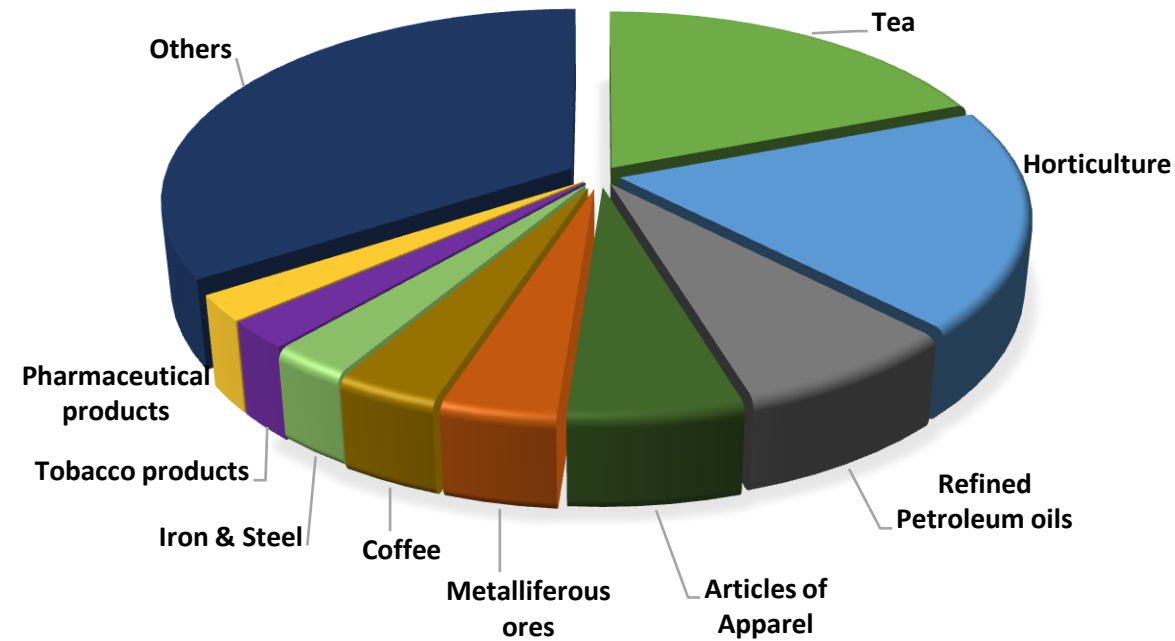


Source: Kenya Export Promotion & Branding Agency

Bilateral and multilateral agreements:

- AGOA – USA (Currently negotiating for FTA post-AGOA)
- EPA - EU
- COMESA – East & Southern Africa
- AfCFTA – Whole of Africa

Top Export products



Source: Kenya Export Promotion & Branding Agency

****Kenya still presents an untapped export potential of US\$ 4.1 Bn (According to ITC)**
We have a good range of high quality products that Investors can consider

Kenya's business environment has continued to improve and remains a key focus...



Kenya Steps Up in Ease of Doing Business

(Out of 190 countries, rank 1 is the highest)



□ Key reforms and infrastructural frameworks are in place to support investment:

- Presidential roundtables with the private sector to address emergent issues in the business arena;
- Cabinet committee on ease of doing business to follow up on investors' concerns;
- One-stop shop service to provide seamless support to investors; and
- Digitization of government services

The safety of your investment is guaranteed in Kenya...

Vibrant capital markets

Kenya is ranked **3rd most attractive financial market in Africa**: Wide range of available products; market transparency; predictive tax and regulatory environment, and enforceability of standard financial markets master agreements.

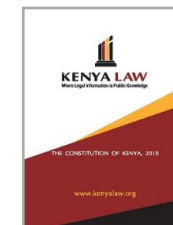


Effective monetary policy

Kenya currently ranks **4th out of 191 economies in the ease of getting credit** (World Bank's EODB Report, 2019): An accommodative monetary policy that supports a non-inflationary credit expansion into key sectors of the economy and promotes stability in the foreign exchange market.

Investment guarantees

- ❑ Kenya's Foreign Investment Protection Act allows for **repatriation of profits, capital or interests**; after payment of the relevant taxes, principal and interests.
- ❑ **Protection against expropriation of private property** as provided for in the Constitution of Kenya.
- ❑ Kenya ranked **1st globally in protection of minority investors** in the Global Competitive Index (WEF)
- ❑ Kenya is signatory to the International Centre for Settlement of Investment Dispute (ICSID), Multilateral Investment Guarantee Agency (MIGA) and the African Trade Insurance Agency (ATIA), which guarantee the safety of investment.

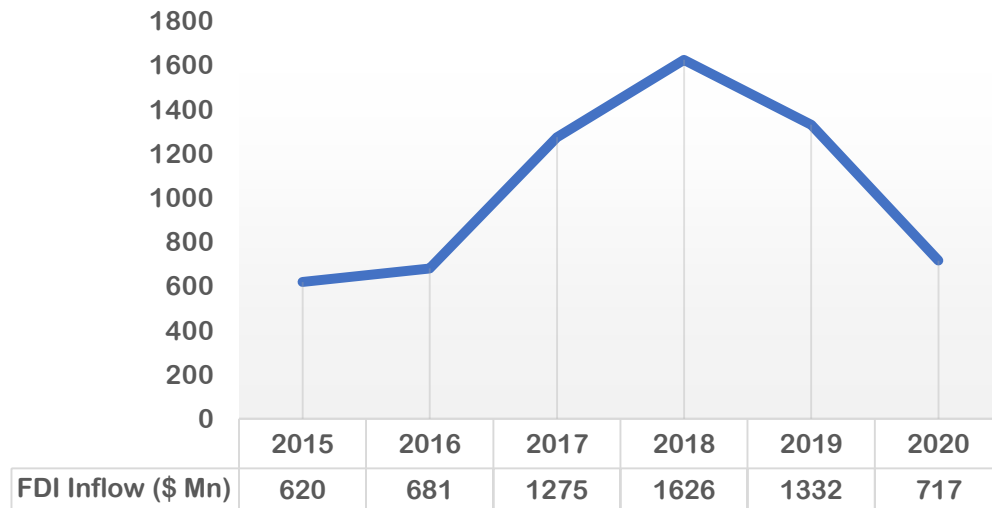


....hence strong growth in FDI Inflows

- Kenya has an excellent business ecosystem with a high number of multinationals setting up regional and continent-wide headquarters in the country.

Steady FDI inflow

FDI inflow 2015-2020 (\$ Mn)



Source: UNCTAD

- 2020 recorded significant reduction in FDI inflow due to restrictions arising from COVID 19.
- We foresee a positive outlook in 2022, riding on renewed investor interest and confidence in the country's business climate

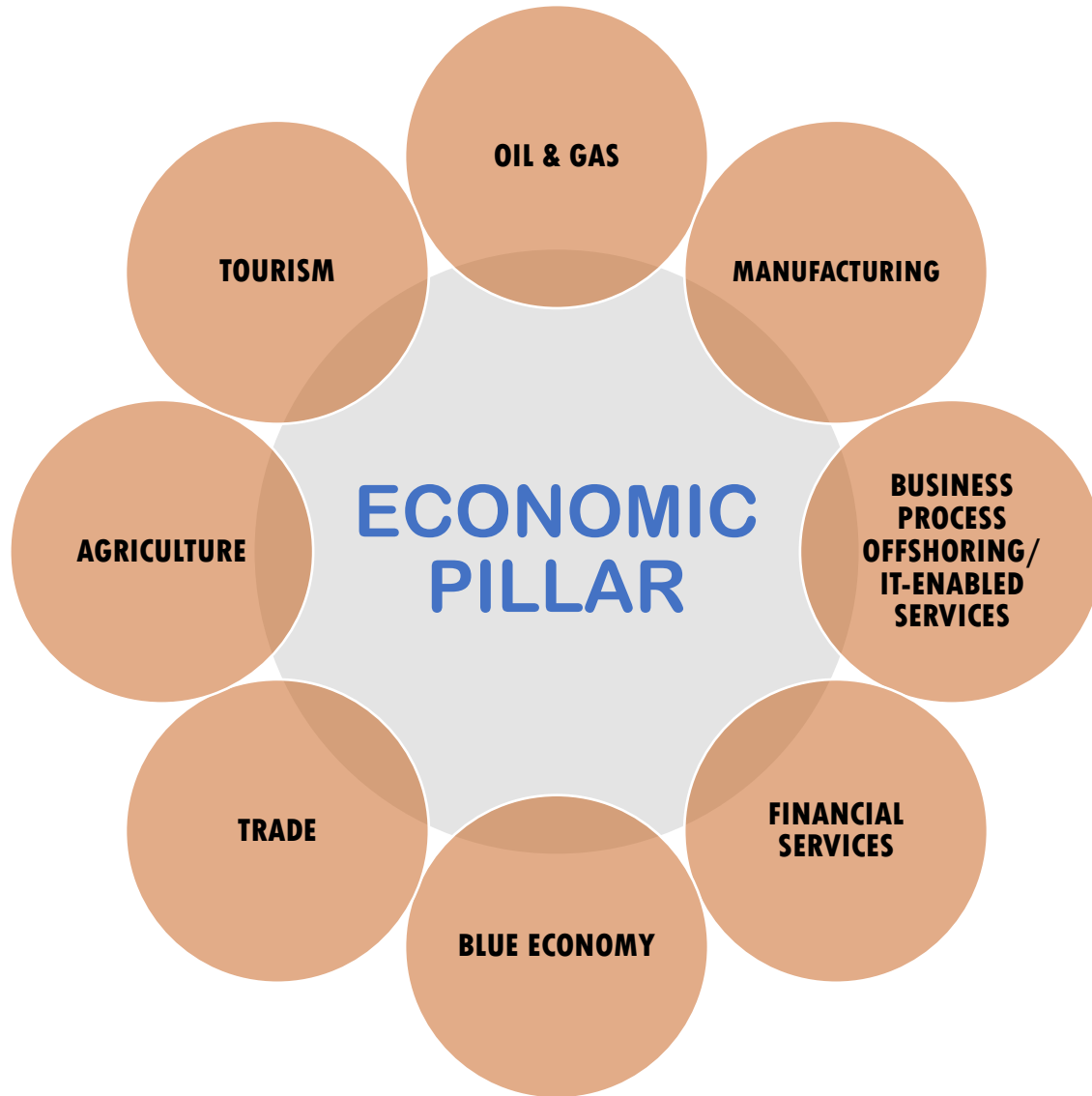
MNCs with regional headquarters in Kenya





Investment opportunities in Kenya

Diverse & Rich Investment Opportunities



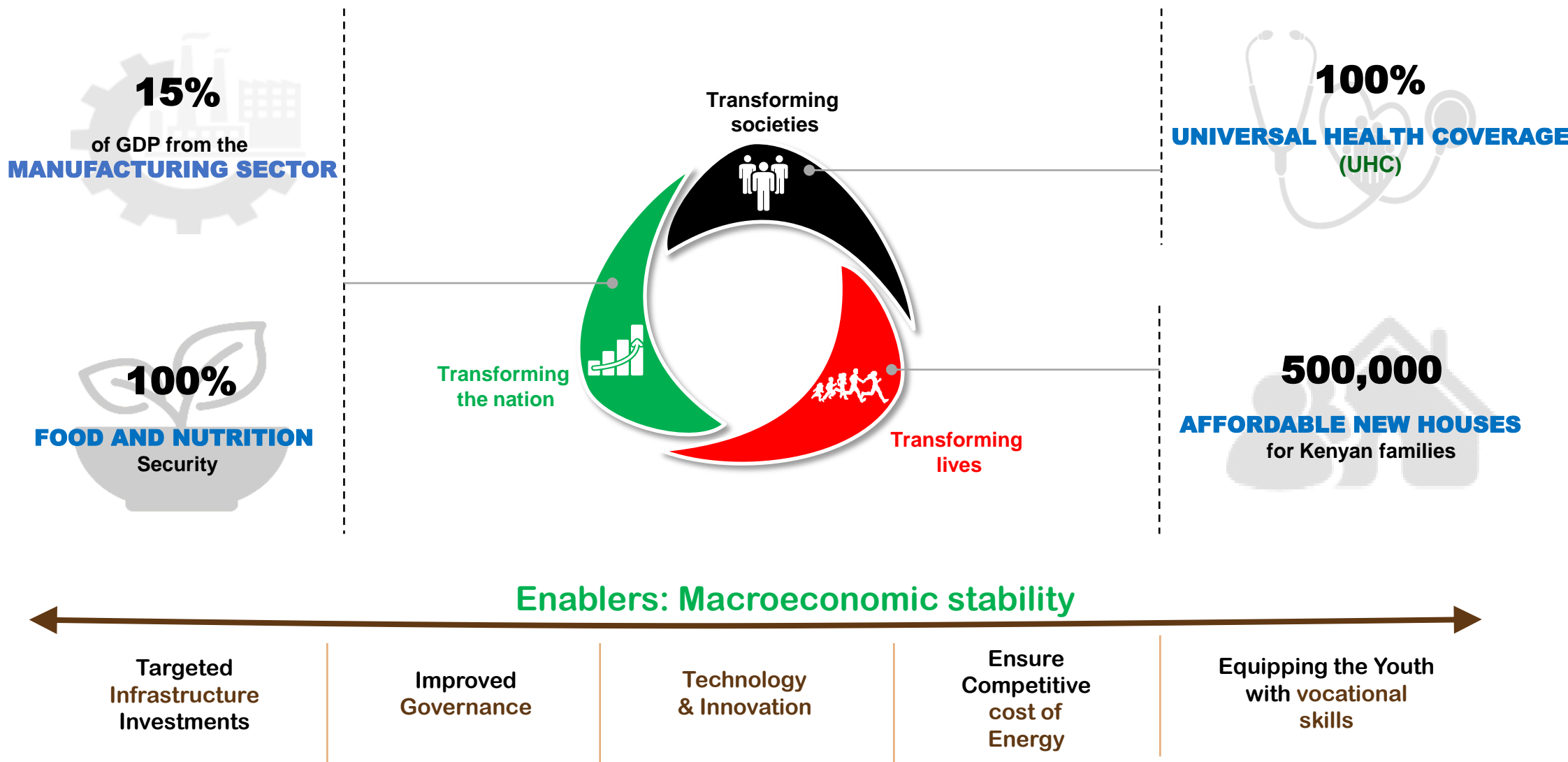
Kenya's Vision 2030

- Long-term development blueprint aiming to transform Kenya into a newly-industrialized middle income country by year 2030.
- Numerous opportunities in all the 8 priority sectors and the enabler sectors such as infrastructure, energy, technical skilling, etc.



IMMEDIATE PRIORITY: The BIG 4 Agenda ... by end of 2022

The Big 4 Agenda is an accelerated 5-year development plan (2018-2022) designed to fast track the realization of the country's Vision 2030



Objective: Raise the share of the sector to GDP from the current 8.3% to 15% by 2022 by adding \$2 - \$3 billion to the economy.

- ❑ Over the last 5 years, manufacturing has accounted for, on average, 20% of total FDIs to Kenya.
- ❑ An estimated 60% of Kenyan manufactured exports go to the EAC markets and 40% to the rest of the world.
- ❑ Key opportunities lie here through PPP, joint ventures and equity participation.

Investment opportunities

1. **Textile & Apparel production:** 90% of the fabric used in Kenya's Apparel sector is imported. There is therefore a great opportunity for import substitution through local production e.g. in Cotton processing and Ginning industries, Existing and new textile mills and apparel manufacturing within existing and planned Special Economic Zones (SEZs)
2. **Leather processing:** Processing of finished leather and leather goods; substituting approximately USD 86 million in shoe imports yearly; Setting up of Tanneries
3. **Manufacture of Construction materials and equipment** for use in the ongoing developments in airports, malls, hotels, railways (SGR) and pipelines; Scalable low-cost construction technology and modern innovative building technologies
4. **Heavy industries (Oil & Gas, Mining and Iron & Steel):** Exploration, exploitation and production of coal, oil & gas and minerals deposits in Joint Ventures with the Government of Kenya.
5. **ICT products & services:** Local consumer and light electronics assembly i.e. phones, laptops and televisions; Business Process Outsourcing (BPO) services



Objective: Develop innovative affordable housing (about 500,000 units) and increase Real estate & construction sector GDP contribution from 7% to 14% by 2022.

- ❑ 22% of Kenyans live in cities and the urban population is growing at the rate of 4.2% every year; nearly 56% of these urban households live in slums.
- ❑ Kenya has a deficit of 250,000 housing units annually. The low-cost housing agenda seeks to plug in on the acute shortage of habitable housing units nationally through;
 - Cutting the cost of construction through the use of innovative technologies
 - Reducing the cost of mortgages;
 - Raising low-cost funds from private and public sector for investment in large-scale housing construction.

Housing & Infrastructure Investment Opportunities

1. Industrial Park development and Setting up factories for Industrial Building Systems (IBS) for timely delivery of construction inputs
2. Scalable low-cost construction technology and modern innovative building technologies
3. Financing of affordable homes - Investment in the Housing Fund; provision of affordable long term Tenant Purchase Schemes (TPS);
4. Engage in joint ventures with county governments towards delivery of affordable housing in respective counties and in urban planning.
5. Construction and operation of social and commercial amenities within developments;

Office blocks: – Kenya is the commercial hub for East & Central Africa, with most Multinationals relocating their headquarters to Kenya.

Retail chains ; – Nairobi continues to be home to most modern shopping malls.

Incentive: 15% corporate tax for developers of 100 low cost residential units and above.

Investment opportunities in Agriculture and Agro-processing

- 1. Fisheries:** approximately 80% of Kenya's fishing is based on Nile perch (for export) and tilapia (for local consumption) that is caught in Lake Victoria. Tuna catch in the Indian Ocean is estimated at almost one million tonnes. Only 30 of the 8,600 fishing vessels off the East African Indian Ocean coast process their tuna in Kenya. The key market for fish products is the Africa Region, the Middle East and Northern Africa region.
- 2. Sugar sector:** Production of industrial sugar; Establishment of new sugar processing factory to cover the existing deficit; Increase production and processing of stevia.
- 3. Agriculture support services:** tea, coffee, meat and dairy processing; Warehousing and cold chain development; Provision of crops and animal insurance services.
- 4. Vegetable and Fruit processing:** Kenya enjoys duty free exports of fruits and vegetables to the European Union and the Middle East and recently hass avocados to China; Production of fruit concentrates; Processing of frozen vegetable products like French beans
- 5. Tuber crops** for human food, animal feed and pharmaceutical industries and value-added products such as chips and crisps, flour, cassava pellets, beverage and even cassava starch. **Edible oil processing** for Sunflower, sesame, and groundnuts (oil and peanut butter), palm oil and soya bean oil.
- 6. Production of agricultural inputs:** Local manufacture, distribution & direct sales of fertilizers, high quality animal feeds, pesticides, certified crop seeds, livestock feed mills & animal brood stock.

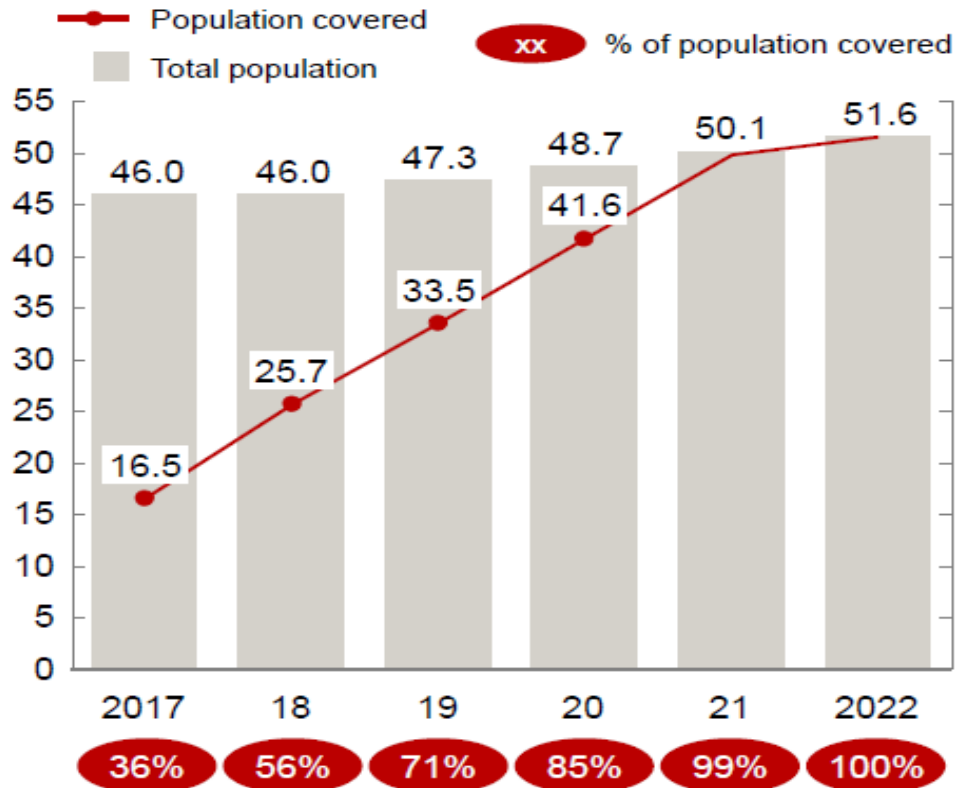


Opportunities in the Health & Pharmaceutical sector

BIG 4 Agenda Objective: Ensure 100% Universal coverage

- ❑ Current health coverage: 16.5 Million
- ❑ Target: 35 Million
- ❑ Population covered by 2022: 51 Million

Population and NHIF coverage, M



Opportunities

- 1) Enhance low cost private insurance coverage and schemes
- 2) Private healthcare facilities and services
- 3) Provision of medical commodities and equipment
- 4) Digitization of healthcare e.g. Supply chain telemedicine
- 5) Manufacture of medical supplies e.g. syringes, catheters, gauzes, etc. and medical equipment for the regional market.
- 6) Manufacture and distribution of API.
- 7) Commercial processing of traditional medicines. Kenya has diverse flora.

Opportunities exist in further diversification of Kenya's Energy mix with focus on renewable energy sources.

1. **Wind energy:** proven potential of as high as 346 W/m^2 , Wind speeds of over 6m/s. VAT exemptions on equipment
2. **Solar:** Relatively stable off-grid PV market, Insolation estimated at 4-6 kWh/m²/day, VAT exemptions on PV products.
3. **Biomass:** Co-generation using sugarcane bagasse and other agricultural residues, fixed FiT of US\$ 0.10 per kWh for up to 20 MW.
4. **Geothermal:** Proven potential of as high as 10,000MW along Rift Valley; Menengai, Olkaria & Baringo.
5. **Hydro:** Potential of 1,000 MW exists for small hydro power, High potential in tea factories sites, fixed FiT of between US\$ 0.06 and US\$ 0.12 per kWh for small hydro projects up to 20 MW.
6. **Biogas:** Potential to produce over 130 MW of power, Home to the first grid-connected biogas plant in Africa, Availability of municipal waste, coffee and sisal waste, Potential to generate slaughter wastes, fixed FiT of US\$ 0.10 per kWh for up to 20 MW generated.



Incentives in the Export Processing Zones

- **10-year Corporate Tax Holiday, 25% for next 10 years and 30% thereafter**
- **10-year Withholding Tax Holiday** on remittances to non-residents
- **100% investment deduction allowance** on building and machinery
- **Perpetual exemption** from payment of **stamp duty** on legal instruments
- **Perpetual exemption** from **VAT and customs import duty** on raw materials and machinery.

Incentives in the Special Economic Zones

- **10% corporate income tax for the first 10 years, 15% for the next 10 years and 30% thereafter**
- **Perpetual exemption from Stamp duty and Import Declaration Fee**
- The supply of goods and taxable services to an SEZ is **perpetually exempt from VAT**
- **100% investment deduction allowance** on building and machinery

Other benefits in the Zones

- 1 Full operation under one single license**
- 2 Project approval and licensing within 30 days**
- 3 Foreign currency accounts and offshore borrowing allowed – no exchange controls**
- 4 Unrestricted investment** by foreigners
- 5 One-stop shop service** for facilitation and after-care
- 6 Ready-made** factory building and office premises
- 7 Readily available services –** water, sewerage, electricity, landscaping etc.
- 8 High security standards –** 24 hours security, illuminated perimeter fences.
- 9 On-site** customs documentation

Investment opportunities in ICT

- ❖ Kenya has surpassed the **100% mobile penetration rate** with most people having more than one SIM card, **Internet penetration** lags slightly behind at about 40% of the total population.
- ❖ Nairobi is a FinTech hub amongst emerging economies, recording impressive growth in innovative digital financial products and services like the MPesa platform.
- ❖ Kenya ranks 1st for five years in a row in financial inclusion (*Brookings Institution*)

1. **IOT:** Increased connectivity and growth in M-commerce is expected to drive demand for internet of things, cloud solutions and data analytics
2. **4G:** Growing demand for cheaper 4G enabled handsets to tap into the expanding 4G networks and available broadband
3. **Corporate IT:** Growth of manufacturing and financial services industry is expected to drive demand for corporate IT solutions
4. **Cyber security:** With the rapid expansion of the IT sector, internet security will become important particularly targeting larger business clusters

****Invest in the Konza Technocity: A key Kenya Vision 2030 flagship project consisting of a 5,000 acre ITES-focused industrial park located 60 km to the South East of Nairobi.**





Fisheries

- ❑ **Deep-sea fishing:** Potential of 350,000MT; current yield is about 9,000MT
- ❑ **Manufacture of modern fishing gear:** Nets, boats, navigation equipment
- ❑ **Fishing vessels for deep sea fishing:** Kenya has only 10 flagged vessels
- ❑ **Aquaculture (cage fishing) in rivers and lakes**
- ❑ **Development of fish hatcheries (e.g. Kilifi county)**



Value Addition

- ❑ **Cold storage facilities and value addition:** Construction of a 20,000MT of cold storage facility at the Liwatoni Kilindini harbour (Promoter: Kenya Fishing Industries Corporation)



Ship Building

- ❑ **Local ship building:** Repairs and maintenance, fueling, container cleaning and marine insurance- the treasury gave directive requiring all cargo imports to be insured locally.

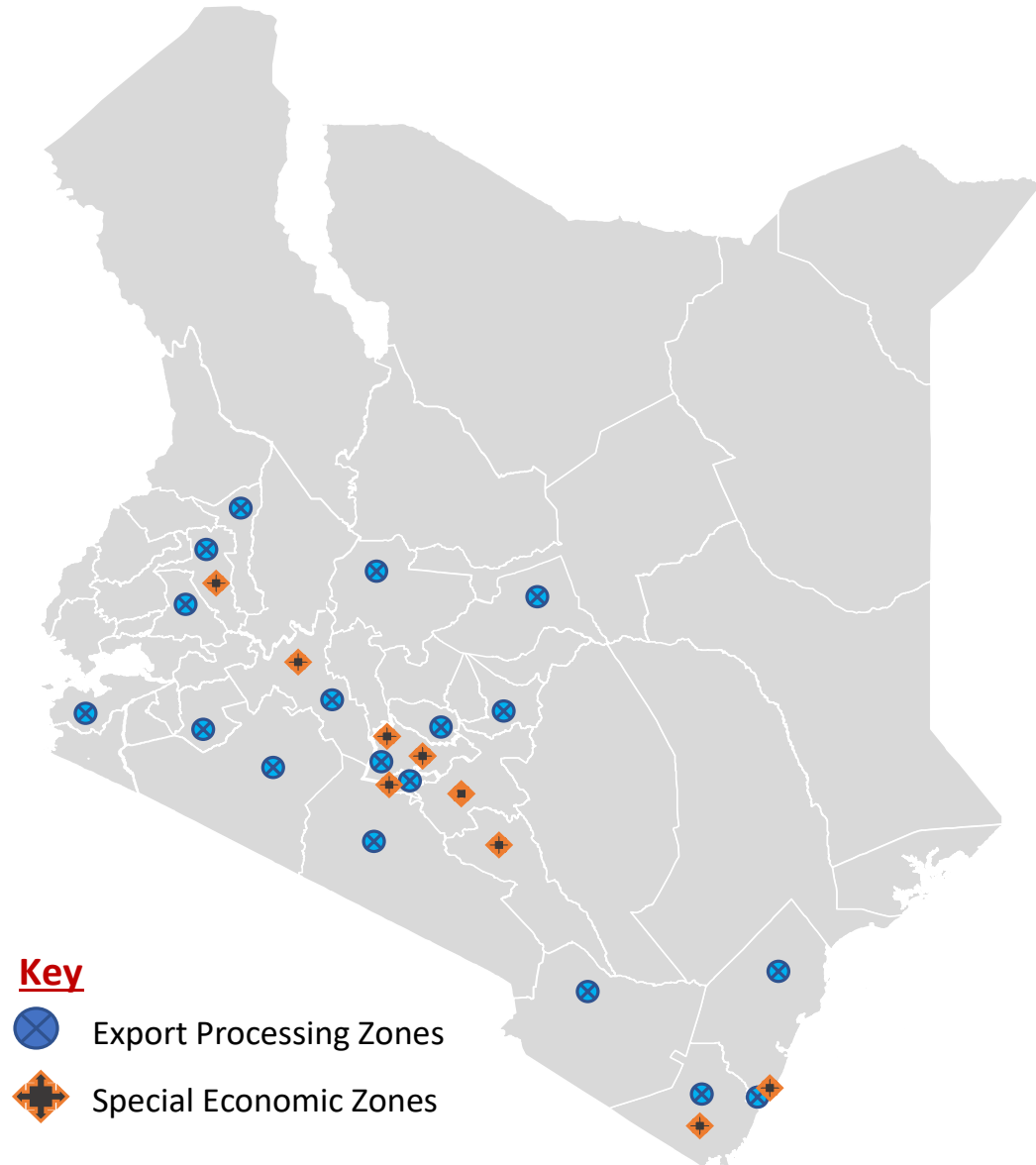


Water transport

- ❑ **Lake Victoria transport** between Kisumu and Homabay, and vessels plying Kisumu-Entebbe-Jinja-Moshi
- ❑ Kenya has no commercial ship



Location of EPZs and SEZs but investors can set up their own Zones for gazettement



Export Processing Zones

There are 82 gazetted EPZs:

- 77 are privately owned and operated
- 5 are public zones:
 - Athi River EPZ, Machakos County
 - Kinanie EPZ, Machakos County
 - Samburu EPZ, Kwale County
 - Homa Bay EPZ, Homa Bay County
 - Kipevu EPZ, Mombasa County

Special Economic Zones

There are 10 gazetted SEZs:

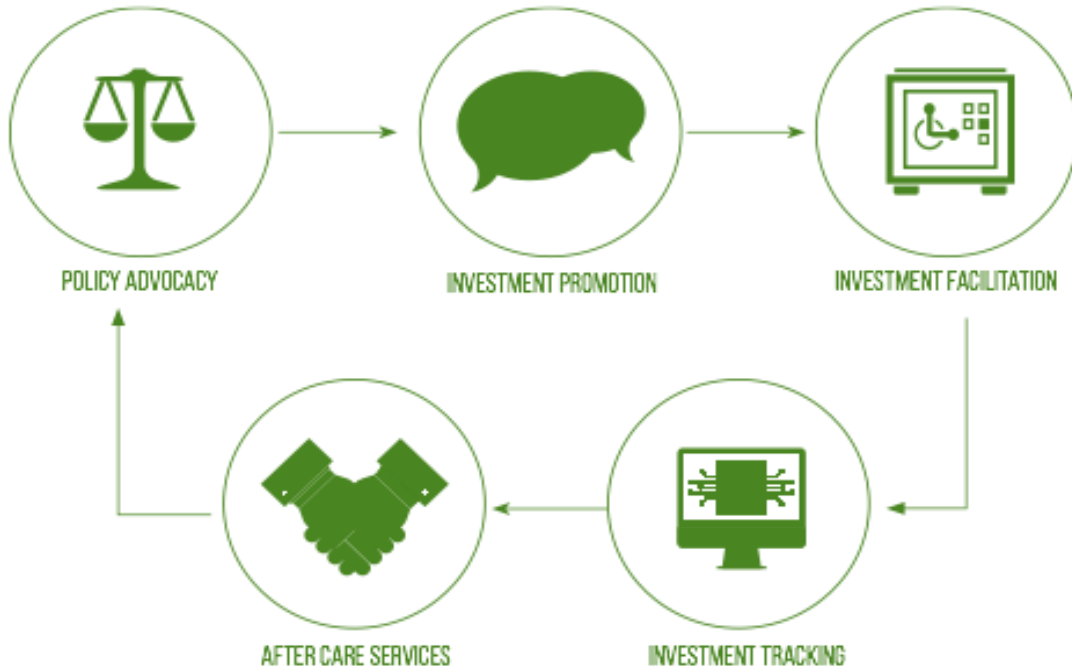
- 7 are privately owned and operational
 - Africa Economic Zone - Uasin Gishu
 - Tatu city - Kiambu
 - Northlands SEZ - Kiambu
 - SBM (Taru) SEZ - Kwale
 - Lamu Resort City – Lamu
 - Compact FTZ – Nairobi
 - First Logistics Ltd – Machakos
- 3 are public zones (under development)
 - Dongo Kundu SEZ - Mombasa
 - Konza Technopolis SEZ - Makueni
 - Naivasha SEZ – Naivasha



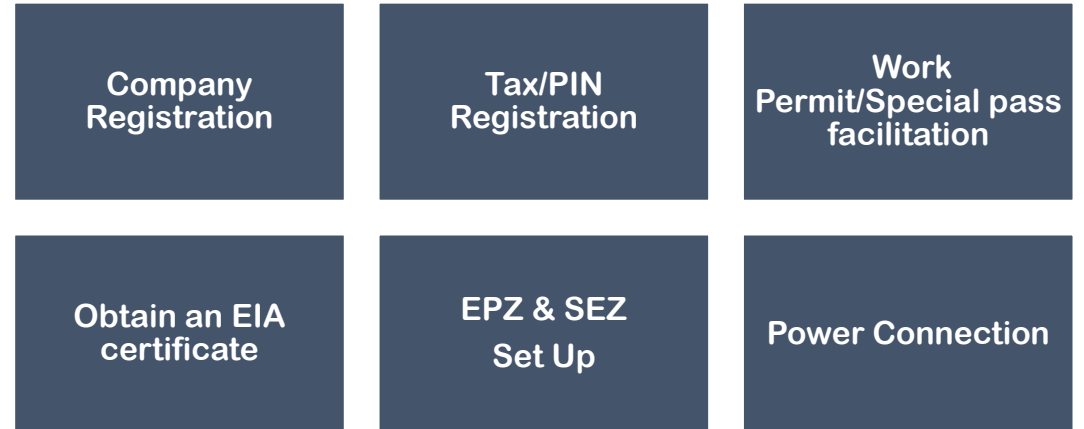
Get started with KenInvest

A state corporation in the Ministry of Industrialization, Trade & Enterprise Development, operating under the Investment Promotion Act No. 6 of 2004, with the mandate of promoting & facilitating investment in Kenya.

Key Functions



One Stop Shop service at KenInvest...

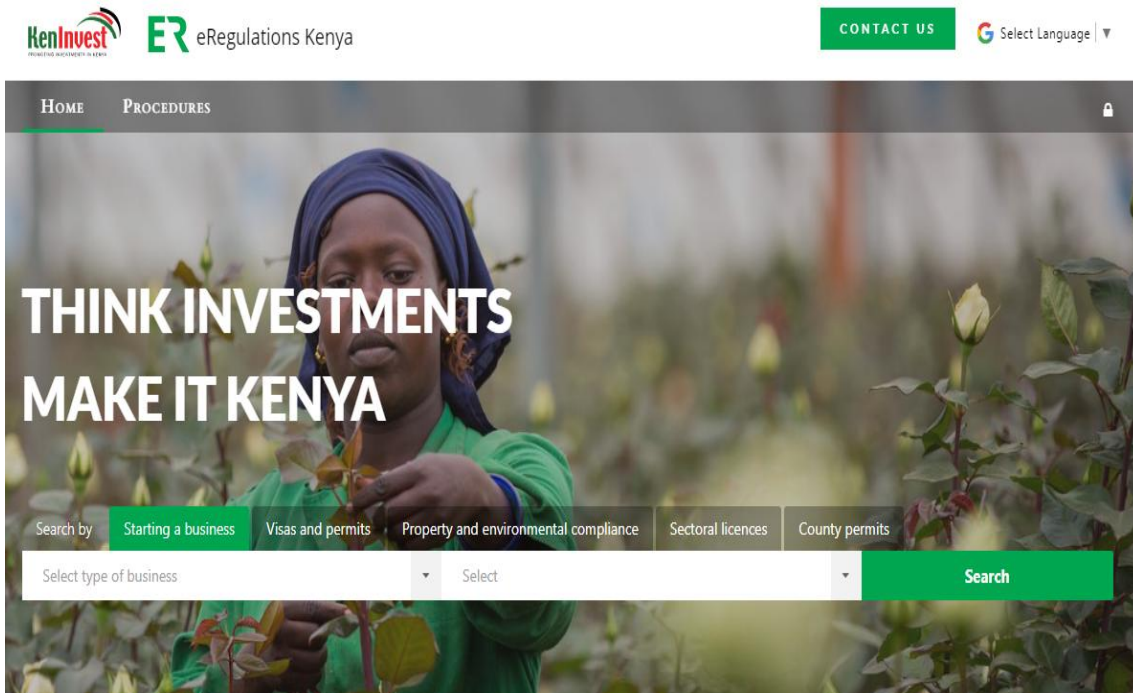


KenInvest's facilitative online platforms...

E- regulations portal

<https://eregulations.invest.go.ke/>

- ❑ **Step by step procedure of investing in Kenya.** Creates transparency
- ❑ **274 investment procedures** published in the portal and more in the pipeline. Has since become the most visited of such portals in Africa.



E-opportunities portal

<https://opportunities.invest.go.ke/>

- ❑ **KenInvest profiles and packages mapped out opportunities** and uploads them in this portal
- ❑ **200 bankable projects profiled** and uploaded



Think investment...



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KENYA**

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