

# INVEST IN KENYA

## Overview and opportunities



# Market Info/Size



**3<sup>rd</sup> largest**  
economy in sub-Saharan  
Africa.  
54 million people



**US\$ 110.35 Bn**  
**7.5% growth**  
Dominant economy in EAC  
≈46% of EAC's GDP.  
FDI Inflows; **US\$ 448.12 million**



**US\$ 2,240**  
**+75% growth since 2010**  
Growing middle class  
with an increasing  
appetite for high-value  
goods and services.



- Regional economic hub
- Host to over 200 Multinational Corporations with regional & continent-wide HQs in Nairobi
- Visa Free regime - 43 countries
- Robust financial system
  - 43 banking institutions
  - 9 representative offices of foreign banks,
  - 13 Microfinance Banks,
  - 3 credit reference bureaus
  - 19 Money Remittance Providers
  - 73 forex bureaus



- Africa's UN HQs (UNON) which is one of four main UN secretariat duty stations globally.
- Global headquarters of UNEP and UN-Habitat, together with a joint presence of 23 other UN Agencies.

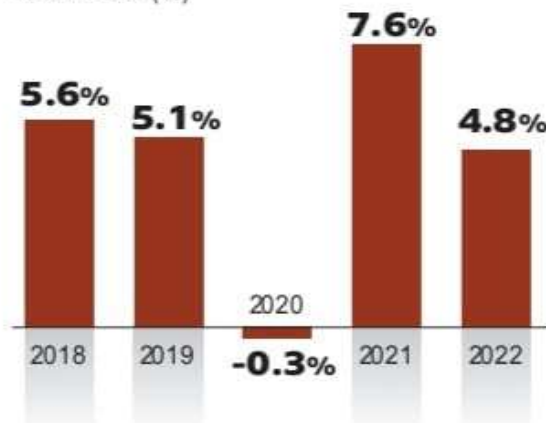


- Communications & Logistics hub of the region
- Access to regional transport corridors.
  - 4 international airports
  - 2 seaports and 2 ICDs
  - 30-freight and 2-passenger rail services daily between Nairobi and Mombasa.

# Economy

Real Gross Domestic Product (GDP) decelerated from a revised growth of 7.6 per cent in 2021 to 4.8 per cent in 2022, with all economic activities registering positive except Agriculture, Forestry and Fishing, which contracted by 1.6 per cent. The magnitude of growth was somewhat subdued by suppressed agricultural production, owing to adverse weather conditions during the year.

**GDP Growth Rates**  
2018 - 2022 (%)



## Key Macro-economic Indicators (%)

Indicator	Unit	2018	2019	2020	2021	2022
Inflation	%	4.7	5.2	5.4	6.1	7.7
Current Account as a percentage of GDP	%	-5.4	-5.2	-4.8	-5.2	-5.1
CBR Rate	%	9.00	8.50	7.00	7.00	8.75
KSh/USD Forex Rate	KSh	101.29	101.99	106.47	109.65	117.87
Govt. Exp to GDP	%	23.9	24.3	24.4	24.3	24.4



**\$2,240**  
GDP Per Capita, 2022

## Share of GDP by Economic Sector (2022)



# Wide Market Access & Good Trade Relations



US\$ 17.43 Bn  
Total Imports



US\$ 6.09 Bn  
Total Exports

## Preferential Trade Agreements

1.7Bn  
Population

~ US\$ 40Tn  
Market value



UK; EU



US



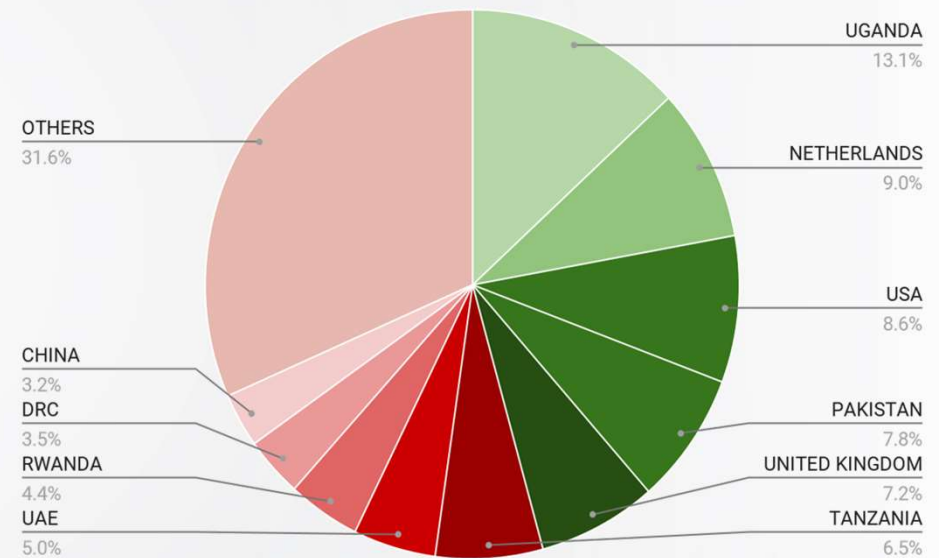
## ✓ Ongoing negotiations for a Kenya – UAE CEPA

Kenya – UAE bilateral trade (2022) US\$ 2.74 bn; US\$ 2.4bn – Imports; US\$ 315mn - Exports

Kenya's untapped export potential

~ US\$ 4.1 Bn (ITC)

Trade arrangement	Population Size (million)	GDP (US\$ billion )
EAC – 7 member states	283.7	305.3
COMESA – 21 member states	583	805
AfCFTA – 51 member states	1,400	3,400
EU - EPA	447.7	17,820
UK - EPA	67.33	3,131
US - AGOA	331.9	23,320



# Trade

Expenditure on imports rose by 17.5 per cent to KSh 2.5 trillion while earnings from exports increased to KSh 873 billion.

Petroleum products accounted nearly 25 per cent of total imports, while tea was the leading export commodity in 2022.

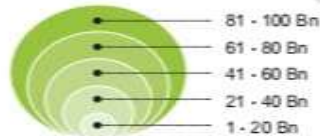
## Balance of Trade (2018 - 2022)

	2018	2019	2020	2021	2022*
EXPORTS (f.o.b) :	614.3	596.7	643.7	743.7	873.1
IMPORTS (c.i.f) :	1,764.5	1,806.3	1,643.6	2,119.4	2,490.8
BALANCE OF TRADE	-1,150.2	-1,209.7	-999.9	-1,375.7	-1,617.6
TOTAL TRADE	2,378.8	2,403.0	2,287.3	2,863.0	3,363.9
COVER RATIO (%)	34.8	33.0	39.2	35.1	35.1

## Key Trading Partner Nations in 2022



### Exports 2022 (KSh in billions)



### Imports 2022 (KSh in billions)



### Top 5 Imports in 2022 (KSh)



### Top 5 Exports in 2022 (KSh)



# Kenya is Strategically located to serve Africa & the World

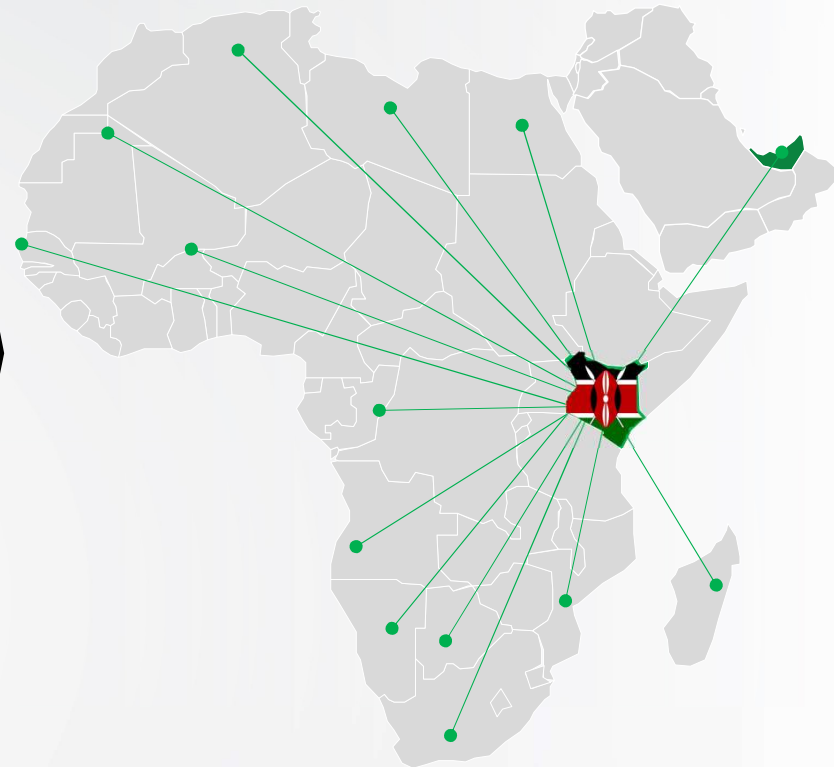
## INHERENT STRENGTHS

- Preferred entry point to Sub-Saharan Africa for international brands and investors.
- Most stable democracy in East and much of continental Sub-Saharan Africa.
- Regional logistics hub, the leading finance hub and the preferred destination for foreign investors, venture capitalists and for international company headquarters for their African operations.
- Kenya's Jomo Kenyatta International Airport is the busiest airport in East Africa served by 40 passenger airlines and 35 cargo carriers including DHL and FedEx.
- Kenya in recent years has build some amazing infrastructure. Kenya generates 90% of its energy from renewable sources.

## LEVERS

### Global Rankings.

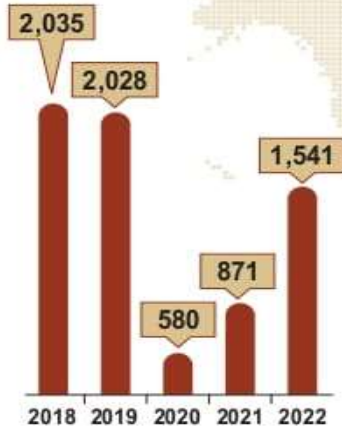
- World Economic Forum - "Technology Pioneers 2022" - most innovative African nation
- Expat City Ranking 2022 - Nairobi ; #9 globally #1 in Africa
- English Proficiency (EF EPI 2022); #20 globally
- Cost of Living (index); #198 globally (32.4); #10 in Africa - 70% lower than NY city benchmark
- World Economic Forum Competitiveness Index (141 countries) - #95 globally #6 in Africa
- World Bank Ease of Doing Business (2020) - #56 globally



# Tourism

## Performance of the Tourism industry in 2022

Tourism arrivals  
(2018 - 2022 in '000)



The tourism sector recorded an improved performance in 2022 driven by a 76.9 per cent increase in international visitor arrivals. The increase was mainly occasioned by relaxation of COVID-19 travel restrictions.

Hotel Bed-nights,  
Availability and Occupancy, 2021-2022



**27,630,100**

Beds available in 2021

**30,453,400**

Beds available in 2022



**5,517,000**

Beds occupied in 2021

**7,009,000**

Beds occupied in 2022



**216,000**  
North America

**42,000**  
Scandinavian

Tourist arrivals - 2022  
(from continent of origin)

**416,000**  
Europe

**148,000**  
Asia

**60,000**  
Western Africa

**21,000**  
M. East

**43,000**  
South America

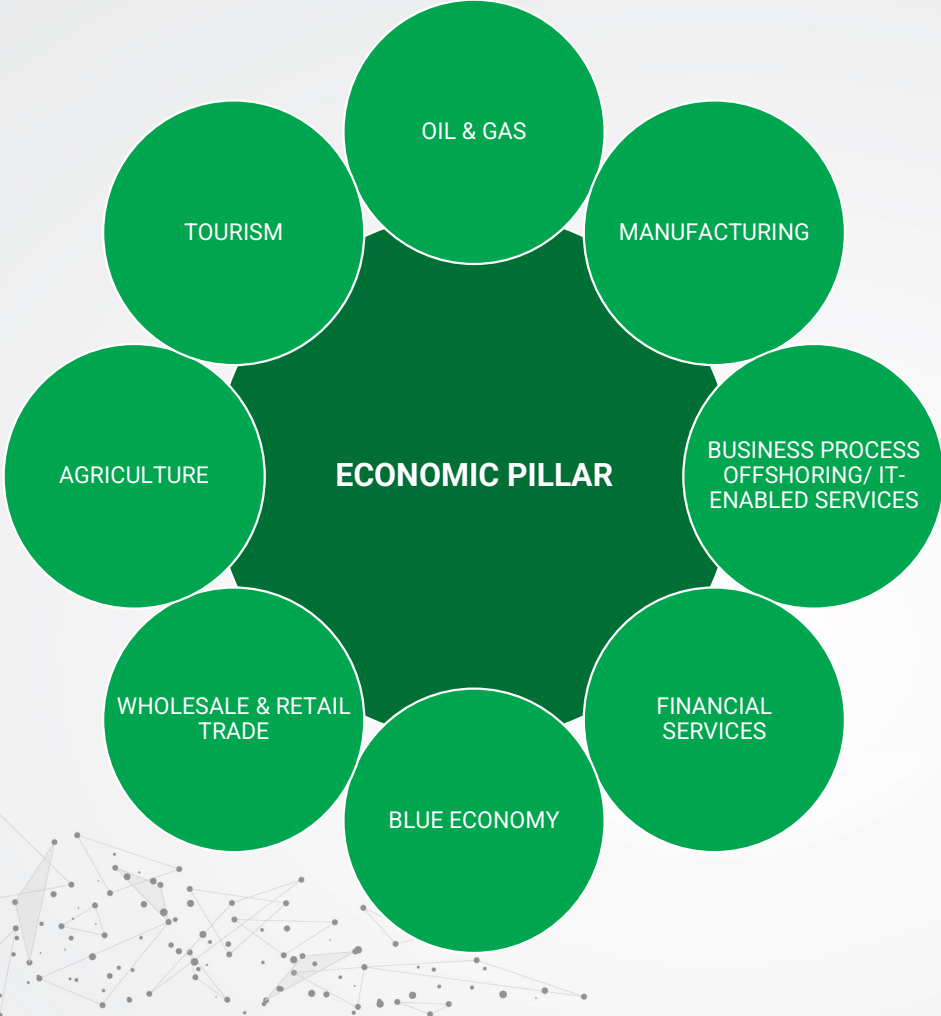
**519,000** KENYA  
EAC & Central  
Africa

**15,000**  
Australia

**48,000**  
Southern Africa



# Diverse & Rich Investment Opportunities



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.

# The Investment Environment is Conducive



Source: World Bank, UNCTAD, CBK, KNBS

1

- 100% repatriation of capital and profits
- Constitutional protection against expropriation
- Investment guarantee against non-commercial risks: ICSID, MIGA and ATIA
- Double taxation agreements – UAE in 2014

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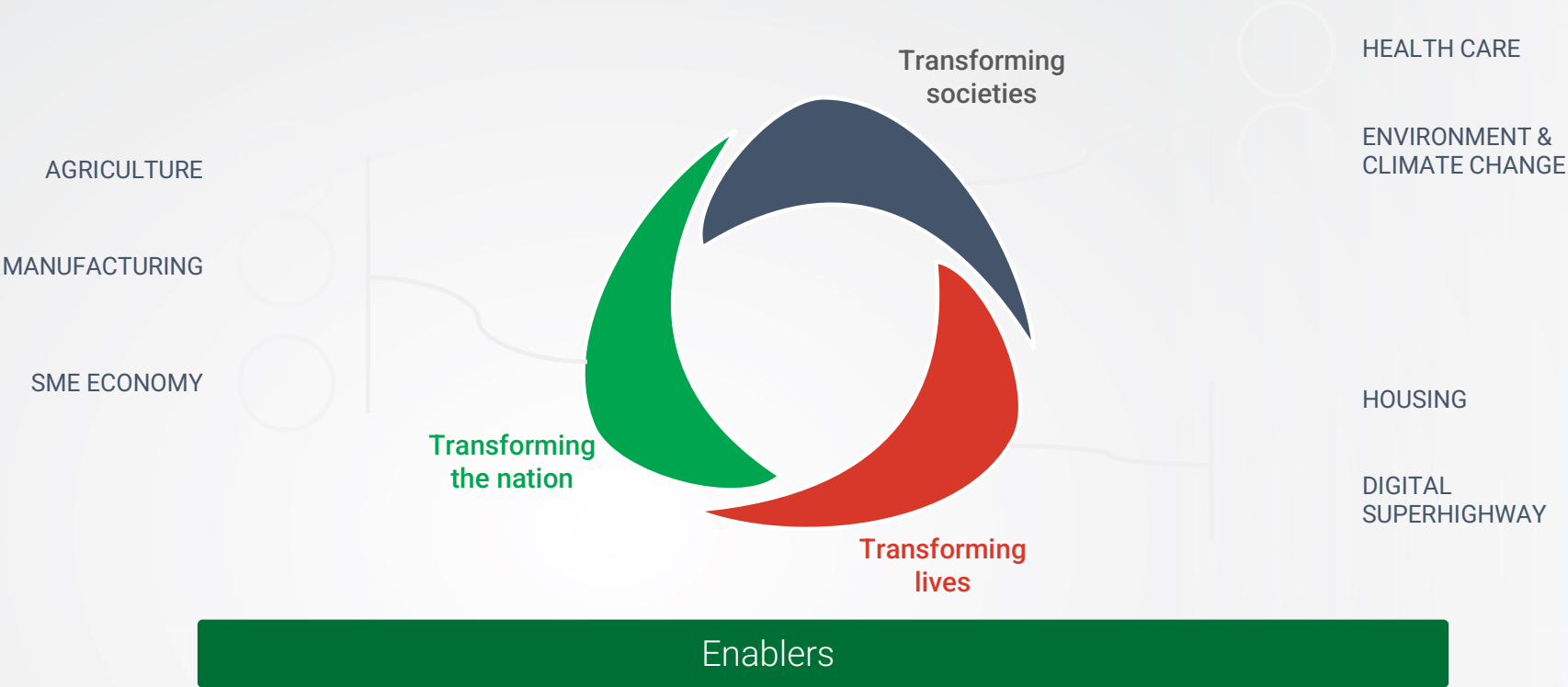
- One stop shop facilitation
- Periodic Presidential roundtables with private sector
- Digitization of government services
- Facilitative Industrial zone programs - EPZs & SEZs

3

- Political and macroeconomic stability.
- High labour productivity: a large pool of youthful, trainable and literate workforce - 15-34 years - 36.1% of the total population (500 – 800k joining workforce annually)
- Globally competitive:
  - 56th in the Ease of Doing Business
  - 1st for five years in a row in financial inclusion
  - 1st globally in protection of minority investors
  - Nairobi is Africa's leading business travel destination - Over 2 million tourists annually;
  - 2nd in Africa in the logistics performance index

# Government's Accelerated Development Plan

## Potential Sectors in Kenya



AGRICULTURE

MANUFACTURING

SME ECONOMY

Transforming the nation

Transforming societies

Transforming lives

HEALTH CARE

ENVIRONMENT & CLIMATE CHANGE

HOUSING

DIGITAL SUPERHIGHWAY

### Enablers

Targeted Infrastructure Investments

Improved Governance

Technology & Innovation

Competitive cost of Energy

Equipping the Youth with vocational skills

## Investment: FDI inflow - Kenya

Foreign Direct Investment	2019	2020	2021
FDI Inward Flow (million USD)	1,098	717	448
FDI Stock (million USD)	9,293	10,010	10,458
Number of Greenfield Investments*	95	43	39
Value of Greenfield Investments (million USD)	3,861	577	2,110

Source: UNCTAD; Standard Bank; National Bank of Kenya

### Major Sectors attracted FDI

- Finance and insurance (33%), ICT (16.1%), wholesale and retail (15.4%), and manufacturing activities (14.8%). ICT sector has attracted the most FDI propelled by the fibre optics

### Major investing countries

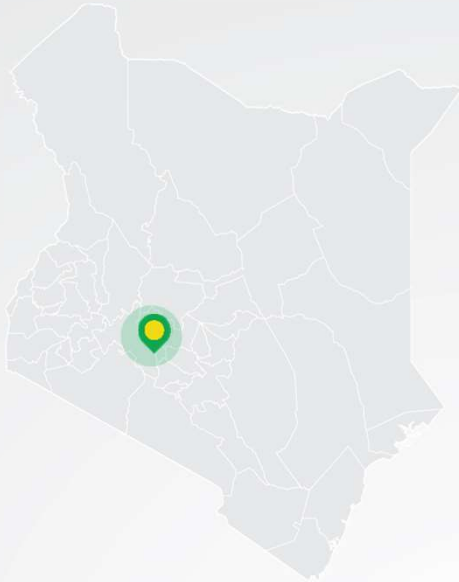
- United Kingdom (13.5%), Mauritius (11%), the U.S. (10.3%), South Africa (9.8%), and France (5.2%).

### VC Investment in Startups

Kenya raised \$1.1 billion in 2021, more than double the funding that East Africa's biggest economy got in 2021, Africa - raised \$5 billion (Egypt, Nigeria, South Africa, Kenya takes 70% of continents share).

Sectors; Cleantech, fintech, scale ups in e-commerce, food and agriculture.

## Value proposition: Incentives



Both fiscal and non fiscal, incentives are available in Kenya. The Kenya Revenue Authority implements the issuance of the fiscal (tax) incentives in collaboration with other regulators and facilitators such as the Capital Market Authority, Export processing zones Authority (for issuance of the EPZ incentives ) among others as provided under the Income Tax Act, Laws of Kenya



### Imported Goods Fully Exempt

- Value Added Tax
- Excise Duty
- Import Duty
- Import Declaration



### Local Supplies Zero Rated

- Value Added Tax



### Corporate Tax Preferential Rates

- First 10 years: 10%
- Next 10 years: 15%
- Subsequent years: 30%



### Stamp Duty

- Exempt



### Withholding Tax

- Interest: 5%
- Dividends: 0%
- Management: 5%
- Royalty: 5%



### Investment Deduction Allowance

- 100% allowance on capital expenditure on building and machinery.



### Local Government Fee Exempt

- Advertisement fees
- Business Service permit fees

Rules & Regulations <https://www.theiguides.org/public-docs/guides/kenya>  
Incentives for investors: <https://www.kra.go.ke/ngos/incentives-investors-certificate/investing-in-kenya/incentives-investors>

# Overview of setting up a business in Kenya



- ✓ [Register your business with the Registrar of Companies](#) and obtain a certificate of compliance for foreign companies, a certificate of incorporation for local companies, or a certificate of registration for sole proprietorships.
- ✓ [Obtain an investment certificate](#) (if a foreign investment).
- ✓ [Register](#) with the Kenya Revenue Authority (KRA).
- ✓ [Obtain a single business permit](#) from the City council (depending on the activity).
- ✓ Submit an environmental impact assessment (depending on the activity).

## **Procedure for Employment**

- ✓ Register as an employer for the National Social Security Fund
- ✓ Register an employee for the National Social Security Fund
- ✓ Register as an employer for the National Health Insurance Fund
- ✓ Register an employee for the National Health Insurance Fund

## **Labor legislation**

- ✓ Employment Act, 2007
- ✓ Factories Act, 1977
- ✓ Work Injury Benefits Act, 2007

# Employment and contracts

- Employment in Kenya is covered by the Employment Act 2007. This provides for four types of contracts:
  - ✓ Contract for an unspecified period
  - ✓ Contract for a specified period - automatically terminated at the end of the period
  - ✓ Contract for a specific task (piecework employment)
  - ✓ Contract for casual employment
- An employee's probation period should not last longer than 6 months, though the employee can consent to have it extended, up to a maximum duration of 1 year. (Section 9-10 of the Employment Act, 2007).
- Oral contracts are permissible if the duration of employment is less than 3 months. Otherwise, the contract should be in writing accompanied by a written statement of particulars provided to the employee at the start of employment. The written employment particulars must be given to the worker within two months.
- A contract can be terminated by an employer with prior notice as specified by law or compensation in lieu.
- Upon the termination of the employment contract, an employee is entitled to pay for work done before termination and for annual leave not taken.
- In addition, employees whose contracts are terminated on redundancy grounds are entitled to severance pay equivalent to 15 days' salary per year worked at that employer.
- Termination of employment on the grounds of misconduct does not warrant severance pay.



## Wages

- Typical salary ranges applied by the private sector are listed in the table below.
- For certain occupations, the government, as required by the Labor Institutions Act, 2007, publishes the Regulation of Wages Order, setting out minimum wages. Investors tend to add a premium of 20 percent to these.

Unit	Value	Amount	Duration
Senior manager	USD	1350 - 1680	per month
Middle manager	USD	500 - 670	per month
Graduate entry	USD	270 - 440	per month
Skilled technician	USD	330	per month
Shop assistant	USD	200 - 270	per month
Office assistant	USD	170 - 200	per month
Security guard	USD	115 - 126	per month
Driver	USD	140 - 260	per month
Unskilled labourer	USD	135	per month

## USEFUL LINKS

<https://www.invest.go.ke/> - Kenya Investment Authority

<https://www.kra.go.ke/> - Kenya Revenue Authority

<https://sezauthority.go.ke/> - Special Economic Zones Authority

[https://dis.ecitizen.go.ke/auth/login?redirect\\_to=%2Fdashboard](https://dis.ecitizen.go.ke/auth/login?redirect_to=%2Fdashboard) – State Department For  
Immigration

<https://dci.ecitizen.go.ke/> - Directorate of Criminal Investigation

<https://brs.go.ke/> -Business Registration Service

