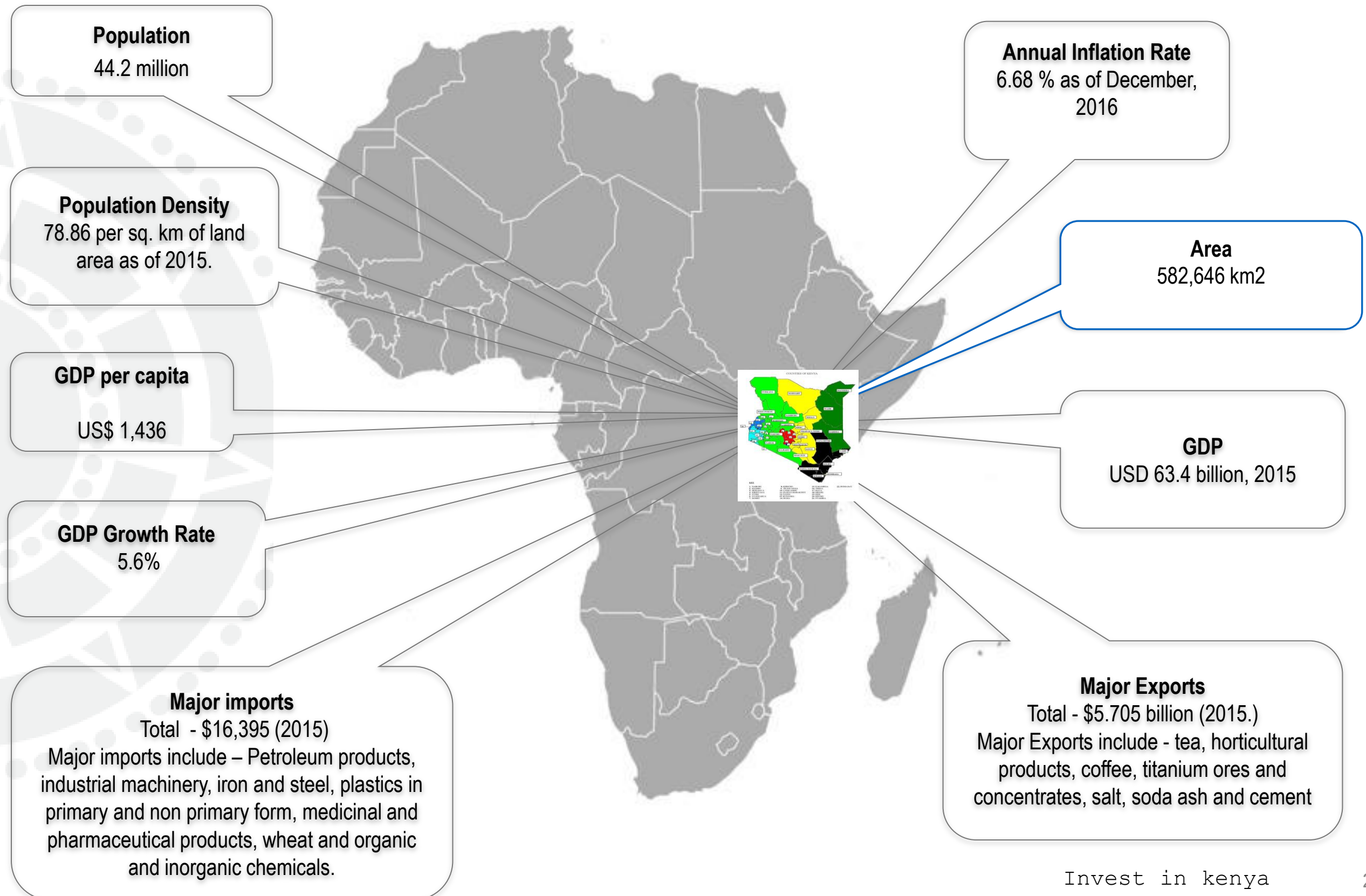


A CASE STUDY OF KENYA

Ms. Mercy Chemoiwo
Kenya Investment Authority
29th May, 2017



KENYA AT A GLANCE



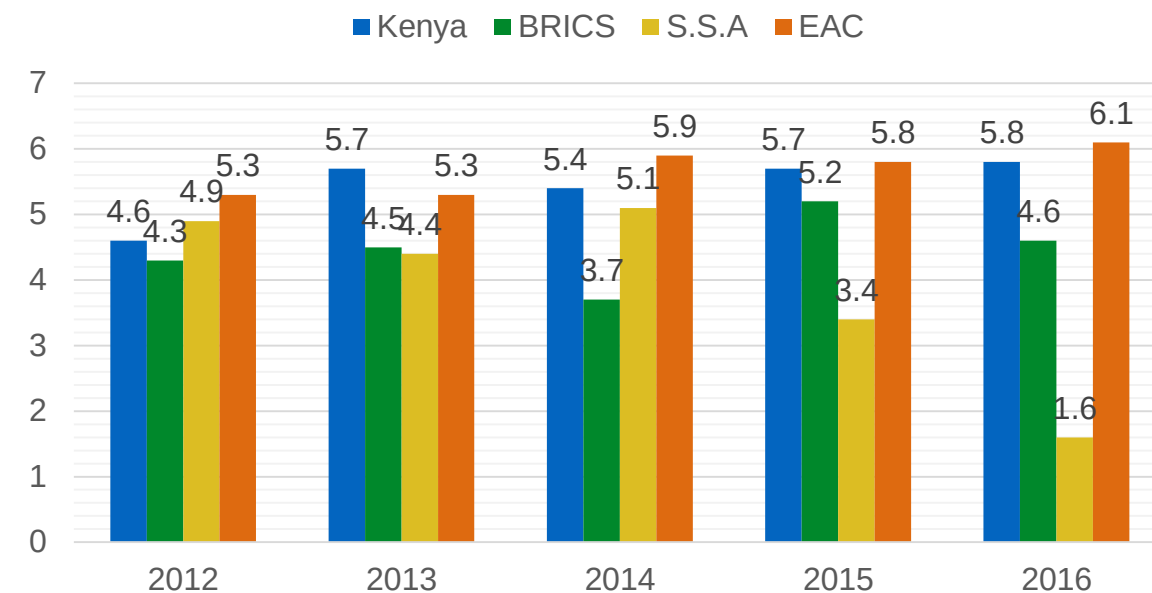
Kenya's economy is multi-sector driven and has experienced positive growth in the recent past

Kenya's economy is the 5th largest in Sub-Saharan Africa.

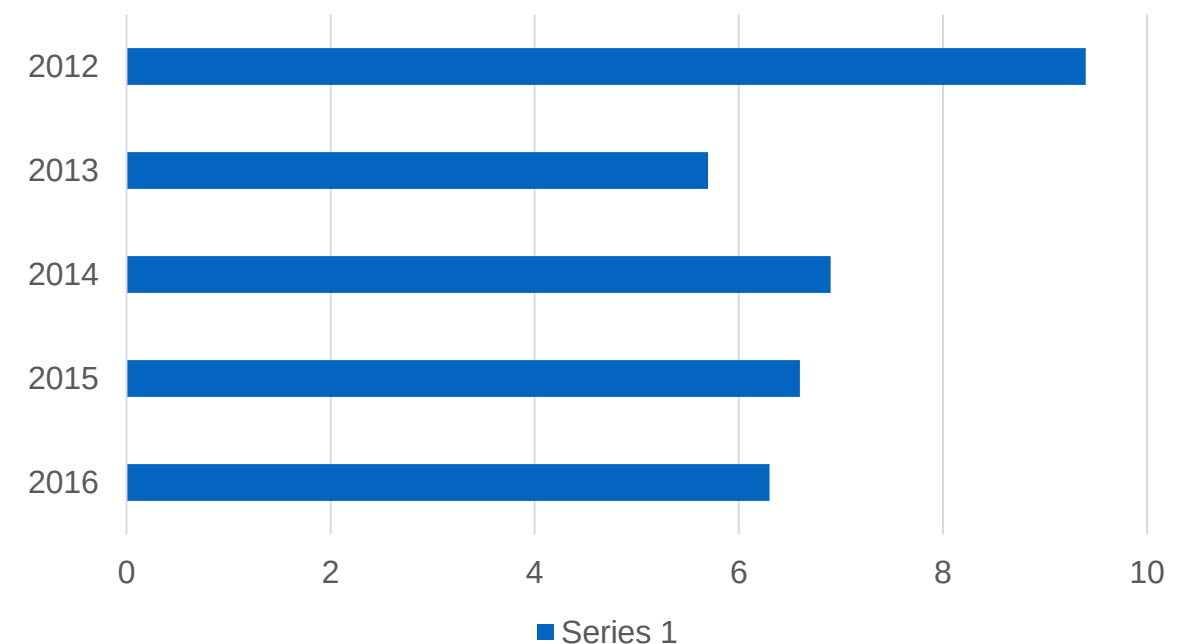
The country's macroeconomic indicators have remained fairly stable with;

- GDP growth rate being consistent within the past 5 years while retaining competitiveness with comparator regional economies.
- Reduction in inflation for the past 5 years has been experienced.

GDP Growth rate



Inflation



Source: Knbs

Approach towards SDG

Kenya has domesticated global frameworks and conventions that support Sustainable Development into its 2010 Constitution and other legislation.

In order for the country to achieve SDGs, the Government has developed a Green Economy Strategy and Implementation Plan (GESIP) to support development efforts towards addressing key challenges such as poverty, unemployment, inequality, environmental degradation, climate change and variability, infrastructure gaps

In line with this some of the projects include;

- Konza Technopolis and
- Textile and Apparels Industrial Park



KONZA TECHNOPOLIS – GOAL 9; PROMOTING SUSTAINABLE INDUSTRIALIZATION AND INNOVATION

Economic Impact

- ❖ **Job creation**
 - Over 17,000 jobs by end of Phase 1
- ❖ **Knowledge-based economy**
 - Greater tax revenue
 - Faster GDP growth
- ❖ **Synergies of technology-based economic clusters**
 - Technology hub
 - Development, commercialization, and export including technology innovations
 - New start-ups rising to multinational corporations
- ❖ **Social development and lifestyle improvement**

\$1.3 B Konza gross regional product (GRP)
2% of Kenya GDP in 2020
7% of Kenya GDP growth 2015-2023
8% of Kenya wage growth 2015-2023
+19% Real IRR: land lease revenue + taxes

Targeted Industries

TARGET INDUSTRIES

STRATEGIC GROWTH CLUSTERS



ICT



Life Sciences



Engineering

CORE ACTIVITIES AT KONZA



Research &
Development



Education



Commercial
Development

Business & Innovation Pipeline

Pre-
Incubation

Incubation

Acceleration

Graduation

- R&D, Education Partners
- Product Development
- Programming & Events
- Innovation Competitions

- Business Development & Private Funding
- Shared Business Services
- Programming & Events
- Smart City Living Laboratory

- Business Growth
- Mentorship
- Innovation Funds
- Programming & Events
- Smart City Living Laboratory

- Successful Exit of Pipeline
- Agreement on Royalties, Equity Position
- Innovation Funds
- Locate at Konza Technopolis

FUNDING SOURCES

- ❖ **Government of Kenya Grants**(KoTDA Complex, Waste water Plant and various design guidelines, Roads, Security access)
 - Approx.: **KES 29B**
- ❖ **Private sector through Private Public Partnerships-PPP or EPCF**
(ICT Network, Electricity Distribution Grid, Water Distribution)
 - Approx.: **KES 40.B**
- ❖ **Direct Private investments or SPVs e.g. REITS and JVs** (Most buildings and common use facilities in Konza)
 - Approx.: **KES 595.4B**



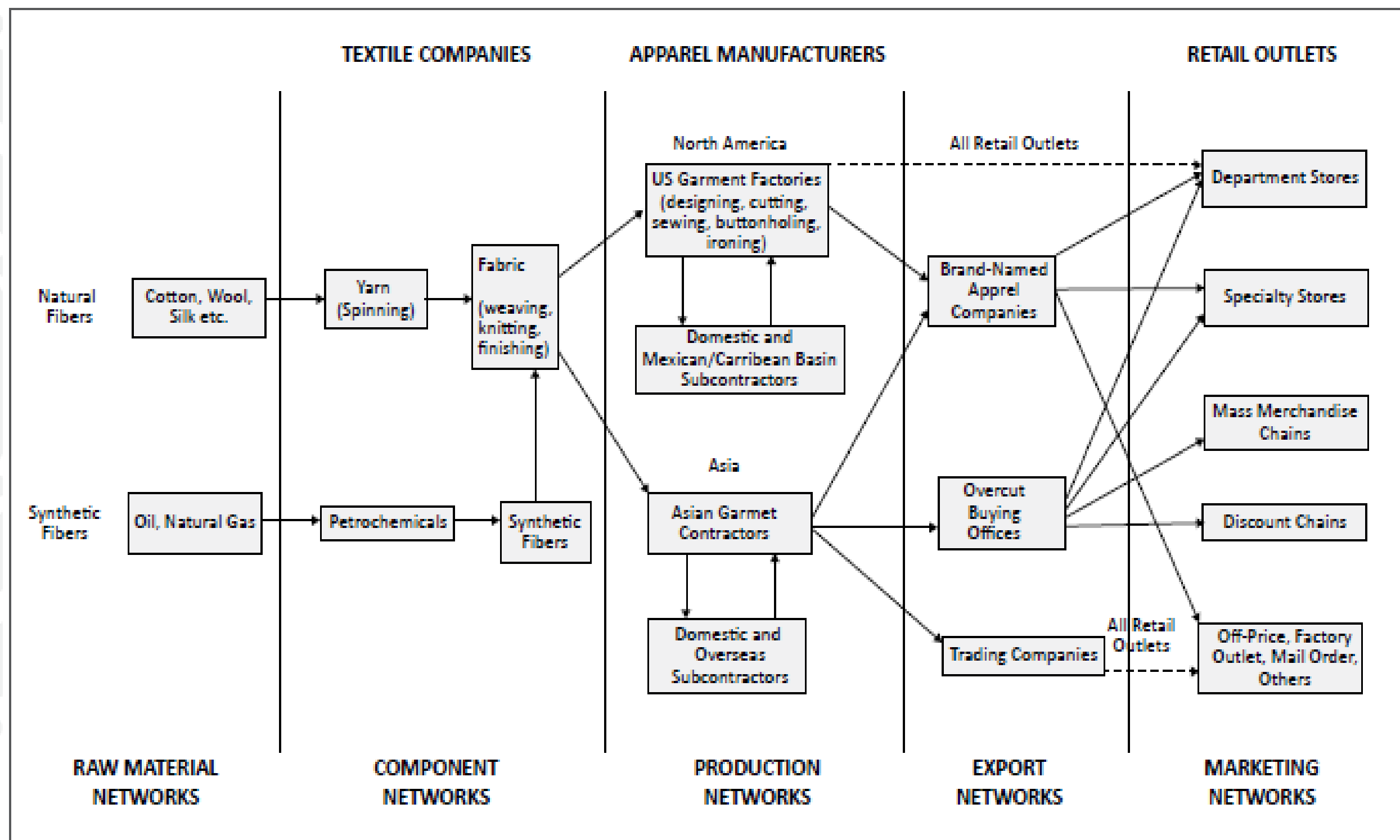
TEXTILE AND APPAREL: END POVERTY IN ALL ITS FORMS EVERYWHERE



- The cotton, textiles and apparel (CTA) industry is the second biggest manufacturing activity in Kenya, providing livelihood to approximately 200,000 households.
- The country has 385,000 ha of land suitable for cotton cultivation, but only fraction of it being utilized mainly under rain-fed conditions. (Capacity is 368,000 bales of lint)
- Current production of cotton lint in Kenya is approximately 7,000 tons.
- The United States of America is the largest market accounting for almost 82% of Kenya's CTA exports.

Source: Kenya Investment Network

SAMPLE GLOBAL TEXTILE AND APPAREL VALUE CHAIN AND NETWORKS



Source: Outsourcing and Changing Patterns of International Competition in the Apparel Commodity Chain, UNIDO 2001.

FDI PROMOTION STRATEGY

Process Upgrade	Current Capacity	Challenge	Measures	Opportunity
Yarn Spinning (Total Capacity – 140,000 spindles)	40 - 50% Utilized (Out of 52 yarn mills only 15 are operational)	- Inconsistent power supply - Outdated Equipment and technology - Inadequate skilled labour in the textile industry	- Encourage firms to conduct factory-level energy audits to see how much energy (and money) could be saved through equipment Upgrading. - Promote green certifications among investing firms to provide credibility to international buyers - Encourage multi-skilling for factory-floor workers and mentorship & coaching programs for mid-level Management by Sponsor	- Joint ventures with already established firms - Greenfield investment in the newly established Olkaria Textile park - R&D center of excellence

ATTRACTIVE INCENTIVES FOR INVESTORS

Generally:

- Some of the plant, machinery and equipment are exempt from VAT
- Plant, Machinery and equipment are duty exempt
- 100 % Investment Allowance:
 - ❖ To qualify Investment should be more than KShs. 200 million (USD 2 M)
- Preferential corporate tax treatment for newly listed Company for the first three years
- Feed-in-tariff for power generated from renewable energy source (wind, solar and geothermal)
- Shipping Investment Deduction- 40%

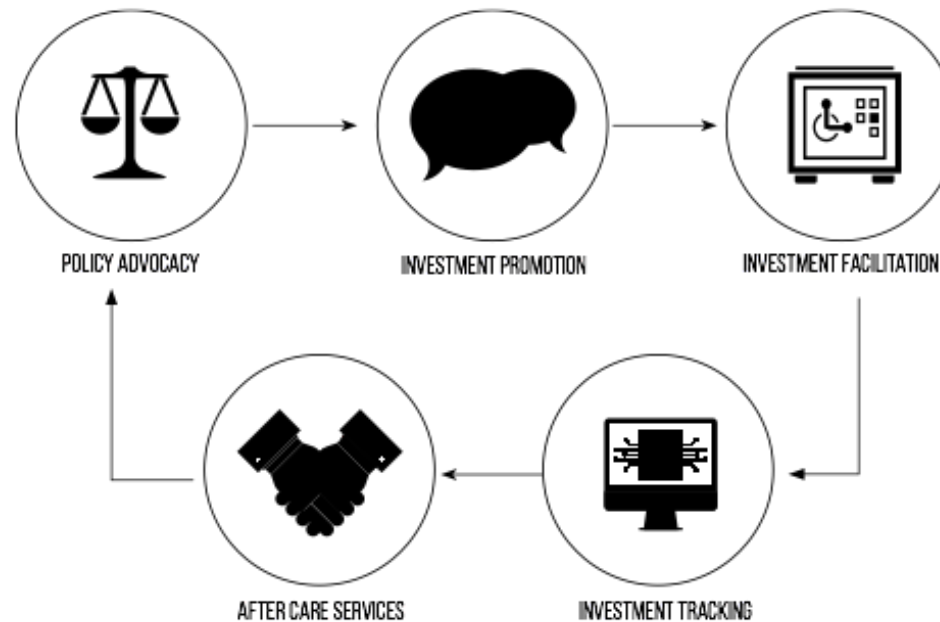
EPZ Scheme

- 10 year tax holiday
- 25% corporate tax for another 10years
- Duty & VAT exemption
- Single license
- Exemption from stamp duty
- Exemption for withholding tax

Special Economic Zones (SEZs)

- Corporate tax of 10% (1st 10 years); 15% next 10 years
- Exemption from all taxes and duties payable under the Excise Duty Act, Income Tax Act, EAC Customs Management Act and VAT Act
- Exemption from stamp duty
- Entitlement to work permits of up to 20% of their full-time workers
- Exemption taxes on dividend income

KenInvest | Core Functions



INVESTMENT PROMOTION

- Providing information on investment opportunities or sources of capital.
- Promoting the opportunities for investment available in Kenya by organizing forums, workshops and other marketing initiatives.

INVESTMENT FACILITATION

- Investor tracking after care services
- Assisting in issuing investment certificates
- Assisting in obtaining necessary licenses and permits
- Assisting in obtaining incentives or exemptions under various acts of law & other regulations.
- Facilitate joint venture between local & foreign investors

POLICY ADVOCACY

- Reviewing the investment environment and making recommendations to Government and other stakeholders with respect to changes that would promote and facilitate investment, including changes in licensing requirements.

Investor Support Institutions.....

Institution	Mandate	Contact
Kenya Investment Authority	Investment Promotion and Facilitation	info@investmentkenya.com
Export Processing Zones Authority	Promote and facilitate export oriented investments	info@epzakenya.com
LAPSSET	Coordinate and manage the implementation of transport corridor	info@lapsset.go.ke
KOTDA	Construct and Setup KOTDA	konza@konzacity.go.ke
Kenya Revenue Authority	Promote efficient tax administration	callcenter@kra.go.ke
E-citizen	Providing public services to citizens electronically	www.accounts.ecitizen.go.ke
Export Promotion Council	Developing and promoting Kenya's exports	chiefexe@epc.or.ke
Special Economic Zones Authority	Development and management of enabling environment for global and local investment.	ps@industrialization.go.ke



Thank you