

# DOING BUSINESS IN KENYA

Venue: Tokyo, Japan

Date: 28<sup>th</sup> March, 2014



**Dr. Moses IKIARA, PhD, MBS**  
Managing Director  
Kenya Investment Authority

# PRESENTATION STRUCTURE

- **EAC and Kenya at a glance**
- **Japanese Investments in Kenya**
- **Why invest in Kenya**
- **Investment Incentives**
- **Investment Guarantees**
- **Lessons Learned**
- **Useful Contacts**





**East Africa**

----- International boundary

⊛ **Kampala** National capital

● **Nairobi** Over 1 million people

● **Dodoma** 100,000 to 1 million people

● **Kigoma** Under 100,000 people

0 75 150 225 300 miles

0 75 150 225 300 kilometers

# EAC and Kenya at a glance

Parameter	EAC Countries	Kenya
Surface Area (Inc. water)	1.8 million sq. km	580,367 sq km
Population	145 million (2012)	40.7 Million (2012)
Official language	<i>English, Kiswahili, and French (Rwanda &amp; Burundi)</i>	English & Kiswahili
Total GDP	USD 97.6 billion (2012)	USD 34 Billion
Av. GDP per capita	USD 588 (2012)	USD 985
Av. Annual GDP growth	5.78% (2012)	USD 4.0 %
Intra EAC trade volume	USD 3.8 billion (2010)	-
Total exports volume	USD 11 billion (2010)	USD 5.6 Billion (2012)
Total imports volume	USD 26 billion (2010)	USD 16 Billion (2012)
Total investment flow	1.7 billion (2010)	USD 259 Million

# JAPANESE INVESTMENTS IN KENYA



## TRADING

- Mitsubishi Corporation (1968)
- Marubeni Corporation (1961)
- Itochu Corporation (1961)
- Sumitomo Corporation (1970)
- Mitsui & Co. Europe Plc (2011)
- Toyota Tsusho Africa (2002)

## Manufacturing

- Toyota Kenya (Toyota E A Ltd (1999)
- Honda Motors (2011)
- Honda Motorcycle Kenya Ltd (2013)
- JKUAT Nissin Foods Ltd (2013)

## Sales

- Toyotsu Auto Mart Kenya Ltd (2010)
- Carview Corporation (2013)

## Communication

- NEC Africa (Pty) Ltd (2011)

## Construction

- Komatsu Ltd (1980)
- Nippon Koei (1984)
- Konoike Construction Co., Ltd (1985)
- Zenitaka Corporation (1999)
- Tone Engineering Corporation (2008)
- Toyo Construction Co. Ltd (2011)
- Nippon Corporation (2011)
- Kitano Construction Corp (2012)

# JAPANESE INVESTMENTS IN KENYA

## Tourism

- H.I.S. Kenya Ltd (2012)
- DoDoWorld Kenya Ltd (1982)
- White Lion Safaris Ltd (1994)
- Mpata Investments Ltd (1990)

## Others

- Organic Solutions Ltd (2005)
- Environment Technology Africa Ltd (2011)

## New Investments under Consideration

- Pharmaceutical, Logistics, Sanitary Facilities, etc.
- Fertilizer plant by Toyota Tsucho

## Key Investments

- Road Construction, Mombasa Port Expansion Project, Olkaria Geothermal Projects, Motor Vehicles/Motorcycles Assembling, etc.



# WHY INVEST IN KENYA

## 1. A regional economic powerhouse

- Strong fundamentals: high returns to investment in most sectors
- Investment protection – Constitution 2010, ICSID, MIGA, ATIA
- Regional integration: strengthening all the time; NTBs being tackled; improving connectivity (54 KQ destinations in Africa); preferential market access – AGOA, EPAs, Tripartite FTA (600 million people)
- Macroeconomic stability: stable exchange rate; low inflation; strong growth; sustainable debt level; financial services hub
- Kenya is the 2nd best performer in the MSCI frontier stock market index for 2013, behind United Arab Emirates;
- High rate of economic growth and thus growth in incomes and the size of the middle class.

# WHY INVEST IN KENYA

## 2. A welcoming environment


- Government views private sector as engine of growth;
- Improving regulatory framework;
- Improved governance through a modern and a progressive Constitution (2010) that has devolved governance to 47 Counties; Unprecedented success in 2013 elections.
- A fully liberalized economy without exchange and price controls;
- Enactment of the Public Private Partnership Act 2013 that came into effect on 8th February 2013;
- High quality human skills: reputed as the best in Africa
- Good place to live and work: good food; excellent tourism products





# WHY KENYA INVEST IN KENYA

## 3. Diversified opportunities

- 
- Transformative Vision 2030 with many investment opportunities: 182 flagship projects in 2013-2017 only with 29 ready PPP projects for uptake
  - 47 County Governments; each with numerous investment opportunities
  - Investment opportunities in all sectors of the economy due to its diversified nature;
  - Recent oil and mineral finds: About 8 oil and 2 gas discoveries; great mining potential (titanium, coal, iron ore, gold, niobium, rare earths);
  - Package of incentives offered to investors.
  - Kenyans love Toyota! And many other Japanese products

# TRANSFORMATIVE FLAGSHIP PROJECTS

## Flagship Projects in MTP II (2013-2017)

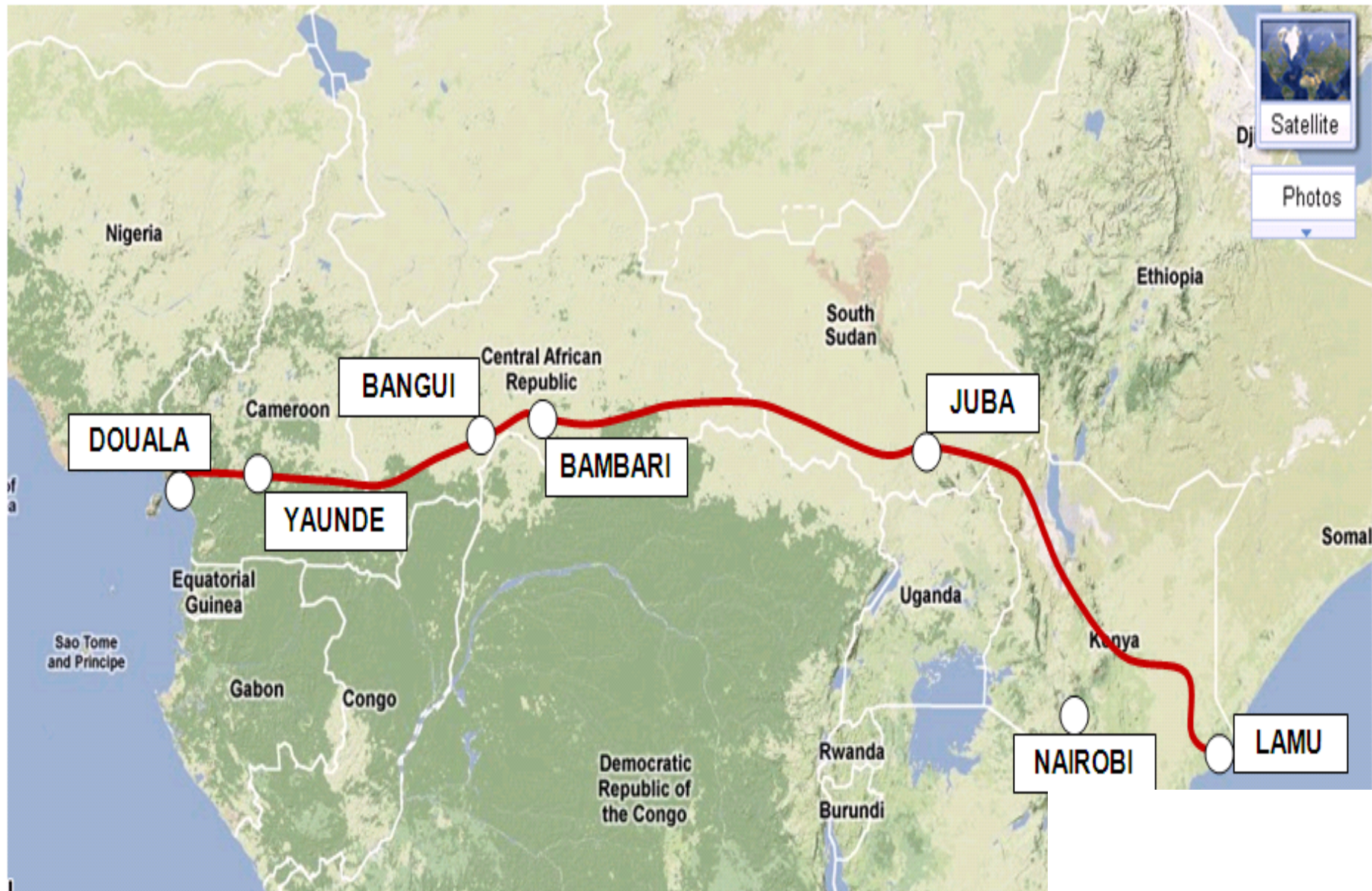
Pillar/Directorate	No. of Flagships
Economic Pillar	34
Social Pillar	79
Political Pillar	6
Enablers and Macro Directorate	63
<b>TOTAL</b>	<b>182</b>



# KONZA TECHNOLOGY CITY



# LAPSSET EQUATORIAL LAND BRIDGE

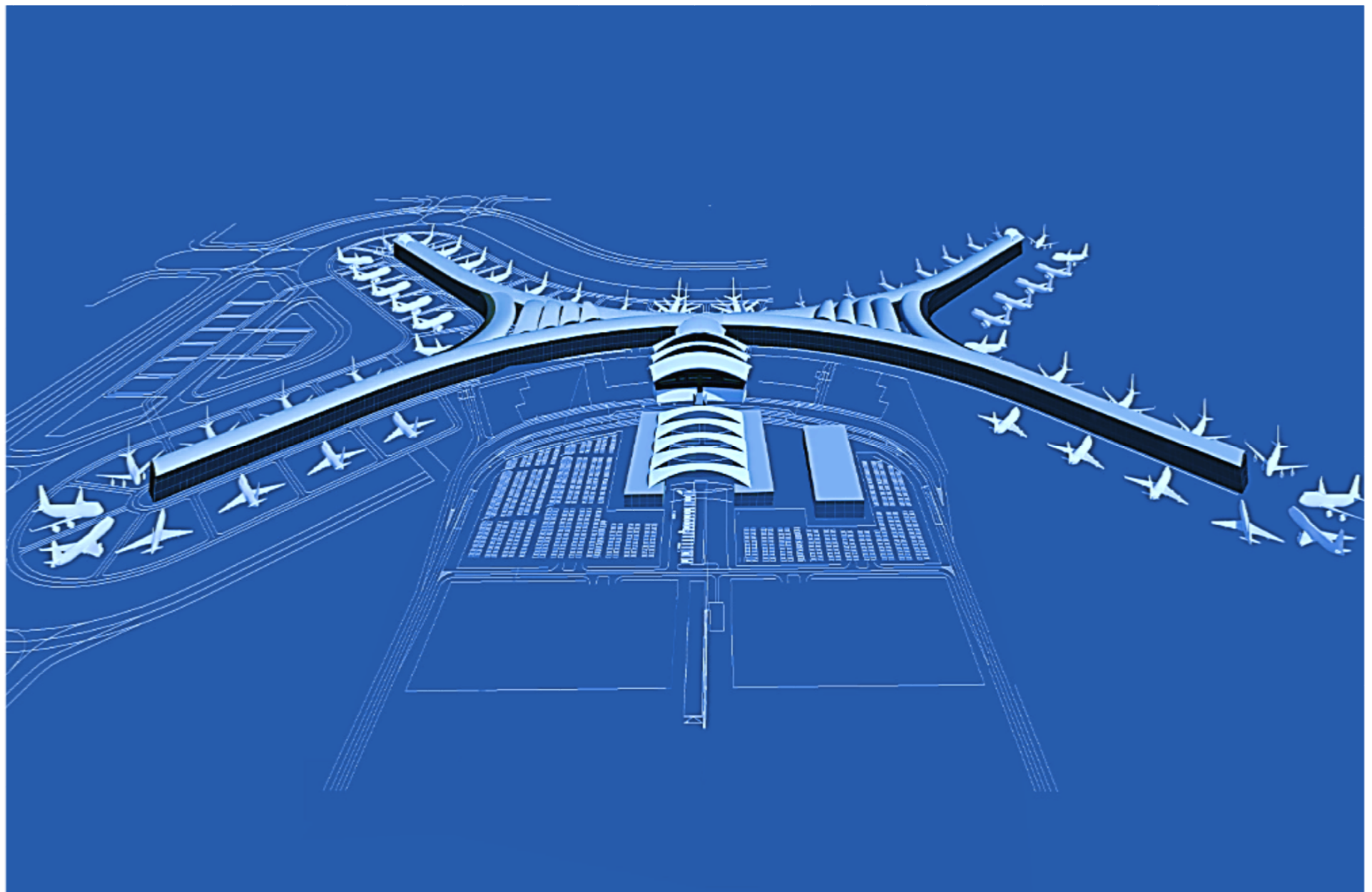


# TRANSFORMATIVE FLAGSHIP PROJECTS


## Lamu Port Southern-Sudan-Ethiopia Transport Corridor:

- Lamu Port
- Railway Line
- Highway
- Crude Oil Pipeline
- Product Pipeline
- Oil Refinery
- Resort Cities
- Airports
- High Grand Falls

# Greenfield Airport at JKIA: Bird's Eye View



# Incentives

- 
- Investment Allowance (100% in major cities and 150% in satellite towns)
  - Capital goods are zero rated
  - Duty exemption and VAT waiver for machinery and equipment
  - Export Processing Zones programme (Special Economic Zones)
    - 10 year tax holiday
    - Exempt from withholding tax and stamp duty
  - Many more promised by the new government: investors can also make requests for consideration

## Guarantees...

- **Kenya Constitution** guarantees against expropriation of private property except for purposes of public use or security
- **No exchange controls** guarantees repatriation of capital, profits and interests.
- **Member of the Multi-lateral Investment Guarantee Agency (MIGA)**, an affiliate of World Bank that insures foreign investments against non-commercial risks.
- **Member of the International Centre for Settlement of Investment Disputes (ICSID)** which arbitrates cases between foreign investors and host governments.
- **Member of Africa Trade Insurance Agency**, which insures investors against political and commercial risks.






# Challenges



- Poor ranking in ease of doing business
  - a top priority now
- High costs of production: cost of power; transportation
  - 5000MW additional in 40 months
  - Unprecedented investment in road, rail & maritime transport
  - Better logistics
- Insecurity:
  - but back of *Al Shaabab* has been broken
- Corruption –rather exaggerated

# LESSONS LEARNED-1

- 
- Support investment promotion initiatives between Kenya and Japan
  - Support development of investment opportunities (bankable projects)
  - Conclude Bilateral Investment Treaties and Avoidance of Double Taxation Agreements
  - Innovative ways of investors learning about the investment destination matters: Nissin Foods starting off on research partnership; KenInvest staffer training in Japan.

# LESSONS LEARNED-2

- Capacity building helps: understanding each other's way of doing business.
- Inter-Governmental cooperation even during difficult transitions sends right signals to investors.
- Targeted ODA stimulates investment by helping to establish an attractive climate.



# USEFUL CONTACTS

## **KENYA INVESTMENT AUTHORITY (KenInvest)**

Kenya Railways Headquarters  
Block D, 4<sup>th</sup> Floor  
Workshops Road,  
Off Haile Selassie Avenue  
P. O. Box 55704 - 00200, Nairobi  
Tel: +254 730 104 200  
Mobile: +254 0722205 424  
+254 0733601184  
Fax: +254 20 243862  
Email: [info@investmentkenya.com](mailto:info@investmentkenya.com)  
Website: [www.investmentkenya.com](http://www.investmentkenya.com)

## **EXPORT PROCESSING ZONES AUTHORITY (EPZA)**

EPZA Administration Building  
Athi River EPZ on Viwanda Road  
Off Nairobi-Namanga Highway  
Block D, 4<sup>th</sup> Floor  
Workshops Road,  
Off Haile Selassie Avenue  
P. O. Box 50563 - 00200, Nairobi  
Tel: +(254-45) 6626421/2/3/4/5/6,  
Telkom wireless: (+254-20) 2511969  
Fax: +(254-45) 6626427  
Email: [info@epzakenya.com](mailto:info@epzakenya.com)  
Website: [www.epzakenya.com](http://www.epzakenya.com)



# USEFUL CONTACTS

## **VISION 2030 DELIVERY SECRETARIAT (VDS)**

KUSSCO Center, 2<sup>nd</sup> Floor  
Upper Hill, Nairobi, Kenya

Tel: +254 20 2722030

Mobile: +254 0722205 424  
+254 0733601184

Email: [info@vision2030.go.ke](mailto:info@vision2030.go.ke)

Website: [www.vision2030.go.ke](http://www.vision2030.go.ke)

## **LAPSSET CORRIDOR DEVELOPMENT AUTHORITY**

Deputy President's Building

Harambee Avenue

P. o. Box 74434 – 00200

Nairobi, Kenya

Tel: +254 (020) 317270

+254 (020) 324700

Fax +254 (020) 2210876

Cell +254 723 716842

Email: [info@lapsset.go.ke](mailto:info@lapsset.go.ke)

[www.lapsset.go.ke](http://www.lapsset.go.ke)

