REPUBLIC OF KENYA

A SUMMARY OF KEY INVESTMENT OPPORTUNITIES IN KENYA

A GLOBALLY COMPETITIVE AND PROSPEROUS NATION

KENYA VISION 2030

REVISED JULY 2012

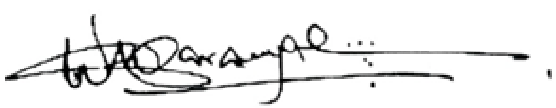
FOREWORD

On 10th June 2008 H.E the President and the Rt. Honourable Prime Minister officially launched the Kenya Vision 2030 and its first five-year implementation framework, the Medium Term Plan (MTP) 2008-2012 at a ground breaking ceremony at the Kenya International Conference Centre. The Vision 2030 calls for Kenya by 2030 to be a 'Globally competitive and prosperous nation with a high quality of life'. The Vision is our window of opportunity to achieve transformation in Kenya and is about where we want to see Kenya in the long term.

Vision 2030 is anchored on three key pillars: economic, social and political pillar. The Economic pillar underpins the vision for prosperity – aspiring to an economic transformation journey aimed at achieving average economic growth of over 10 per cent per annum over the next twenty-two years. The social pillar seeks to create and build a just, cohesive society, with equitable social development, in a clean and secure environment. The political pillar in turn aims at realizing a democratic political system that nurtures issue based politics, respects the rule of law, and protects all the rights and freedoms of every individual in society.

After a difficult political phase following the last general election, Kenya is back on track and needs all the trade and investment opportunities that we can secure in order to address the underlying problems that confront most of our people. These include unemployment, poverty and lack of income-generating opportunities. The Grand Coalition Government believes that the private sector and indeed the development partners, in partnership with our government and the Kenyan people, can be one of the most important partners towards meeting this goal.

There are ample and promising investment opportunities available in key sectors of our economy. I would like in particular to lay emphasis on opportunities in the infrastructure, building and construction, energy, information and communication technology, agriculture, tourism, energy and financial sector among others. More details on the specific investment opportunities available in each of the key sectors of our economy are contained in this publication. Many of the projects are to be implemented within a Public Private Partnership Framework.



Hon. Wycliffe Ambetsa Oparanya, EGH, MP
Minister, Ministry of State for Planning, National Development and Vision 2030

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LIST OF ACRONYMS

ACP	:	Africa, Caribbean and Pacific
AFIS	:	Automated Fingerprint Identification System
AGOA	:	Africa Growth and Opportunity Act
AIA	:	Appropriation In Aid
ASALs	:	Arid and Semi Arid Lands
BOO	:	Build Operate and Own
BOOT	:	Build Own Operate Transfer
BOT	:	Build Operate and Transfer
BPCC	:	Bamburi Portland Cement Company
BPO	:	Business Process Outsourcing Park
CBD	:	Central Business District
CCTV	:	Closed Circuit Television
CFA	:	Community Forests Association
COMESA	:	Common Market for Eastern and Southern Africa
CWA	:	Community Wildlife Association
DFZs	:	Disease Free Zones
DIT	:	Directorate of Industrial Training
DNA	:	Deoxyribonucleic Acid
EAC	:	East African Community
EAPCC	:	East Africa, Portland Cement Company
EPZs	:	Export Promotion Zones
EU	:	European Union
FDSE	:	Free Day Secondary Education
FPE	:	Free Primary Education
GDP	:	Gross Domestic Product
GDC	:	Geothermal Development Company
GIS	:	Geographical Information Systems
HEP	:	Hydro Electric Power
ICDC	:	Industrial and Commercial Development Corporation
ICIPE	:	International Centre of Insect Physiology and Ecology
ICT	:	Information and Communication Technology
IPRS	:	Integration of Population Registration System
IT	:	Information Technology
JV	:	Joint Venture
KITC	:	Kisumu Industrial Training Centre
KPLC	:	Kenya Power and Lighting Company
KRC	:	Kenya Railways Corporation
KTTI	:	Kenya Textile Training Institute
KWS	:	Kenya Wildlife Service
LAPSSET	:	Lamu Port South Sudan Ethiopia Transport Corridors
LBDA	:	Lake Basin Development Authority
MITC	:	Mombasa Industrial Training Centre
MSEs	:	Micro and Small Enterprises
MTP	:	Medium Term Plan
MTPs	:	Multimedia Technology Parks
MUB	:	Manufacturing Under Bond
MVC	:	Most Vulnerable Children
NDC	:	National Data Centre
NIVTC	:	National Industrial and Vocational Training Centre

NMK	:	National Museums of Kenya
NMT	:	Non-Motorized Transport
NOC	:	Network Operations Centre
NSE	:	Nairobi Stock Exchange
NWCPC	:	National Water Conservation and Pipeline Corporation
PPA	:	Power Purchase Agreement
PPPs	:	Public Private Partnerships
RDA	:	Regional Development Authority
SACCOs	:	Savings and Credit Cooperatives
SEC	:	Special Economic Cluster
SMEs	:	Small and Medium Enterprises

1.0 INTRODUCTION

This publication provides in a brief and concise way some of the investment opportunities available in Kenya. The programmes and projects are critical in the realization of the Kenya Vision 2030 goals and aspirations which Kenya officially launched in June 2008. The Vision aims to transform Kenya into a newly industrializing, middle-income country providing a high quality life to all its citizens by the year 2030. It also presents an opportunity to the government to pursue ambitious aspirations for national economic growth and development.

1.1 Location and Key Geographical Features

Kenya is situated in the Eastern part of the African Continent. The country lies between 5 degrees north and 5 degrees south latitude and between 24 and 31 degrees east longitude. It is almost bisected by the equator. Ethiopia and Sudan border it to the north; Uganda to the west; Tanzania to the south; Somalia to the northeast; and Indian Ocean to the southeast.

Some parts of the country experience an equatorial kind of climate especially the central highlands, whereas along the coastline it is mainly tropical. Some parts of the country are Arid and Semi-Arid. The country experiences bimodal rainfall patterns.

Kenya has diverse physical features, which are a major source of tourist attraction. These include: vast plains which are home to world famous game parks and reserves; the Great Rift Valley, which runs north to south and whose floor has provided potential for geothermal power generation; Mount Kenya, the second highest mountain in Africa which is about 5,199m above sea level; Lake Victoria, the largest freshwater lake on the continent and which supports the fishing industry in the East African region; Lake Nakuru, another tourist attraction because of its flamingos; Lake Magadi, famous for its soda ash; and a number of major rivers, including Tana and Athi, Sondu-Miriu, which generate the hydropower resources of the country; Yala, Nzoia and Mara, the major feeders into Lake Victoria. Kenya also boasts of a coastline along the Indian Ocean with magnificent beaches.

1.2 Key Economic Indicators

Kenya has an estimated population of about 39.5 million and is projected to grow to 60 million people in 2030. It is also a very young country with almost 50% of Kenya's population under the age of 15. The country enjoys an extensive infrastructure, an extraordinarily well educated, English speaking, multi-lingual population, with a strong entrepreneurial tradition. It is also the economic, commercial, and logistical hub of the entire East African region.

Kenya is the most developed economy in Eastern Africa. In 2011, the Nominal GDP grew to KShs 3.0 trillion in 2011 (US $ 34,059.0 million) from KShs 2.5 trillion (US $32, 187.6 million) in 2010. The economy has in the past registered high growth rates of 7.1% in 2007 and in 2011; it grew by 4.4%, due to drought and high international oil prices. The economy is projected to grow by 5.3% in the year 2012 and reach 10% growth by 2017. The government has taken steps to enhance Kenya's economic competitiveness. In 2010, Kenya promulgated Kenya Constitution 2010 and its implementation has greatly improved governance. Democracy is also flourishing.

1.3 The Kenya Vision 2030 and First Medium Term Plan, 2008-2012

The Government of Kenya in collaboration with private sector, civil society, development partners and other stakeholders developed the Kenya Vision 2030 as the country's new development blueprint covering the period 2008 to 2030. The vision aims to transform Kenya into a newly industrializing, middle-income country providing a high quality life to all its citizens by the year 2030.

The Vision is based on three pillars: the economic, the social and the political. The economic pillar aims to improve the prosperity of all Kenyans through an economic development programme, covering all the regions of Kenya, and aiming to achieve an average GDP growth rate of 10% per annum by 2012 and then sustain it up - to 2030. The social pillar seeks to build a just and cohesive society with social equity in a clean and secure environment. The political pillar aims to realize a democratic political system founded on issue-based politics that respects the rule of law, and protects the rights and freedoms of every individual in Kenyan society.

The Kenya Vision 2030 is to be implemented in successive five-year medium plans with the First Medium Term Plan 2008-2012. The Vision and its first plan provide a range of investment opportunities for both international and domestic private sector investors. In addition, some of these opportunities will be implemented through Public Private Partnership (PPP) whose Legislation has been prepared. The Kenya Government invites all players to invest in Kenya.

1.4 Why Invest in Kenya

Kenya is a desirable investment destination due to a number of key strengths that include;

- Excellent connectivity to major world-wide hubs and time zones that make it easy to work with most continents. Nairobi is the undisputed transportation hub of Eastern and Central Africa and the largest city between Cairo and Johannesburg. Also the Port of Mombasa is the most important deep-water port in the region capable of accommodating both small and large post-panama vessels, supplying the shipping needs of more than a dozen countries.
- A deep pool of educated and skilled manpower that have made the country the manufacturing, commercial and financial hub in eastern and central Africa. Kenya has achieved almost universal free primary education with net enrolment rates of more than 92% and 73.3% primary to secondary school transition rates. Presently almost 200 thousand students are enrolled in Kenya's public Universities. A significant number of Kenyan student are also enrolled in local private universities and universities abroad.
- A leading tourism, wildlife and safari destination. The tourism industry, already one of the most successful in the world, continues to expand.
- A fully liberalized economy without exchange or price controls. There are no restrictions on domestic and foreign borrowing by residents and non-residents.
- The government has established a Business Regulatory Reform Unit to identify unnecessary business licenses. Under the unit, the government is strengthening the legislative framework to create predictable and enabling business environment such as improving electronic filing of documents at the Lands Registry, the Companies Registry and other key agencies involved in business registration. All these efforts are aimed at reducing the cost of doing business and improve Kenya's Rating on Doing Business index, thus positioning our country as a preferred investment destination

- The government has established an Electronic e-registry which lists information on all businesses. Under e-government, services such as tax returns and payment of custom duties can be done online.
- The government has implemented results based management and performance contracting for all ministries and departments. This has enabled the public sector to be able to more effectively support private sector business and investment.
- The most developed stock market in the Eastern and Central African region i.e. the Nairobi Stock Exchange (NSE) with market capitalization of about KShs 1.2 trillion (approximately USD 14.6 Billion)
- An attractive and comprehensive package of incentives offered to investors.
- A strong and cooperative relationship between the government, the private sector and development partners make it conducive to attracting investments.
- Membership to regional trading blocs of COMESA and the EAC, as well as a beneficiary country under the preferential trade enhancing schemes offered by the AGOA legislation of the USA and the ACP-EU Cooperation and various bilateral Cooperation agreements. The EAC market has a total population of 133 million and the 20 member countries of COMESA has a total population of 406 million US$ and a combined GDP of 735 billion US$ which offer important opportunities for business and joint ventures using Kenya as a spring board to access the larger region market.
- Proximity to Eastern Africa and Central African market. These two have a land area larger than China and a population larger than that of the U.S.
- A relatively well developed manufacturing base in the Eastern African region.
- Potential for exploration and exploitation of mineral resources. Kenya's mineral resources though limited, are attractive and a potential source of valuable materials such as titanium. Kenya has recently discovered oil and other rare minerals in the country.
- Favorable weather/Climate as well as attractive and diverse social/cultural environment.
- A relatively well developed infrastructure.
- Kenya is currently connected to the world through 3 optical fibre infrastructure connections greatly reducing data transfer costs while also increasing internet access.
- Kenyan businesses encourage the use of mobile (cell) phones for doing business and telemarketing. Kenya is the world's market leader in mobile money where more than 80 percent of those with a cell phone also use "mobile money" or "M-PESA".
- Fixed lines and wireless mobile lines are relatively inexpensive.
- The electrical current in Kenya is 240 volts, 50 hertz (cycles per second).

2.0 AVAILABLE INVESTMENT OPPORTUNITIES

Key business and investment opportunities in Kenya include tourism, agriculture, and transport and infrastructure, manufacturing, communications, energy, building and construction and pharmaceuticals sectors. Specific areas of interest to business are eco-tourism, power generation equipment, telecommunications equipment, agricultural inputs, food processing and packaging equipment, road construction, cement production, motor vehicles parts among others as enumerated below.

2.1 THE ENERGY SECTOR

Electric power supply in Kenya falls far below the demand. This calls for private sector investment in power generation for sale to the national grid. The current peak electric power demand is estimated at 1,191 MW recorded in May 2011, up from 1105 MW recorded in the 2009 and 708 MW in 2000 and it is projected to grow at 7% annually over the next 10 years, to reach 2,263 MW by 2018.

This demand growth is driven by an accelerated consumer connection policy and anticipated robust economic growth performance. Annual Electricity consumer connections have continued to rise sharply over the last three years from 133,047 in 2007 to 309,287 customers as at June 2011. The Government's policy is to connect at least one million new consumers in the next five years. To meet this projected demand in electricity, the installed generating capacity will have to be raised from 1,534 MW currently to 1,860 MW by 2013 and to 2,263 MW by 2018. These supply projections have in-built reserve (security) margin of 15% above peak demand. This projected growth rate in demand will require corresponding increases in capital outlay to provide the needed incremental generation capacity and associated supply and distribution infrastructure. It is envisaged that the private sector will play a key role in providing the required capital either on its own or through Public Private Partnerships. The projected growth in electricity demand, therefore, presents a golden opportunity to invest in the energy sector. Highlighted below are some of the priority projects that present immediate opportunities for private sector investments.

2.1.1 Transformer Manufacturing

In order to achieve the government's objective of connecting one million customers in the next five years, a total of 20,000 transformers will be required. It is also estimated that an additional 2,000 transformers will require repairs annually.

This provides a very good investment opportunity for manufacturing and repairing of transformers. In addition, there exists a high potential for manufacturing of other related equipment such as switchgears, insulators and electricity energy meters. Indeed, the proposed factory for the manufacture of transformers will also benefit from both the EAC and COMESA markets. The transformer factory will trigger other related primary and secondary industries. The cost of setting up the factory is estimated to be USD 60 million.

2.1.2 Geothermal Development

The geothermal resources in Kenya are concentrated in the Rift Valley of Kenya with an estimated potential of between 7,000 to 10,000 MW. Out of this resource potential, 202 MW has been developed for electricity generation in Olkaria by the Kenya Electricity Generation Company (KeNGeN) – 150MW, Orpower4 (a subsidiary of Ormat International) – 48MW,and Oserian Development Company – 4 MW.

The government, under its economic blue print "Vision 2030" is targeting at least 5,000MW of geothermal by 2030, and has invested heavily to support scientific research, drilling and generation in order to develop the industry. It has been slow to develop geothermal in the past due to lack of private investment, with the major challenge for investors being the high upfront risks and the capital-intensity nature of energy projects.

The Geothermal Development Company (GDC) has pledges worth an estimated $400-million, which is 40% of the amount it needs for a 10-year plan to produce 2,000 megawatts (MW) of steam. To mitigate upfront risks for private investors, the company will undertake exploration and drilling for all fields and provide steam. The GDC has committed to enforce Power Purchasing Agreements (PPAs), and provide reasonable tariffs that can yield appropriate return on the investment. Previously it was challenging for companies to invest in the industry due to cumbersome entry procedures. The processes have now been simplified through the establishment of a one-stop advisory and investment facilitation service at the GDC. There are many investment opportunities for potential investors ranging from supply of equipment and materials, development of steam fields and power plants and supply of early generation equipment to civil engineering and construction.

The Government intends to have a continuous drilling campaign to provide adequate steam for development of at least another 2000 MW for geothermal plants by the years indicated in the table below. The total cost of the project is estimated at $525 million with Expected Rate of Return will be 15.6%.

Project Name	Capacity (MW)	Year
Longonot I	70	2015
Menengai I	400	2015
Menengai II	400	2018
Longonot II	70	2017
Suswa I	70	2016
Akiira Ranch- Mt. Margaret	70	2015
North Rift I (Arus-Bogoria)	400	2018
North Rift II (Silali-Paka)	700	2020

2.1.3 300 MW Coal Fired Plant

The Government of Kenya plans to establish 600 MW coal power plant in the coast region. The plant will require about 2.2 million tonnes of coal per year, part of which will have to be landed at the coast. The government has identified a suitable parcel of land in Kilifi District near the coastline and is in the process of procurement. There is therefore an investment opportunity in a coal handling facility and coal power plant. The coal handling facility can also be used to serve other coal users such as cement factories in Kenya and the region.

2.1.4 Coal Exploration and Exploitation

The Government of Kenya is currently carrying out coal exploration in the Mui basin, Kutui County since 1999. The basin covers an area of approximately 500km^2 and is situated about 180km North East of Nairobi. The main objective of the exploration is to identify, quantify and establish the quality of the coal reserves. The basin was sub-divided into four (4) blocks (designated as A, B, C and D), as shown in the table below to fast track the investigations.

Table illustrating blocks and the well drilled

BLOCK	SIZE (Km^2)	Drill-holes	Coal intercept
A (Zombe-Kabati)	121.5	4	3
B (Itiko-Mutitu)	117.5	7	3
C (Yoonye-Kateiko)	131.5	55	32
D(Isekele-Karung'a)	120.0	4	2
		70	40

Seventy wells have been drilled in the basin so far with depths ranging from 65 metres to 455 metres and coal seams encountered in forty(40) of the drill holes. Coal seams of varying thicknesses have been encountered in depths ranging from 20 metres to 320 metres below the ground.

Due to the encouraging preliminary results, the Government commissioned detailed studies in Block C to estimate the commerciality of the coal reserves. The coal reserves in Block C have been found to be at least 400 million tonnes. Coal sample analysis carried out has established the coal ranks from lignite, through sub-bituminous to bituminous with average calorific value of 18MJ/Kg. Coal bed methane occurs along the coal in some of the drill holes.

The Government is in the process of finalizing concessioning of the four blocks to bidders who expressed interest and forwarded Request for Proposals (RFP) to undertake further investigations and develop the coal and coal bed methane resources.

The Ministry of Energy has also started reconnaissance exploration for coal in the Karoo system in Kwale, Mombasa and Kilifi Counties in the Coast region. The three counties, among others, share the Karoo system, which extends from South Africa through Botswana, Zambia, Zimbabwe, Mozambique, Malawi and Tanzania into Kenya, and is well known for high quality coal.

2.1.5 Small Hydropower Development

The Ministry of Energy is keen on promoting development and utilization of small hydro power. The estimated theoretical potential of small hydro power is about 3,000 MW. Studies done so far to identify the sites has reviewed about 300 sites with a potential of about 600 MW. The studies are still on-going and site assessments have been done in the five drainage basins of Tana, Athi, Lake Victoria, Rift Valley and EwasoNgiro North. In its effort to increase installed small hydro capacity, the Government has been assisting investors and developers with resource assessments and feasibility studies. In 2009/2010 financial year, the Government undertook feasibility studies for development of small hydro power for tea factories in 12 sites and their arrangement for their development are ongoing to generate 12 MW. Further, the Ministry commenced another feasibility study for other 14 sites and the study is almost complete, and investors will be invited to express interest to develop the power stations. Development of such schemes by private investors has been facilitated by the establishment of the Feed-in Tariffs (FITs) policy, which was launched in April 2008. The FITs policy allows power producers to sell and obligates the distributors to buy on a priority basis all renewable energy sources generated electricity at a pre-determined fixed tariff for a given period of time. For small hydro, the tariff ranges form 8-12 US cents, depending on the size of the power.

2.1.6 Renewable Energy

Increased use of solar and wind energy for industrial and domestic use will promote use of environmentally friendly technologies which will help in water conservation and protection of water catchment areas. In addition they will also reduce the dependency on oil-based energy sources.

2.1.6.1 Solar Electricity Generators

Kenya lies astride the equator and has an average annual installation of between 4 and 6 kilowatt-hours per square meter per day. A vibrant solar energy market has developed in Kenya over the years for providing electricity to homes and institutions remote from the national grid, and for medium temperature water heaters for domestic and commercial usage. A preliminary survey done in 2005 established that the annual market demand for Photo Voltaic (PV) panels was 500 kilowatt peak (KWP) and this was projected to grow at 15% annually. A government programme which commenced in 2005 to provide basic electricity to boarding schools and health facilities in remote areas has increased the annual demand for PV panels by 200 kilowatt peak. Out of approximately 3,000 eligible institutions, 744 have been equipped with PV Systems with a combined capacity of 1.65 megawatts peak in the last seven years. Another 46 institutions are earmarked to benefit from installation of PV Systems with a combined estimated capacity of 80 kilowatts peak. There is also the wider market provided by the other member states of the East African Community (EAC) and COMESA regions. It is estimated that the initial market demand for PV Systems is one megawatt peak and this presents a great opportunity to investors in PV panels manufacture. An opportunity also exists for manufacture of associated components and accessories, such as charge controllers, inverters and PV batteries.

The Northern Kenya and other arid lands have strong reliable sunshine throughout the year thus providing high potential for investment in solar energy for sale to the national grid. Almost the whole of North Eastern province has this potential.

2.1.6.2 Wind Power Generation

Preliminary wind resource assessment shows that wind regimes in certain parts of Kenya (such as Marsabit, Ngong and the Coastal region) can support commercial electricity generation as they enjoy wind speeds ranging from 8 to 14 metres per second. This preliminary assessment has been used to develop a wind map for the whole country. To facilitate decision-making in wind power generation investment, the government is undertaking wind data logging in high potential areas of Kenya. However, detailed feasibility studies would be carried out to determine the viability of specific sites identified in the wind map. The Kenya Government would, therefore, like to invite the private sector to invest in wind power electricity generation.

There are high wind speeds in various parts of northern Kenya and other arid lands. Specific areas that have been identified for wind power generation are Marsabit, Laisamis and Samburu. These areas have potential to produce over 150 MW of wind power for sale to the national grid.

2.1.7 Bio-Fuel Production

Bio-energy is the energy derived from various sources of solids, liquids and gaseous biomass, including fuel wood, charcoal, ethanol, bio-diesel and biogas. Bio-energy is currently the focus of attention due to dwindling global resources of fossil fuels and rising prices. Their potential to mitigate climate change adds their attractiveness. Jetropha, a plant grown in arid and semi-arid lands is seen as the best source of bio-diesel across the country. Consumption stood at 1.4 and 3.3 million litres of petrol and automotive diesel respectively per day in 2006 with average growth rate of 2.8% per year. Projections indicate that Kenya will require 2.7 and 6.5 million litres of petrol and automotive diesel respectively per day by 2030. Currently, Kenya requires 77 million litres of ethanol per year for a national 10% (E10) blend at current consumption levels. This will need to grow to 148 million litres by 2030.

Opportunities in production and processing of Jetropha and sweet sorghum into bio-fuel exist in Galana and other areas of the country such as Eastern, North-Eastern, Rift-Valley and Nyanza Provinces. In addition, consultancy opportunities exist in research work and capacity building in bio-technology and related industrial potential for production of bio-fuel.

2.1.8 Exploration of hydrocarbons and petroleum

Kenya has drilled thirty two (32) exploration wells over its sedimentary. This translates into an average well density of one well in every 13,000 km2. All these wells did not encounter commercial hydrocarbon deposits. The number of well density that has been drilled is considered very low compared to other East African countries.

Petroleum exploration projects are undertaken in small units called exploration blocks within the larger sedimentary basins. Currently there are a total of 38 Exploration Blocks that were gazetted by the Minister for Energy in December 2006.The number of blocks is set to increase in the near future with further subdivisions of the existing ones in line with Policy guidelines to reduce the size of petroleum exploration blocks.

This presents huge investment opportunities in the exploration of hydrocarbons and Petroleum in the North Eastern parts of the country.

2.1.9 Mombasa Petroleum Trading Hub

The development of Mombasa Petroleum Trading Hub being planned by the National Oil Corporation of Kenya (NOCK) shall become a modern petroleum terminal comprising of: (i) Two offshore petroleum jetties (single buoy moorings) with one dedicated to loading/offloading of crude oil and black fuels and the other on to refine products. (ii) A modern Greenfield petroleum tank farm with a design capacity of 800,000 MT to be developed in phases from an initial minimum capacity of 300,000 MT. the project will position Kenya as a regional petroleum hub and will spur other investments and create employment. An investor may participate through providing finances, a joint venture or under PPP framework (with BOT period of 10-15 years). It is estimated to cost USD 513 million with IRR of 17.46%.

2.2 INFORMATION AND COMMUNICATION TECHNOLOGY SECTOR

The Information and Communication Technology (ICT) sector plays a crucial role in the Socio-economic development of the Country. The Government has recognized the importance of ICT as a powerful tool in accelerating productivity of all sectors and empowering people to meet the challenges of the 21st century. To optimize the sector's contribution to the development of the entire economy the government is currently offering investment opportunities to the private sector.

The ICT sector in Kenya provides investment opportunities in the following areas under the Public Private Partnership arrangement.

2.2.1 Data Centre and Disaster Recovery Centre

A secure information system requires a data center and recovery site. The government will partner with private sector to build a National Data Centre (NDC) and a Disaster Recovery Centre to provide world-class services to both public and private sector operators. The services to be provided will include disaster surveillance and management and early warning. The operations of the NDC will be managed and controlled from a Network Operations Centre (NOC) that will need to be established. The establishment of this data center will include site identification, construction of ideal premises, procurement of equipment and requisite services, and establishment of the NOC. The projects are expected to be undertaken through Public-Private Partnerships.

2.2.2 Deploying of Digital Broadcast Network

The government has developed the analogue to digital broadcast switch over strategy by 2012. The government is proposing to initiate a public private partnership for deploying a digital broadcast network to provide signals to broadcasters country wide. This will improve the signal quality, and increase broadcast coverage area countrywide.

2.2.3 Rolling out of E-government services

The government is digitizing most of its services to improve service delivery. The government is therefore looking forward to partner with the private sector in PPP arrangement to roll out e-government services. Major areas include motor vehicle registration, pension services, judiciary case management, land registration and many others.

2.2.4 Multimedia Technology Parks (MTPs)

The government considers establishment of an ICT Park as a top priority since they have a significant potential to contribute to ICT infrastructure development in particular and enhancement of economic growth of the country in general. The government has already identified the land where the first ICT Park would be established. This will be a Public Private Partnership initiative where investors will be invited to venture.

2.2.5 Software and Hardware Development

The government is promoting locally produced software and hardware in order to help build skills and capacity in the assembly of the various hardware components into complete IT equipments. Because of the favorable fiscal policy environment such as tax holidays on ICT hardware, and the relatively low cost of domestic labor, it is anticipated that per unit price of such locally assembled IT equipments will be relatively much lower than an imported one. Investors are therefore invited to take the advantage and invest in the development of soft ware and assembly of hardware. Jomo Kenyatta University of Agriculture and Technology, University of Nairobi, Strathmore University and Kenya College of Communications Technology have been selected as “Incubation centers” to run this programme.

2.2.6 Business Process Outsourcing Park (BPO)

The government is committed to market Kenya as a premier centre of excellence in Information and Communication Technology. The government therefore plans to develop special economic zone in Nairobi that will be served by superior telecommunications infrastructures, affordable and readily available energy and that is easily accessible to international transport facilities. The Zone will encompass Multimedia Technology Parks, Malls, Office Parks, Industrial Park and Recreational Facilities among others. The special economic zone is expected to provide opportunities that will stimulate Business Process Outsourcing (BPO) activities across the borders.

To achieve this, government will partner with the private sector to construct a state-of-the art ICT Park within the zone. This would in turn seek to transform the Country into a major ICT hub particularly for the Business Process Outsourcing (BPO) which holds a huge potential for job creation and economic development. The parks will be used to promote locally produced software and hardware in order to help build skills and capacity in the assembly of the various hardware components into complete IT equipments.

The government has already identified 100 acres of land in Athi River which is only 30 Kms away from Nairobi City Central Business District. The area is along Mombasa road and is well served by transport telecommunications and energy infrastructure. This will be a Public Private Partnership Initiative where international investors will be invited to venture. Investors are therefore invited to take this advantage and invest in hardware and software development locally.

2.2.7 Konza Technology City

Konza Technology city will be developed on a Greenfield site 60 kms from Nairobi easily accessible via Mombasa-Nairobi Highway. Kenya's Vision for the project centrally positioned within regional population hub of 110 million, is to create 200,000 jobs in business outsourcing services and related sectors over 20 years (to be implemented in Four Phases). Approximately 5000 acres of land for the project has been acquired and fenced. Estimated cost of Phase 1 (2012-2016) is USD 2.3 billion for both infrastructure and project development with investment make up of USD 1.3 billion. The Government will fund backbone infrastructure and master planning.

2.2.8 Development of International Teleport (Exchange Point) in Mombasa-Co-location Facility

Co-location facility of Communication Interchange including a Primary and Secondary Network operations Center that will manage both National and Regional Fibre Network and that aims at transforming Mombasa into an International Teleport (Exchange Point) such as London, New York and Amsterdam is key investment opportunity. Posta Towers in Mombasa has been purchased for this purpose.

2.3 MANUFACTURING SECTOR

The Government of Kenya in recognition of the role of private sector in spear heading industrialization has put in place a policy frame-work to foster the creation of a conducive environment for private sector participation in economic development Pursuant to this, the Government has designed suitable incentive packages and export promotion programmes to attract investment in manufacturing in Kenya to tap the larger markets of East African Community (EAC) and Common Market for Eastern and Southern Africa (COMESA). These include Manufacturing Under Bond (MUB), Export Promotion Zones (EPZs), and Value Added Tax Remission. Other incentives enjoyed include tax holidays, exemption from duty on machinery, raw materials and intermediate inputs as well as removal of restrictions on foreign capital repatriation. In addition, Kenya has been designated as a beneficiary sub-Sahara African country to benefit from Africa Growth and Opportunity Act (AGOA). Under the AGOA initiative, Kenya's manufactured products enjoy duty free market access into USA market. The Government has put in place measures to take full advantage of this arrangement. Both foreign and local investors are encouraged to channel their resources towards the production of textile, leather, horticulture, fish, rubber, iron and steel products which can benefit under the AGOA scheme.

Kenya offers numerous investment opportunities in, agro-processing, agro-chemicals, chemicals, pharmaceutical, mining and mineral processing, metallurgy, engineering and construction industry.

Kenya has no generalized incentives schemes governed by an industrial development law. Certain fiscal incentives may be available on a case-by-case basis. To encourage industrial development the Government allows an investment allowance of 150% for investments located outside Nairobi, Mombasa, Kisumu, and Eldoret (35% in Nairobi and Mombasa) on plant, machinery, buildings and equipment in the first year of business. This is also applicable to the hotel industry. The allowances are given as tax deductions in the year of expenditure. Depending on the earnings of the business, the investment allowance can produce a tax free holiday of several years.

2.3.1 Development of Industrial and Manufacturing Zones

In order to harness the resources available in different parts of the country, region specific industrial and manufacturing clusters will be promoted. Necessary infrastructure and services will be provided to stimulate development of these clusters. Investment opportunities exist in development of Industrial Parks including Small and Medium Enterprises (SMEs) Parks and Export Processing Zones (EPZs) which offer a range of fiscal incentives that help in reducing start up and operational costs thereby making exporters internationally price competitive. The investor will recover his/her investments either through rent or selling the units.

Potential location for Industrial Parks include Nairobi due to its proximity to most important markets, Eldoret due to its location in high-potential agricultural areas and access to airport, Kisumu due to access to the regional markets and availability of raw materials such as limestone (Koru), chemicals (e.g. ethanol from sugar factories).

Special Economic Cluster (SEC) will be set up in Mombasa to allow for easy importation of necessary raw materials and exporting of finished goods. The project will include an agro industrial zone incorporating activities like blending and packing of fertilizers, tea and coffee and a consolidated meat and fish processing facility. The second SEC will be located in Kisumu to allow for access to regional markets and availability of limestone to support cement, chemicals and metal industries; agro-processing through increased horticultural production along the lakeshore.

2.3.2 Development of Small and Medium-Enterprises (SME) Parks

SME industrial parks in key urban centres will be developed. This will entail development of High Tech Parks which will be set up in Nairobi because of proximity to most important market, Eldoret because of location to high-potential agricultural area and access to airport, Mombasa, Kisumu and Nakuru.

2.3.3 Micro and Small Enterprise (MSE) 2030 Initiative Project

The Government is in the process of developing centres of excellence for micro and small enterprises (MSEs) to promote transfer of technology, build capacity and market MSE products. The centres will be developed in each province, with specialization in given subsector of the MSEs. Due consideration will be made to the resource endowment in each region. Land has been set aside for MSEs operators across the country. Most of these sites are partially serviced and have great investment potential for private investors. To revolutionize and modernize the MSE sector, concerted efforts are required towards upgrading the following sub-sectors; agro-processing such as fruit processing, essential oil extraction, vegetable processing and cereal processing, animal products and fish processing, milk and meat processing, hides and skins and fish products. Other areas are chemical, electrical and electronics, building and construction, metal and metal works and motor vehicles accessories. These present major investment opportunities.

2.3.4 Tyre Manufacturing Plant

The country currently has only one tyre manufacturing facility i.e. Firestone (E.A.) Limited. Another tyre manufacturing facility would be a feasible proposition.

2.3.5 Agro-processing industry

The government has created an enabling environment for agro-processing by both local and international investors in urban and rural areas. Kenya is a member of regional trading blocs (i.e EAC and COMESA) and signatory to various trade protocols that enable Kenyan businesses participate in international trade competitively. It has a thriving private sector that can service any business and offers stiff competition to ensure high standards are maintained. Agro-processing is a lucrative business venture in Kenya in the processing of tropical fresh foods, fruits and vegetables. There is a guaranteed source of raw materials, cheap labour, unexploited local, regional and international markets for products and the ever growing demand for food stuffs.

2.3.5.1 Processing of White refined Industrial sugar

Refining of industrial sugar is an area of great investment potential. It is a critical input in food, beverage and pharmaceutical sectors. Currently, it is imported. There is a large market for the inputs and the demand is growing.

2.3.5.2 Processing of Fruit Concentrates

Fruit processing is an industry, which is growing. Kenya produces only two type of concentrate namely pineapple and mango. The rest of concentrates are imported outside the EAC region. There are investment opportunities in the processing of other concentrates.

2.3.5.3 Vegetable Oil Processing Industry

In some areas in Kenya, oil seeds are grown commercially. This requires a very strong oil seed processing industry to utilize the products and to sustain local production of oilseed. This presents investment opportunities.

Cashew nuts: Establishment of cashew nut processing factory at Kwale in Kenya's South Coast. A facility with capacity to process up to 20,000 tons of raw nuts per year. Up to 85% of the output will be for export. An earlier facility at Kilifi (North Coast) has closed down due to mismanagement. This was processing 15,000 tons of raw nuts per year.

Soya Bean: There is huge potential for creation or joint ventures for processing of vegetable oil.

2.3.6 Horticulture

There is ample scope of investing. Processed horticultural produce consists of a range of products. These include: Frozen: French beans, snow peas, Juice concentrates; Canned products: Baby corn, Juices, Jams, Marmalade, Pineapple Slices, Pickled Cucumbers, Mango Slices, etc; Dehydrated products: Cabbages, Onions, Carrots, etc. Most of the processed products have been canned, dehydrated or preserved in brine water. However, the market trend is shifting from canned to frozen products. Facilities for freezing of popular fruits and vegetables for export by sea need to be introduced.

2.3.7 Development of Tanneries

Currently the country has 13 tanneries mostly processing 88% of hides and skins up to wet blue and 2% finished leather. The remaining 10% is exported in raw form. Most of the tanneries are located in Nairobi and its environs, far from the livestock rearing regions. The finished leather is used to make shoes and other leather products locally. The main shoes factories produce approximately 1,000,000 pairs of shoes annually while the informal sector produces 3,000,000, making a total of 4,000,000 pairs of shoes. However, the national demand for shoes is estimated at 28,000,000 pairs per annum. Therefore, there is a demand gap of 24,000,000 shoes costing the nation Kshs. 12 billion and 10,000 lost jobs and revenue annually.

This scenario is replicated across the Eastern African region showing that the development of leather clusters will be able to serve not only Kenya but also the entire region. Furthermore, footwear constitutes the most valuable product under the leather value chain, but Kenya's domestic production falls short in catering to the domestic as well as international demand for the same.

The top four provinces in livestock production are Rift Valley, Eastern, Nyanza and North Eastern in descending order. Rift Valley province alone accounts for 34.4 percent of beef cattle available in the country. (KIPPRA Study Report on Cluster Analysis for enhancing productivity and Competitiveness of the Kenyan Economy 2010)

The Location of Kenya gives her a major comparative advantage in the raw materials sector needed for the leather sector which makes it in principle very appropriate for leather product exporting: All Kenya's neighbours keep a healthy population of livestock with Ethiopia boasting the largest livestock production in Africa, and the 10th largest in the world.

Development of the Garissa and Kajiado meat and leather industry requires approximately Kshs 7.112 billion of which 5 billion is for infrastructure development. The proposal, therefore, seeks Kshs 2.0 billion from the Kenya Government / Development Partners to kick off

According to a report by the Kenya Leather Development Council, the potential of the leather sub sector in Kenya is worth approximately Kshs 100 billion, if the leather is processed and converted into finished products locally.

The government of Kenya therefore invites interested investors to set up tanneries in the country, especially in Garissa and Kajiado counties.

Hides, Skins and Leather industries: Various potential areas of interest have been identified and recommended due to wide collection, proximity to catchment areas and high yielding neighboring countries where the raw material can easily be sourced. These areas are;

- Eldoret (which can capture the whole of the North Rift Valley and western)
- Kitale (to capture raw materials from Western, Nyanza, North Rift Provinces and Uganda)
- Kisumu (to capture raw materials from Western, Nyanza, Uganda and Tanzania)
- Mariakani (to capture raw materials from Coast, North Eastern and Tanzania)
- Sagana (to capture raw materials from Central province and Eastern)
- Athi River and Njiru (in Nairobi suburbs to capture the National flow).

In these areas there is land, assured raw material availability and also willing Kenyans who are ready to partner with potential investors. Sole investment opportunities are available in leather processing, footwear and leather products.

2.3.8 Textiles and Clothing Sector:

Potential to invest in garments manufacture for exports to US under the AGOA facility. Investments aimed at reviving and or rehabilitation of the closed textile mills ranging from spinning, weaving and garments making for local and export markets. Opportunities also exist for the revival and or rehabilitation of the cotton growing irrigation schemes. Potential exists for the establishment of a synthetic fibers' plant to utilize the chemicals available at the petroleum refinery plant at Mombasa; Investment in dye manufacture, starch production and spare parts manufacture, which are currently imported; and Fabrics manufacture to replace import dependence.

2.3.9 Chemicals industry

2.3.9.1 Manufacturing of fertilizers

Fertilizer is one of the major farming inputs in the country and it is widely used. Kenya and the Eastern African region do not have a fertilizer manufacturing plant. All fertilizers used in the region are imported.

Kenya's annual fertilizer consumption is 532,000 Metric Tons. There is potential to increase this to over 1 million Metric Tons to increase agriculture productivity. A feasibility study is complete which proposes three types of plants that can manufacture 350,000 Metric Tons of fertilizer per year locally. The options include; CAN only, DAP only and a combination of CAN and DAP at an investment cost of 278 million USD, 115 million USD and 393 million USD respectively.

Through the fertilizer cost reduction initiative identified under the Vision 2030, a fertilizer manufacturing and blending plant in Mombasa and Nakuru to serve the local and regional demand would be a feasible investment opportunity to be undertaken under Public-Private Partnership.

There is also potential in the following areas:-

- Establishment of an inorganic fertilizer plant in Mombasa to manufacture DAP, CAN, NPK using imported intermediate inputs
- Organic fertilizer manufacturing plant in Nairobi

Kenya is endowed with huge quantities of organic wastes which have not been fully utilized for enhanced agricultural production and business opportunities. The organic wastes from pit latrines and those from household and agricultural produce markets can be harnessed for recycling into organic fertilizers. Bat guano which can be incorporated during the recycling of organic wastes due to its high contents of nitrogen and phosphorous occurs as loose, fine brown powder in Rift Valley and Eastern Province. The plant is expected to produce basal, top dressing and organic fertilizers appropriate for Kenya and Eastern Africa Region.

- **Establishment of a bio-fertilizer plant in western Kenya (Mumias Sugar Co. Ltd)** to utilize bagasse and wastes from timber industries.
- **Production of nitrogen fixing micro organisms such as Rhizobium which can** be used in leguminous plants to increase crop yields.

2.3.9.2 Dyes for textiles industries

There are investment opportunities in the manufacture of dyes which are important for the textile industry.

2.3.9.3 Value addition in Pyrethrum and other plant Value plants

Kenya produces a lot of pyrethrum which is exported in a semi-processed form or as dried flowers which fetch little money in the world market. Opportunities exist in processing the plant into a final product. In addition, there are opportunities for manufacturing of Insectides and fungicides using some imported ingredients mixing with locally available filler materials such as soapstone, limestone and clay for local and export market.

The processing of Neem tree extract as a source of a raw material should also be explored. The tree is being promoted by ICIPE in Kenya and it has been found that the extract has pesticidal properties. The Aloe Vera, which has been proved to have medicinal value, grows naturally in the arid and semi-arid areas of Kenya such as Baringo, the Coast, Laikipia, Nanyuki. Commercial farming of Aloe Vera is now practised in Laikipia and Baringo. However, most of the raw Aloe Vera is exported raw for processing to the EU and Asia.

All these plants offer a very promising area of investment since the extract are natural organic substance that are biodegradable and hence poses less danger to the environment due to less persistency.

2.3.10 Manufacture of Cement

Currently Kenya has three cement plants namely: Bamburi Portland Cement Company (BPCC) in Mombasa, Kaloleni Lime Cement works Ltd in Kaloleni, Kilifi and East Africa, Portland Cement Company Ltd (EAPCC) at Athi River. The current total capacity for the three cement producers is far much below demand. This sector is identified as one of the core industrial sectors, with ample scope to boost the other sectors of the economy, especially in the building and construction industry. There is growing demand of cement from within and from outside the country from places such as Southern Sudan, Rwanda and Burundi. There is need for additional investment to cover the existing gap. New areas with investment opportunities in this sector are West Pokot, Koru (Kisumu), Athi River and Shimoni in Coast Province. The market for this sector is both local and also exports to EAC and COMESA countries.

2.3.11 Sheet Glass Production

Currently Kenya has no sheet glass plants. There is growing demand for sheet glass due to increasing construction activities. Kenya has capacity to produce sheet glass because there is Soda Ash production at Lake Magadi. The market for this will be local, for EAC and also COMESA countries. The location for this industry which is viable is Magadi and Machakos.

2.3.12 Salt, Sulphur, Lime and Cement:

Potential projects in these areas include the following:

Koru: Vast amount of limestone exists in Koru area of Western Kenya. Currently, only a small portion of the lime deposit in Koru is being exploited. The limestone deposits in Koru are contaminated with about 2% phosphate, which must be removed for quality cement manufacture. The phosphate so obtained could be used as fertilizer directly or be blend with other elements to manufacture compound fertilizers. Thus the Koru limestone deposits could be harnessed to produce fertilizer.

Shimoni: The south coast of Kenya is endowed with abundant coral limestone deposits that can be harnessed to produce quality cement. There is a potential for a cement factory with a capacity of 600,000 tonnes per annum.

Other potential investment areas include using cement in the paving of the country's roads. This would raise the demand for cement, hence the need for more cement plants.

2.3.13 Plastics and Rubber Products:

Investment opportunities exist in the following areas: Manufacture of quality electrical appliances like sockets, plugs and automotive plastics spares, so as to replace imports, and since the use of such items is on the increase; Manufacture of household wares like plastics kitchenware; Manufacture of petroleum based chemicals used in production of synthetic fibres for textile industry; Manufacture of plastics spares and housings for electronics industry.

2.3.14 Motor vehicle components manufacturing

There are investment opportunities in manufacturing of motor vehicle components. There is a big market for vehicles in the EAC and COMESA regions.

2.3.15 Iron and Steel Industry

Kenya has large quantities of iron and steel that could be exploited for commercial ventures. Large deposits are found in Kitui, Taita Taveta, Homa Bay and Kakamega.

An Integrated Iron and Steel plant With Billet Casting Facility: The total requirement for billet would be over 300,000 tons per annum by the year 2030. To meet these demands consideration should be given to the establishment of an integrated iron and steel plant with Billet Casting Facility to feed the existing rolling mills in the three East African countries. Billets will be supplied to downstream mills in Tanzania, Kenya and Uganda. Billets, blooms and finished products can be exported to Mauritius, Madagascar and neighboring countries which are COMESA countries like Mozambique and Zambia.

2.3.16 Manufacture of Aluminium Cans

In Kenya and East Africa region, all cans for use in packaging of canned beers and soft drinks are imported. Consumption of canned beverages is becoming very popular. Export of Kenyan beers in bottles is being hampered by the limitations of glass, which include bulkiness and breakages. The production of beers and carbonated beverages in Kenya has grown tremendously over the years. Investors are invited to put up an aluminum canning plant, which can also cater for the needs of Uganda, Tanzania, Mauritius, Rwanda and Burundi.

2.3.17 Component Manufacture

Design and Local Manufacture of components and parts for use in the steel plants with capacities of 10-30,000 tons per annum which are very popular in the COMESA region is lacking. The rate of growth of steel mills in the region has been steadily rising pointing to an exciting business opportunity for whoever can supply such equipment with good spare part back up and after sales services. Currently these plants are being imported complete from India. There is no reason why at least some of this equipment cannot be produced locally.

2.3.18 Manufacture of Ductile Iron rolls

There is only one country (Egypt) which is currently producing such rolls in the region. Gauging by the over 20 mills in the country and the East Africa region at large, a great deal of business opportunity exists in this field.

2.3.19 Production of High Strength Reinforcement Bars

A hot rolled square bar of mild steel, subsequently twisted when cold to produce the required strength is used almost exclusively in Kenya for concrete reinforcement purposes. This technology has completely been phased out in major steel companies in the world.

2.3.20 Production of casting sand/Molding

A majority of foundry industries in the country still employ sand casting techniques. Sand casting material is available in the country but has not been fully exploited for commercial purposes. Such a project would meet casting sand requirement for the whole spectrum of foundry industries in the country. Along with foundry sand is the design and production of dies and patterns. The import bill on spare-parts is still increasing due to inability of local plants to produce them. A study to take stock of both industrial and agricultural spare parts requirements would be necessary, as this would form the basis upon which to set up a center or an institute to start mass production of components and replacement parts.

Other Opportunities

- Forgings to manufacture wagon wheel, railway components, axles, etc
- Powder Metallurgy components for auto-spares
- Foundry and Shops for the manufacture of pumps and motors

2.3.21 Machine Tool Industry

There is a big market in Kenya for the production of the following products: Industrial machinery and spares for agriculture, transport industry and workshop, pumps for irrigation, domestic waste handling purposes, equipment and hand tools for building sector, metal and wood working machine tools. The government is looking for joint venture between local and foreign investors in the manufacture of high precision engineering capital goods; and industrial spares.

2.3.22 Manufacture of Medical Equipment

There are vast opportunities for investment in the manufacture of medical equipment including electro-medical equipment. Investment in such opportunities could be in form of assembly with the target market being EAC and COMESA.

2.3.22.1 Pharmaceutical plants

Possible areas of investment in this area include:

- Setting up pharmaceutical manufacturing industries which can produce drugs, ARVs, and Vaccines;
- Provision of production of medical gases and oxygen generators plants;

- Production of Medical Equipment and Maintenance;
- Provision of specialized diagnostic services e.g., DNA tests, MRI, Nuclear/radiologist tests and open heart surgery in specific centers.
- Multipurpose chemical plant for bulk production of intermediate inputs such as paracetamol, aspirin, etc.
- Chemical plant to manufacture the anti-tuberculosis, anti-leprosy, antibiotic rifampicin from the penultimate state.
- Manufacture of Quinine by extraction from Cinchona bark and subsequent purification and synthesis to Quinine sulphate.
- Extraction of Hecogenin from sisal waste and synthesis of Betamethasone from Hecogenin.

Once fully explored, these opportunities will lead to production of adequate pharmaceuticals/non pharmaceuticals, medical equipment and specialized services for use in the country and for export to EAC and COMESA market.

2.3.22.2 Raw materials for pharmaceutical industry

Considering majority of the inputs used for making pharmaceutical products are imported, there is a wide scope for investment in making these inputs available to EAC and COMESA market.

2.3.22.3 Manufacture of Male Latex Condoms and medical Gloves

The Government of Kenya welcomes with optimism any proposal that seeks to set up a factory to manufacture medical latex products including male latex condoms and gloves. The manufacturing facility should be a fully automated dipping line along with modern electronic testing and packing equipment with a modern laboratory. Kenya would then be the second country in Africa to manufacture male latex condoms and therefore, this initiative would be most welcome. Currently, the Government is engaged in discussions on how to adequately provide incentives for this venture so as to ensure its successes and promote sustainable industrial development.

This project would receive considerable attention within Government, as a project of national strategic importance. The Kenya National AIDS Strategic Plan III 2009 – 2013 identified condoms as the most effective tool to combat HIV/AIDS prevalence

2.4 TOURISM SECTOR

Kenya has a rich tourism resource base with its magnificent coast line, 60 national parks and reserves, and many other breath taking attractions all over the country. This has made tourism an important economic activity in Kenya, attracting over 1.6million international tourist in 2010 and earning the country Kshs73.7billion. It is because of this great potential that the sector has been identified in the Kenya Vision2030 as one of the economic pillars that will drive the economy towards the Vision targets. In this respect, Kenya aims to be among the ten long haul tourist destinations in the world, offering a high-end, diverse and distinctive visitor experience that few of her competitors can offer. To attain this goal, various investments are planned to improve on tourism facilities and raise the quality of hospitality services in the country.

2.4.1 Isiolo Resort City

Isiolo resort city is one of the key flagship project in Kenya's Vision 2030. It will be located at the junction of the LAPSSET Corridor headed to South Sudan via Lokichogio and Ethiopia via Moyale. Its location is very unique, because it is the center of Kenya geopolitically and shall serve as a traffic node. Moreover, there are many national parks and reserves such as Samburu, Shaba, Meru, and Mt.Kenya National Park within a radius of 30km from Isiolo for a one-day trip. Preliminary designs of the Resort City are ready and 2600 hectares of land has been earmarked for the project.

Project estimated cost:
The projected total cost of the whole project is US$ 184 million with US$ 101 million expected to come from the public sector while the remaining US $ 83 million is expected to come from the private sector. This will be in terms of investments in accommodation, entertainment and other tourists' convenience facilities. The economic viability analysis for this project shows Economic Internal Rate of Return of 12.8 %;, Benefit cost (B/C) ratio of 1.08; net present value (NPV) of US $ 8 million.

2.4.2 Development of Marina at Shimoni, Mombasa

Kenya Tourist Development Corporation has commenced plans for the development of the first commercial Marina along the Kenyan South Coast in Shimoni approximately 73 kilometers from Mombasa town. The Marina development along the Kenyan coast was deemed by the Corporation to be a viable investment worth promoting in order to strengthen beach tourism recreational products through yachting activities. The proposed Marina will provide berthing for over 50 vessels and be built to recognized international specifications & safety standards. Shimoni was chosen because it has a natural protection from all major waves and currents and also due to its proximity to Diani tourism resort with commercial, recreational and accommodation.

2.4.3 Bomas of Kenya Tourist Hotel Project

The idea of building fully fledged hotel at Bomas of Kenya was mooted in 1984. A 100-bed hotel was proposed with intention of extending the tourist itinerary circuit around Nairobi into the Bomas of Kenya for lunches, refreshments and entertainment. This site is close to Nairobi National Park and the Animal Orphanage. It is also off the way from vehicular traffic seen on Nairobi streets where other Hotels are located. Furthermore, the location is quiet and making it very ideal for conferences, workshops and seminars.

Project estimated cost:
Although a feasibility study was undertaken for a 5-star 100-bed hotel, current indications are that a 200-bed hotel of international standards would be a more ideal proposition. The Feasibility Study on the Project indicates that it will cost about USD 5.0 million to develop the 100-bed hotel project which will include a big Conference Centre, swimming pool, etc. Consequently, the Government would welcome interested parties to invest in this Bomas of Kenya hotel project.

2.4.4 Bomas of Kenya Amusement Park Project

The Bomas of Kenya is considering establishing the first Amusement Park in Kenya similar to such famous parks as the "Seven Flags Fly over Georgia" in Atlanta or Tivoli in Copenhagen. It is expected that the amusement park will be a great attraction to both local residents and foreign tourists, especially given the current limited forms of entertainment presently available. The proposed amusement park will provide such diversions as a roller coaster, children playground, a continuous film in a "futuristic theatre", fun fair with ferries wheel, dodgems, mechanical games and a vast swimming pool with several gigantic slides that can take several hundred people.

Project estimated cost: The project is estimated to cost about USD 2.4 million. Much of this will go in developing the above components of the project.

2.4.5 Health Spas Projects

Health spas are known for their recreational and life rejuvenating features. This project aims at utilizing the abundant geothermal springs for the development of health spas of international standards as major tourist attractions.
Kenya has plenty of geothermal springs whose mineral contents have the potential for the development of health spas to serve as tourist attractions as well as curative centres. Geothermal mineral water springs are found in arid and semi arid areas such as Baringo and Turkana Districts within the Great Rift Valley and parts of Homa Bay District along the shores of Lake Victoria. These can be developed into very popular health spas.

Possible Project site:
The most significant hot water springs are found at or around the following places:
(i) Around Lake Bogoria (located about 270 km from Nairobi) and Lake Baringo (located about 350 km from Nairobi). The lakes are within National Game Parks.
(ii) Around Lake Turkana which is at the borders of Kenya, Ethiopia and Sudan. This area is about 748 Km from Nairobi.
(iii) Olkaria and Eburu near Lake Nakuru which is famous for flamingos. Olkaria and Eburu are about 118 Km from Nairobi.
(iv) Simbi on the shores of Lake Victoria, the second largest fresh water lake in the world. Simbi is 483 Km from Nakuru National Park. The area is close to Maasai Mara Game Reserve renowned for its wildlife.

These areas have natural and cultural attractions whose development can stimulate growth in the various locations.

Market: It is expected that the clients for Health Spas will be the local residents and foreign tourists visiting the various locations for other attractions such as yachting, game animals and rich culture of the communities living around them. With extensive Marketing, Health spa is expected to become part of package attractions to tourists and local residents.

2.4.6 Cruise-ship Project on Lake Victoria

Lake Victoria, which is the largest fresh water lake in Africa and second in the world, holds great potential to link the three East African states. The resources of the Lake have not been fully tapped. Potential exists for the development of cruise ship, water sports and floaters on the surface of the lake. The beaches along the shores are also ideal for hotels and clubs. Away from the lake shore, opportunities for lodges, tented camps and land sports exist for exploitation. For all these to be developed, there is need to provide adequate supportive infrastructure. The Lake region embraces the Western Kenya zone which is not well developed in terms of tourist activities. Given the above account that gives a brief touristic scenario of the Region, the cruise-ship project proposed hereunder for development could be considered. There is an existing demand for cruise ship facility in this region.

The project involves the installation of a luxury passenger vessel (5-star floating hotel) for upper class tourists comprising of 40 double cabins to accommodate 80 passengers. The floating hotel will provide additional accommodation facilities complementing the existing capacity in the region which is already overstretched. Luxury passenger boats can also be operated between Kisumu and Muhuru Bay with existing stopovers at Kendu Bay, Mfangano Island and Rusinga Island all along the Lake shores. Now that the East African Co-operation (a regional economic integration organization for Kenya, Uganda and Tanzania) has been set-up, the operations of the proposed Lake Victoria cruise ship can also be extended to cover Uganda and Tanzania over time

Possible Project site:
The project will be operating in the waters of Lake Victoria with its operational base being at Kisumu town on the shores of the Lake.

Project estimated cost:
The project is estimated to cost US$ 2 million including cruise-ships, luxury boats, furnishing fixtures and working capital.

2.4.7 Mombasa Port Cruise-ship project

A report by Cruise Line International Association indicated that cruise sales of US$ 60 million per annum are feasible. This forecast was based on known potential interest in the future cruise holidays. In the past, Mombasa has been serving as a port of call for international cruise-ship itineraries. With the expected World development of cruise ship industry, a home ported cruise-ship for Mombasa is considered ideal. The port of Mombasa has all the required facilities and cruise-ship facilitation committee is continuously working to improve the existing facilities. Currently, Kilindini Harbor is being used by cruise ships but home-ported cruise ships could eventually be diverted to the Old Harbor.

2.4.8 Tana River Primate Lodge Project

This is expected to be 50 rooms 3 - star lodge located at a suitable site within the Tana Primate National Reserve in the Eastern Tana Basin. The development aims at Market: expansion as the park is located near existing coast tourism region. There is potential for development of other existing tourism products especially rafting and river cruising.

2.4.9 Thika Fourteen Falls Lodge Project

The Fourteen Falls on River Chania lies just outside the OL-Donyo Sabuk Game Park near the fast growing industrial town of Thika. The area is surrounded by large-scale coffee and DelMonte pineapple plantations. The project will provide lodge facilities to tourists visiting the slopes of Aberdare Mountains.

Project site:
The project will be located 15 Km East of Thika town which is adequately supplied with water, electricity and telecommunications services.

Project estimated cost:
The project is planned to provide 50-beds accommodation and is estimated to cost US$ 0.73 million.

2.4.10 Kora Lodge Project

This is in response to the need for lodge within this 1,800 sq.kms National Park which was the Home of Joy Adamson. This is expected to be a 50 room 3-star lodge to be located at a suitable site within the park in the Western Tana Basin. The objective is to open up the Eastern Tourism Circuit linked to the Meru tourism region, this shall create a lion safari circuit with a potential for other products such as river rafting and cruising.

2.4.11 Sibiloi Lodge Project

A 35 roomed lodge of 2 - star category is proposed to be located as Sibiloi National Park in the N. Turkana which would increase utilization of this vast park and ease off tourist congestion in other parks with similar flora and fauna. It also targets tourists to the Northern Kenya and Southern Sudan regions. The National Museums of Kenya and the Kenya Tourist Board have in the recent past put efforts to develop a tourism product based on the "Cradle of Mankind" within this region. Therefore a lodge within the area would be ideal in enhancing the development of the product.

2.4.12 Kerio Valley Lodge Project

A two star lodge has been proposed to be located at Kerio Valley National Reserve within Rift Valley lakes famed for the "golden mole". Other products are scenery of a "valley within a valley" and the untapped unique cultural heritage of the Kalenjin.

2.4.13 Water Sport

Waterways in Kenya have not been fully exploited and developed as a leisure product. Therefore investment is required in the Western Kenya Circuit where the massive Lake Victoria connects the EAC countries of Kenya, Uganda, Tanzania, Rwanda and Burundi, and in the coastal region in the Indian Ocean waters.

2.4.14 Business and Conference Tourism Initiative

Kenya has a large potential for business and conference tourism as a major product owing to its location and ease of international connections. To harness this huge potential, there is need to build ultra modern convention/conference complexes, preferably in the coastal region which accounts for about 57 % of the total bed nights. To cater for increasing number of business tourists, the government together with the private sector stakeholders will promote investment in hotels by international chains in major towns; especially in the cities of Nairobi, Mombasa and Kisumu.

Mombasa International Convention Center is one of such investment opportunity aiming at establishing a multipurpose convention center with a capacity of 3000 delegates. The project may be financed through infrastructure bond, Bi-lateral or under PPP framework.

2.5 NATIONAL HERITAGE AND CULTURE SECTOR

Kenya being a multi-cultural society endowed with a rich diverse cultural heritage, a lot of investment potential exists in the heritage and cultural area. Investment in these areas will also add value to holiday experiences. With a growing economy and tourism sector, there is an increasing demand for fresh entertainment options such as cultural heritage, clubs, theatres, traditional food restaurants, music, and an International Culture and Arts Centre.

The existing cultural outlets such as the Kenya National Theatre, the Godown Arts Centre, the Bomas of Kenya, Municipality Social Halls, Foreign Cultural Centres, Community Cultural Centres, Tourist Hotels that have continued to flourish during open-air national or social events unfortunately lack the capacity and thrust to provide an all-inclusive space for the development, harnessing, promotion and consistent dissemination of these cultural goods and services of Kenya in a comprehensive purposeful and respectful manner.
The following are some of the investment opportunities to promote culture and heritage;

2.5.1 An International Culture and Art Centre

Investment in a state of the art International Culture and Arts Centre for creative industries will provide a focal point for development, promotion and dissemination of cultural information, education, skills and talents development, research and cultural enjoyment for Kenyans and the international communities. This will market the country as a tourist destination through cultural tourism, and also enhance the cordial relationship and cultural exchange programmes. The centre is expected to be the melting pot for cultural matters at local, regional and international levels.

2.5.2 Building New Exhibition Galleries for the Nairobi National Museums

The Nairobi National Museum will require new, more relevant, engaging and exciting exhibitions. The new exhibitions will include cultural and natural artefacts, which will give more comprehensive account of Kenyan culture and history. These displays will promote patriotism and national pride as well as be a major tourist attraction for domestic and international tourism. Other displays will include human origins (Kenya is a cradle of mankind), geology, ecology of Kenya and artefacts. It is expected that by holding block buster exhibition events, and having innovative and creative events around the various exhibitions throughout the year, the return to investment would be positive

2.5.3 Sports Facilities and Stadia

The government of Kenya recognizes the role played by young people in the process of national development. In respect the government through the Ministry of Youth Affairs and Sports is inviting investors to invest in construction and development of 30 regional sports stadia countrywide. The proposed investment will generate income to investors from fees and charges from hiring of the facilities and advertisements and will create employment opportunities for the Kenyan youth.

The establishment of International Sports Academy is one of the investment opportunities for excellency in training, research and consultancy service in sports. It will focus in skill development in Olympics sports, training of coaches, sports administrators and trainers. The academy will also have hostels and hotels, indoor sport facilities, administration blocks, pitches and sitting terraces. Investors are invited to participate through a joint venture or PPP framework. The IRR for the investment will be 18.1%.

2.6 TRANSPORT AND INFRASTRUCTURE SECTOR

Infrastructure investments require enormous financial resources that cannot be adequately met from public sector finance. The government is therefore seeking private capital support for investment in the areas identified below.

2.6.1 Development of a Duty Free Port/Special Economic Zone at Dongo Kundu

Development of a duty free port/special economic zone within Mombasa at Dongo Kundu is one of priority projects under vision 2030. A total of 3000 acres of land is available for investment in Dongo Kundu, south mainland. The Government is funding a feasibility study and a master plan from June 2010 for the next 12 months. The actual implementation of the project will be done under public private partnership framework. Therefore investors are welcome to participate in the actual infrastructure development and the operations of duty free port/special economic zone.

2.6.2 Development of Cruise Ship Facilities

Kenya as a tourist destination has few cruise ship experiences despite being endowed with a long coastline in the Indian Ocean. There is great potential for more cruise ships that may connect Mombasa, Lamu, Zanzibar, Dar-es-salaam, and Seychelles. There is also great potential in Lake Victoria.

Opportunities exist for the development of cruise ship facilities at both ports of Mombasa and Lamu, which have a high economic potential given that 75% of tourists are normally destined for coast. Design of the proposed cruise terminal in Mombasa has been carried out and is ready for implementation.

2.6.3 Development of Airport Infrastructure and Services

A study done in 2005 on private sector participation in airports infrastructure and services in Kenya showed some airstrips situated in tourist circuit areas of Masai Mara and south coast of Mombasa can be viably developed on Build Operate and Transfer (BOT) or Build Operate and Own (BOO) terms.

2.6.4 Development of a Dry dock Port and a Car Bazaar

The new mandate of Kenya Railways is management of non-conceded assets. It has plans to develop a concept which is aimed at establishment of a dry dock port and a car bazaar on a 100 acre piece of land at Voi, 100km from the port of Mombasa. The features of the proposed car bazaar will include: storage and clearing facilities for imported vehicles, facilities to store and sell cars to prospective customers and support facilities/amenities e.g. offices, banks, hotel and restaurants. Investors are welcome to partner with Kenya Railways in this venture.

2.6.5 Construction of a Second Port at Lamu and a New Transport Corridor

A second port is needed to sustain the growing need for access to sea brought about by the heavy demands of south Sudan and land locked Ethiopia. It has been recognized for a long time now that Kenya as the principal gateway to sub region needs an alternative port. The government is financing a feasibility study for corridor development and a port master for Lamu port within the next ten months. Investors are welcome to participate in the infrastructure development under BOT arrangements. The cost of implementing the project is USD 5,300 million. The cost for short term plan including the first 3 berths is USD 664 million. The expected Internal Rate of Return will be 23.4%

2.6.6 Development of a New Transport Corridor from Lamu

If a second port is developed in Lamu, a new transport corridor that will provide sea access to Northern Kenya, South Sudan and Ethiopia will be required and comprise of a railway line, oil pipeline, airport and a road. This will assist in meeting the demand for transport and tourist recreational services in line with Kenya's Vision 2030. This is a good opportunity for investment.

2.6.7 Development and construction of Malindi Jetty

This involves completion of the jetty. The part so far constructed is the access and the remaining part comprises of the jetty head where all operations of loading/unloading of goods takes place including passengers use. Berthing of sea vessels is also expected once the jetty is completed. The works involve the construction of a reinforced concrete jetty approach and loading bays at the end of the existing 300m long approach deck. Both electrical and mechanical facilities will be provided for optimum operation of the jetty.

When completed the jetty will have a great impact in the following areas:

(i) The fishing industry will be greatly improved due to provision of berthing and unloading facilities of bigger boats. With increased fish catches the likelihood of fish processing plants starting is high. This will result in job creation thus impacting positively on poverty reduction.

(ii) It is anticipated that there will be an increased number of tourists visiting Malindi which is already a prime tourist destination in Kenya. This will be due to the berthing facilities which can be used for marine sports including international sport fishing competitions.

(iii) The Kenya Navy, Kenya Police and Fisheries Department will be using the jetty's berthing and mooring facilities while on security patrols along the coastline thus reducing chances of piracy attacks.

(iv) It will form an alternative route by sea from Mombasa and Lamu for transportation of goods and passengers.

(v) It will serve as a rescue facility in case of disasters such as the recent 'Tsunami

The project will be executed as design, build, operate and transfer.

2.6.8 Proposed Ngomeni Jetty and Sea Wall

The project is located at about 20 kilometers north of Malindi town. The works will involve the construction of a reinforced concrete jetty approach and loading bays, electrical and mechanical facilities will be provided for optimum operation of the jetty. It will also involve construction of a seawall of overall length of 500 metres.

When completed the jetty will have a great impact in the following areas:-

(i) The fishing industry will be greatly improved due to provision of berthing and unloading facilities of bigger boats. With increased fish catches the likelihood of fish processing plants starting is high. This will result in job creation thus impacting positively on poverty reduction.

(ii) It is anticipated that there will be an increased number of tourists visiting Malindi and its environs which is already a prime tourist destination in Kenya. This will be due to the berthing facilities which can be used for marine sports including international sport fishing competitions.

(iii) It will enhance cultural tourism

(iv) It will form an alternative route by sea from Mombasa and Lamu for transportation of goods and passengers.

Phase I which involved construction of the existing approach deck was completed in 1984 (this is 10% of the project). Site investigation for the proposed Phase II of the project was done in 1996/97. The design of Phase II and tender documentation was completed in May 2002. Another site investigation needs to be done to reconfirm the site conditions after which it will be established if the design needs to be changed to suit any changes. This is because the last site investigation was done 14 years ago. Rehabilitation of the existing approach deck will also need to be done for it has deteriorated over the years.

The revised cost of the project is about Kshs.2.4 billion and construction will take three years to complete if there is no funding constraint.

Once completed, there will be berthing facilities for small and medium boats, loading and off-loading facilities for goods and passengers which will also involve access of vehicles of up to 7 tons. Fishing, including sport fishing would go on uninterrupted even during low tides. The huge traffic generated will in effect increase economic activities in addition to provision of basic social services, hence reducing poverty.

Under the BOT agreements the investor should get returns on investments from levies on sea crafts, sport fishing facilities and fishing activities and other users of the facilities the investor is expected to recoup his investments after 15 years.

2.6.9 Construction of the standard gauge railway line from Mombasa to Malaba

The railway line from Mombasa to Malaba (Uganda Border) has never been upgraded since its construction in 1900. The Government has therefore made the decision to develop a standard gauge railway line. Towards this end, the Kenya Railways Corporation (KRC) completed pre-feasibility in March 2011 and by end of July/August 2012, the preliminary designs for the standard gauge railway network will be completed. It is planned that construction of the railway line will be undertaken on Engineering, Procurement and Construction (EPC) arrangement and investors are invited to participate."

2.6.10 Nairobi Metropolitan Mass Transport Programme

The Transport Strategy is to develop a Mass Rapid Transit system (MRTS) as part of the vision for an integrated multi–modal Mass transport system comprising a Bus Rapid System and a Light Rail System. The feasibility study has been completed and based on the demand assessment; nine corridors have been identified as suitable for mass rapid transit system in the Nairobi Metropolitan Region (NMR), which covers an area of 32,000km^2. It includes the districts of Nairobi, Kiambu, Thika, Machakos and Kajiado and the County Governments of Nairobi, Kiambu, Machakos and Kajiado. The investors are invited to participate in the detailed designs and development of the Bus Rapid System and a Light Rail System.

2.6.11 Modern Commuter Rail Service for Nairobi City

Kenya Railways Corporation is looking for investors to rehabilitate and modernize 100km of existing rail system within Nairobi City, construct 6.5km of new track to the Jomo Kenyatta International Airport (JKIA), and modernize stations and other facilities. With a population of 3.5 million and 1.5 million daily commuters per day, Nairobi City has chronic traffic congestion, which can be solved by developing a modern rail transport system. According to the project's feasibility study, the number of rail passengers is expected to increase from 5 million a year to 15 million a year at completion of the project, which will have capacity for 60 million passengers per year. Compared to mini buses, the project would provide faster and cheaper transportation. The project aims to replace the existing inefficient rail, signaling equipment, stations and locomotive-hauled coaches with modern and efficient rail infrastructure and passenger coaches with Multiple Unit technology, which is more suited to commuter rail operation. It will also enable rapid transport between JKIA and the Central Business District, further cementing Kenya's capital city as the commercial hub of East Africa. Total cost of investment for the project is estimated to be USD 335-million under a Public Private Partnership (PPP) framework. The project is estimated to have Internal Rate of Return of up to 17%.

2.6.12 Road sub-sector

Given the network size, traffic composition and projected future growth rates, the demand for infrastructure investment in Kenya exceeds budgetary financing capacity. Off budgetary financing has therefore become of necessity in order to meet the challenge of the growing road traffic. Private sector participation in financing infrastructure delivery on commercially viable terms has been found to be critical in bridging the financing gap.

2.6.12.1 Concession for Nairobi Urban Toll Road

Kenya's ministry of roads is offering a concession to credible investors for the proposed Nairobi urban toll road. The project will involve the construction of overpass section through Nairobi Central Business District, extension of dual carriageway to the proposed ICT City at Konza, construction of four (4) interchanges, and tolling and maintenance operations for 30 years. The project would reduce the transportation cost on the Northern Corridor route by 25%, and reduce travel time between port of Mombasa and the hinterland by two (2) hours. Other benefits would include reduction of traffic congestion in and around the CBD, and expansion of spatial development opportunities for the greater Nairobi Metropolitan area. The feasibility study shows that the northern corridor concession 2 (Nairobi Urban Toll Road) that carries an average of 18,000 vehicles per day is one of the most viable sections for concessioning. The toll road transverses Nairobi, Kenya's capital city and regional economic hub for business, and is the backbone of the Trunk Road System that links city bypasses and arterial roads to surrounding towns.

Scope of works
Phase 1

- Construction of 4-lane overpass (viaduct) and flyover (5.9 km).
- Upgrading 2 km section to 8-lane dual carriageway
- Construction of 2-lane frontage roads on both sides of the viaduct (6km)
- Construction of facilities for non-motorized traffic and street lighting
- Construction of two mainline toll plazas and ramp plazas

Phase 2

- Extension of Dual Carriageway to Konza ICT City (7 km)
- Upgrading of Interchanges at Airport North Road
- Strengthening and capacity upgrades on existing 4-lane road section (27.2 km)
- Construction of remaining two Mainline and Ramp Plazas.

Government contribution
The government of Kenya is prepared/has made arrangements to provide the following enhancements to the project:

- Provision of Investment Guarantees
- Tax Exemption during development Phases I and II
- Financing for the Nairobi Southern Bypass
- Upgrading Machakos Turnoff – Nairobi Airport
- Provision of Land for Developments, ROW and Toll Plazas
- Relocation of Services and Utilities

2.6.12.2 Privatization of Weighbridges

The management of weighbridges is being privatized to allow the private sector to play a bigger role. The thirteen (13) weighbridges countrywide plus other mobile weighbridges are scheduled to be under private management. Five of these weighbridges are static and strategically located in Mariakani, Gilgil, Athi River, Webuye and Isebania. Other mobile weighbridges are situated in Eldoret, Kisumu, Malaba, Juja, Busia, Mtwapa, Isinya and Mai-Mahiu. Operation and Management of the weighbridges is considered by the Government as an area that is ripe for private sector investment.

2.7 NAIROBI METROPOLITAN REGION DEVELOPMENT

Nairobi is a national, regional and international strategic centre for education, commerce, transport, regional cooperation and economic development. It connects the Eastern, Central and Southern African countries. The following areas of investment have been identified towards sustainable economic growth and development as envisioned in the Metro 2030 Strategy.

Geographical Coverage

The Nairobi Metropolitan Region (NMR) comprises 15 Local Authorities spread over 4 Counties, namely Nairobi, Kiambu, Machakos and Kajiado. It covers approximately 32,000 Square Kilometers and transcends four current provinces. i.e. Nairobi, Eastern, Central and Rift Valley.

Functional Significance

- Under Vision 2030, six regions were identified as flagship projects for Housing and Urbanization. The regions are earmarked for rapid economic development through preparation of metropolitan and investment plans. The NMR was picked for immediate implementation due to the following strategic factors: Superior status as Kenya's capital City;
- Connectivity to major hubs in the world – gateway to Eastern and Central Africa; linkage to Mombasa Port by road and rail;
- Availability of skilled manpower;
- Proximity to major tourist attractions; e.g. game parks, Great Rift Valley, etc. and ample hotel accommodation;
- Liberalized business environment and well developed stock market (Nairobi Stock Exchange).
- Location of majority of large manufacturing firms, some of which offer complementary services (forward and backward linkages).
- Large market for manufactured goods and services; combined population within East Africa Community and COMESA region approximately 126 million.
- Relatively well developed infrastructure – physical, social and ICT.
- Favorable climate / weather and varied attractive physical/geographical features.

Nairobi Metro 2030 Strategy

As an off-shoot of Vision 2030, the Ministry of Nairobi Metropolitan Development (MONMED) formulated a development blue print dubbed "Nairobi Metro 2030 Strategy". The

Strategy has the Vision of NMR as "A World Class African Metropolis". Its goal is to build a safe, secure and prosperous Metropolitan Region. The development strategy aims to transform the NMR into a robust, internationally competitive, dynamic and inclusive economy. It is anticipated that investment capital of about Ksh 33 Trillion has to be injected into the region from the public and private sectors. Public Private Partnership (PPP), with Government facilitation, will therefore be a major driving force in resource mobilization and utilization. Available investment opportunities include;

2.7.1 Metropolitan Spatial Plan

The Ministry of Nairobi Metropolitan Development commissioned an international firm to prepare a spatial framework for sustainable development within the NMR. This will form a basis for preparation of detailed physical development plans for various parts/centres of the NMR. The latter shall spell out specific land uses /zones and hence guide development project location. The physical development plans will indicate investment locations for either specific land uses e.g. commercial, industrial, residential, e.t.c or make proposals for compatible mixed land uses. Provision will also be made for infrastructure networks, e.g. transport (road, rail), water, sewerage and solid waste disposal.

The Metropolitan Spatial Plan concept has proposed establishment of six (6 No.) new towns; two towns in each of the Metropolitan Counties (except Nairobi).The new towns have distinct functions, meant to decongest the core Nairobi and provide equitable economic development throughout the NMR by attracting new investment/industries. Each of the towns is expected to cover 2000 Hectares of land and accommodate a population of 100,000 people by 2030. They are distributed as follows: -

In Kiambu County

i) Aerotropolis: An Airport city to be located near Thika, next to the proposed new international airport.
ii) Knowledge cum Healthy City: To be located along Limuru Road near Ruaka. Its main function would be agro-technological research and healthy facilities.

In Machakos County:

i) Cyber City: To be located at the junction of Greater Eastern By-pass and Kangundo Road. Its main function will be information technology.
ii) Sports City: Proposed to be at junction of Mombasa Road and Machakos orbital. Its main function is sports activities.

In Kajiado County

i) Transport New Town:To be located near Kajiado meant to provide services to the transport-cum-logistics hub, consisting of Special Economic Zone, rail/truck terminals and inland container depots.
ii) Amboseli New Town,to be established adjacent to Amboseli National Park offering hospitality services to promote tourism.

2.7.2 Disaster Management

i) Firefighting: Equipment /vehicles (purchase, operation, maintenance) and stations. Training schools for firefighting staff; technical experts for maintenance/repair.
ii) Ambulance/rescue services: Vehicle fleet, Maintenance /repair, Training in operations and servicing.
iii) Security lighting in towns; street lighting, high masts. Installation and maintenance.

2.7.3 Nairobi Metropolitan Mass Rapid Transit Programme

To improve accessibility within the metropolitan region through a new bus system with designated bus lanes. This will require investments in infrastructure and buses. The bus rapid transit system will start with three transport corridors; Athi River town to Kikuyu town, Thika to The Central Business District (CBD) and Jomo Kenyatta International Air port to the CBD.

2.7.4 Develop a Modern Financial Services Hub

The central location of Nairobi Metropolitan Region and its strategic location within the African continent present a good Investment opportunity for the development of a modern financial services hub at Nairobi's upper hill district. This will help provide an economy built around its strength of finance, trade and business services.

2.7.5 Development of a Regional Trade and Business Services Hub

The development of Nairobi Metropolitan Region as a regional and global service centre will require construction of wholesale hubs and producer markets in the Nairobi Metropolitan area and other major towns in Kenya. This is intended to provide an avenue for product consolidation, market infrastructure for easier market access, creating better and friendly facilities, and improve the supply chain from small scale producers to retail markets. The Project objectives is to construct a fully equipped integrated mega producer wholesale markets and encourage large scale agricultural producer groups around the major towns including Nairobi, Mombasa, Kisumu, Eldoret, Nakuru, Embu and Nyeri. This is expected to increase wholesale business activities in these towns and their environs.

2.7.6 Provision of Non-motorized transportation

Investment to help decongestion traffic within the Metro CBD is required and this will involve; integrated traffic management systems to also include signalization of junctions, pedestrianization of city streets, provision of Non-motorized transportation and installation of street lights in the metro Local Authorities and all major urban centers.

2.7.7 Closed Circuit Television (CCTV)

CCTV has in the last few years proved to be very effective in both deterring criminals and arresting perpetrators of crime in many developed countries. In Kenya, as envisioned in the Vision 2030 all the major cities are preparing to become 24 hour operational centers. There is need to install surveillance cameras to enhance security in these cities. The Government in collaboration with Private Sector and the City Council of Nairobi has already installed surveillance cameras in some parts of Nairobi streets as a pilot project. This will help improve efficiency on safety and security and reduce the cost of policing in the metropolitan area. In addition there will be an extension of the CCTV infrastructure and services to cover other major commercial hubs including Mombasa, Kisumu, Nakuru. This therefore provides an attractive area for investment.

2.7.8 Geographical Information Systems (GIS) Planning and Mapping

The Nairobi Metropolitan Region requires joint ventures and PPP in institutionalizing GIS-based spatial planning and management at the Ministry level and the Metropolitan Local authorities.

2.8 AGRICULTURAL SECTOR

Agriculture is the mainstay of the Kenya economy with great potential for growth. It currently account for 24% per cent of GDP. More than a third of Kenya's agricultural produce is exported and account for about 60% of Kenya's total exports. The vision for agricultural sector is to be innovative, commercially oriented and modern. Agriculture offers the following investment opportunities.

2.8.1 Production Infrastructure

The country has enormous water and land resources to produce own food. Poor infrastructure contributes significantly to the low food production and accessibility throughout the year. Massive investment opportunities exist in development of multipurpose dams and irrigation infrastructure. Kenya has vast irrigation potential estimated at 540,000 ha of which only about 105,000 ha is exploited. Feasibility studies have already been completed for the following multipurpose dams: High Grand Falls, Mwache multi-purpose dams, Nandi multipurpose dam, Kiserian and Maruba dams in Machakos, Badasaa in Marasabit, Chemasusu in Baringo, Umaa in Kitui , Nzoia dams (Upper, Middle and Lower) in Bungoma, Thwake in Makueni, Yattta in Machakos, Koru in Nyando, Magwagwa in Sondu and Mwache Dam in Kwale.

2.8.2 Market Infrastructure:

Only 10% of Kenya's fresh agricultural produce find its way into regional and other global markets with most of it consumed locally. However due to the perishability nature of these products, producers and marketers incur post- harvest losses ranging between 30 - 75%. This is basically due to poor transport networks, low value addition, lack of storage and preservation facilities among other factors. There is therefore enormous potential for investment in: post-harvest management facilities; grains storage; cold storage facilities; value addition; and warehouse receipting.

2.8.3 Value Addition

Potential exists for investment in value addition. This entails setting up of small to medium scale industries for value addition in several agricultural commodities including Tea, Coffee, and fruits aimed at production of branded value added products.

Investment Opportunities in Specific Crops

2.8.4 Sugarcane Development, Processing and Cogeneration

Kenya Domestic production is 520,400 Metric Tons against a demand of 743,000 metric tons with a deficit of 222,600 Metric Tons, which is met through imports. Main areas of sugarcane production include South Nyanza, consolidation of Nyando sugar belt and expansion of sugar factories in Western Kenya. Potential area available is between 1,000 to 15,000 hectares of land suitable for cane development and establishment of sugar processing especially in Busia County. Further sugarcane development potential exists in the coast region especially south coast and the Tana delta (LAPSSET- Lamu Port South Sudan Ethiopia Transport Corridors). Tied to sugarcane development is potential expansion of milling capacity, power alcohol production, electricity co-generation and other diversified by products.

2.8.5 Tea

There are investment opportunities for increased trade and investment in Kenya tea industry in the area of tea trade and value addition. The main areas of investment in value addition includes various branded teas, decaffeinated, instant, flavoured, iced and speciality teas (herbal, orthodox, green, purple, white, organic) and Packaging.

2.8.6 Coffee

Investment opportunities are in the establishment of a National Coffee Roasting and Branding Plant for the Kenya Coffee Marketing Cooperatives as well as establishment of an Instant Coffee Processing Factory.

2.8.7 Cotton

The cotton industry is currently being revitalized in Kenya and there are enormous investment opportunities in research and seed production, ginning, value addition, textile and apparels. Tied to this is investment in commercial production of cotton and Cotton Gauze Factory; establishment of Cotton Gauze Manufacturing Plant, and establishment of Cotton Sanitary Towels Manufacturing Plant.

2.8.8 Rice

Kenya produces 110,000 Metric Tons of rice against an annual consumption of 420,000 Metric Tons, leading to a 310,000 Metric Tons deficit met through imports. The potential to invest in rice production is enormous in terms of capacity building and infrastructure development in order to boost production. Investment opportunities exist in expanding land under Rice cover, with a potential of 800,000 hectares under irrigation and 1.0 million hectares under rain-fed rice production.

2.9 LIVESTOCK SECTOR

Livestock sub-sector contributes about 10% of the GDP and accounts for over 30% of farm gate value of agricultural commodities. The population of major livestock species in 2009 was estimated at 17.5 million cattle,17.1million sheep,27.7million goats, 2.9 million camels, 334,689 pigs, 25.7 million indigenous chicken, over 6 million commercial chicken and 1.8 million bee hives. Livestock farming is practiced in all parts of the country either under the pastoral extensive system in the Arid and Semi Arid Lands (ASALs) or under intensive, ranching and smallholder systems. The pastoral and commercial ranch systems traditionally contribute to the supply of beef and small stock meat. Livestock production in the ASAL accounts for nearly 90% of the employment opportunities and nearly 95% of the family incomes. The ASAL region contains 24 million hectares of land suitable for livestock worth Kshs 173.4 billion, with an annual turnover of Kshs 10 billion. However, production still falls far below potential due to a number of challenges that must be addressed if the region is to achieve the national goals and the MDGs. Some of the key interventions that will be given priority are investing in abattoirs and beef processing units in pastoral areas and investment in hides and skins processing in Northern Kenya. Investment opportunities exist in the following areas;

2.9.1 Development of Disease Free Zones,

Under the vision 2030 at least five disease free zones will be established to revive the livestock sector and turn Kenya into an exporter of high quality beef and other livestock products. The project involves eradication on zonal basis of Foot and Mouth Disease (FMD) and Contagious Bovine Pleuropneumonia (CBPP) with acquisition of the recognition of free status by the World Organization for Animal Health (OIE). Six zones have been identified with the first priority zone being Zone 1 in the coastal region of Kenya and which has a population of 2.7 million persons who rear 600,000 cattle, 200,000 sheep and 1,000,000 goats.

Zoning is a "public good" investment where Government will be the lead agency financing the animal health control and product safety aspects and in creating the right environment for the private investors in the meat and dairy value chains. The available investment opportunities to the private sector include meat and milk production, processing and international marketing of the commodities emanating from the zones.

These flagship Projects are expected in total to have an impact of over 8% GDP growth rate per year. Zone 1 will produce annually an additional 48,000 MT of meat, 5 million of milk and 160,000 hides. The available markets which have indicated possibility of importing Kenya's meat and Milk, once safety and health conditions have been satisfied, are Israel, Qatar, United Arab Emirates, Iran, South Africa, Malaysia, European Union and Allana Company of India.

Kenya has started with Zone 1 in the coastal region and will progress to other regions in the coming years such that all the targeted 5 zones in Kenya Vision 2030 are realized or surpassed. Some of the major tasks accomplished or on-going in zone 1 include:

a) Zoning proposal development
b) Policy/legal review on zoning
c) Identification of diseases for consideration
d) Cost/benefit analysis of zone 1
e) Strategic Environmental Assessment of Zone 1
f) Rangeland resources baseline survey for zone 1
g) Target disease baseline survey for zone 1

2.9.2 Meat industry

Investment opportunities exist in the following areas;

a) Beef processing units to be put up in major production area such as Nakuru
b) And Eldoret in Rift Valley Province.
c) Poultry and Pig processing; at present commercial poultry processing are
d) Almost under monopoly. There is an opportunity to set up a second large scale
e) Production and processing facilities in order to supply chicken and pig
f) Products at affordable prices to the Kenyan consumers and Export market.
g) Game meat; this is a new area, which has a very wide investment scope such
h) As in ostrich farming, crocodile farming among other emerging livestock
i) Opportunities which have proven to be profitable.
j) There is investment potential in deep-sea fishing (for prawns, lobsters, Tuna etc) prawns, farming, fish filleting and fish farming.

2.9.3 Animal feeds and mineral supplements

The cattle population in the country is estimated to be over 13 million heads requiring a substantial amount of animal feeds. There is also inadequate and uneven distribution of mineral supplementation. There is therefore potential in production, purification and packaging of mineral nutrients and fabrication of milling and pelleting equipment.

2.9.4 Dairy industry

Production of milk surpasses the demand at peak seasons leading to a heavy loss and shortage during dry spell in the country. In Nyandarua District, there is a potential in investing in processing milk into powder for local market and export. There is untapped potential in goat milk processing in the Mt. Kenya region e.g. Meru and camel milk processing in the Eastern and North-Eastern provinces e.g. Garissa and Isiolo.

2.9.5 Improved Breeding Programme

With increased demand for livestock products in the export market there will be need to improve the livestock breeds to increase the quality and productivity of animals for better prices. This offers investment opportunities in:

i. Breeding materials in poultry production. The ever increasing demand overwhelms the production capacity of the available hatcheries.
ii. Superior livestock breeding materials and breeding services to increase the quality and productivity.

2.10 FISHERIES SECTOR

The fisheries sector plays an important role in the national economy. The sub sector Contributed 0.5% to GDP in the year 2011. This figure may be higher if value addition at the various stages of the supply chain are considered and post harvest losses minimized. Fisheries is an important socio - economic activity and a major source of livelihood. The fisheries sector promotes other auxiliary industries such as net making, packaging material industries such as net making, boat building and repair, transport, sports and recreation. The sector supports about 80,000 people directly and 800,000 indirectly, assuming a dependency ratio of 1:10. In 2011, a total of 150,000 metric tons of fish worth over worth over Kshs 16 billion was produced in the country. In the same year, fish exports earned the country approximately Kshs. 7.5 billion. There are three major sources of fish in Kenya which include inland lake and reservoirs, marine water of the Indian Ocean and aquaculture.

2.10.1 Development of Marine Capture Fisheries

This aims to enhance sustainable utilization of marine water fisheries and sustainable utilization of marine fisheries resources while addressing the challenges and constraints facing the marine capture fisheries which include: lack of modern fishing technology by domestic fishermen to exploit fisheries resources in deep waters at industrial level; lack of fish port and fish port facilities to promote landing and servicing of foreign fishing vessels; under-developed marine fisheries science and management capacity; weak Monitoring, Control and Surveillance (MCS) system leading to increased illegal, unregulated and unreported fishing; and post harvest wastage of fish of up to 16 percent.

2.10.2 Development of Inland Capture Fisheries

This aims at enhancing sustainable utilization of inland water fisheries while addressing the following constraints and challenges: lack of fish handling facilities at landing beaches that meet the set sanitary and phyto-sanitary standards; lack of management plans for specific fisheries; weak monitoring, surveillance and enforcement capacity; slow process of adopting and internalizing common management regimes for trans-boundary fisheries such as Lake Victoria and Lake Turkana; poor road infrastructure linking Lake Turkana fisheries and major markets; infestation by parasite of Lake Turkana Nile perch fish stock; use of non selective and destructive fishing methods and gears; and environmental degradation

2.10.3 Development of Aquaculture

The project intends to enhance aquaculture production. The project will address challenges and constraints facing the sector e.g. poor genetic quality of fish seed (fingerlings) due to poor brood selection, in-breeding and hybridization; inadequate supply of quality species-specific formulated feed; weak aquaculture extension and support services resulting in poor adoption of appropriate aquaculture technology; lack of policy and regulatory framework for the aquaculture industry; lack of a certification and quality assurance mechanism for fish seed and feed which has hampered the development and supply of quality inputs. Proposed Areas for Private Sector Investment are;

- Value addition in fisheries products
- Certified fish seed breeding facilities to avail quality seed to fish farmers.
- Fish feed industry
- Fishing Gear/equipment industry
- Joint ventures in the exploitation of Kenya's EEZ
- Investment in Tropical Aquaria parks for local and overseas tourism
- Fish leather industry
- Infrastructural development in the Fisheries sector
- Development of fish port, auction centre, marketing, cooling storage facility and sea port.

Specific areas identified for private sector investment are;

- Cooling-plants in major landing bays of Mbita, Sindo, Sori, Sio port, Usenge, Port Victoria and along the Kenyan coast.
- Fish processing plants for fresh water fish mainly for export in Kisumu, Homa Bay, lake Naivasha, Lake Jipe, lake Challa, Tana river dams and Turkana.
- Small vans and cold storage vans.

Marine fish: Kenya produces about 6,000 metric tonnes of marine fish annually. It however has the potential to produce up to 260,000 tonnes.

Aquaculture: There is a large unexploited potential for aquaculture to supplement the capture of marine resources.

Tuna: At the moment Kenya has only one tuna factory that produces cooked frozen tuna loins for further processing in EU countries. Investment in a fully-fledged tuna processing factory is therefore needed.

2.11 TRADE SECTOR

Wholesale and Retail trade is one of the key sub-sectors in the economic development agenda of Kenya which is expected to expand substantially as the economy moves towards a 10 per cent growth target by 2012. There exists high potential and a vibrant wholesale and retail business in Kenya, with wholesale and retail trade accounting for about 10% of GDP and 10% of formal employment, and approximately 59% of employment in the informal sector. Investment opportunities in the trade sector exist in the following areas:

2.11.1 Wholesale Hubs and Producer Markets in Major towns in Kenya

This is intended to provide an avenue for product consolidation, market infrastructure for easier market access, creating better and friendly facilities, and improve the supply chain from small scale producers to retail markets.

The Project objectives is to construct a fully equipped integrated mega producer wholesale markets and encourage large scale agricultural producer groups around the major towns including Nairobi, Mombasa, Kisumu, Eldoret, Nakuru, Embu and Nyeri. This is expected to increase wholesale business activities in these towns and their environs. The wholesale hubs are expected to have facilities such as wholesale halls, trading halls, open air daily market sales areas, cash card system, temperate storage, cold storage, fruit ripening facilities among others. This will ensure smooth supply chain between the producers and the retailers. The government will put in place the required infrastructural facilities such as rail and road networks for ease of movement of producers and retailers.

The Ministry of Trade is currently liaising with related ministries to make land available in the identified areas for the construction of the markets. The construction of the markets is expected to also increase other related activities around the areas of operation such as banking, recycling facilities among others.

The project is expected to stimulate business activities within the region, with the investors once the projects are completed, expected to run the projects through Build Operate and Transfer (BOT) scheme.

The potential areas of investment in wholesale Hubs include:-

- Building wholesale markets through Build Operate and Transfer (BOT) scheme
- Operating cold storage, ripening equipment, waste disposal facilities in the markets

2.11.2 Construction of a model tier one retail market in Athi-River near Nairobi

The retail sector in Kenya is vibrant. However, most of retailing is conducted informally and unregulated in open air markets that are not conducive to business operators and the environment is degrading. A Tier 1 retail market is a multi-lane outlet that offers variety and exceptionally high quality goods and services. On completion, the project would provide the final link to the wholesalers and sanitary environment for consumers and be a retailing model to be replicated in other regions throughout the country.

The ministry of Trade is liaising with related ministries to make land available for the construction of the market. Once the Athi-River project is completed, it will be replicated in other areas.

The project is expected to stimulate business activities within the region, with the investors once the projects are completed, expected to run the projects through Build Operate and Transfer (BOT) scheme.

2.12 WATER AND IRRIGATION SECTOR

The water sector offers good investment opportunities given that as the economy expands all sectors will require huge supply and efficient use of water. Potential areas for public private investment include;

2.12.1 Water Storage and Drilling: Capacity Building of National Water Conservation and Pipeline Corporation

Kenya is a water scarce country, with per capita freshwater endowment and water storage well below international standards. The country's water storage capacity is among the lowest in the world and stands at 5.3m per capita. Development of water storage capacity is therefore of the highest priority for the Ministry of Water and Irrigation. The Government has set a goal of increasing per capita storage capacity to 16m by 2012.

As the construction arm of the government in the water sector, National Water Conservation and Pipeline Corporation (NWCPC) is mandated to undertake construction of Dams and boreholes. It is therefore necessary to strengthening its capacity to complement the capacity of the private sector to build the national water storage, and to inject price competitiveness, hence ensuring value for money. Opportunity therefore exists for investors to partner with National Water Conservation and Pipeline Corporation (NWCPC) in establishing 3 fully equipped dam construction units each consisting of Dozers, D7 or equivalent (2), Excavator (1), Compactor (sheepsfoot) (1), Scrapper (4), Shovel (2), Lorries (Tippers) (4), Mobile workshop (1) and 5 drilling units each consisting of fully mounted drilling rig (capacity of 450m, compressor 1300cfm (350psi) Mud pump) and accessories, 10 Ton Lorry (1) Mobile workshop (1), 4 wheel drive vehicles (2), 6m3 Tanker (1), 2m^3 Water dowser (1). The construction and drilling units will enable the NWCPC to effectively construct dams and boreholes thereby enhancing the capacity of the corporation.

Other potential areas of investments includes; expansion on infrastructure in 15 satellite towns and in 26 medium towns; construction of 180 new water and sanitation projects annually in the rural areas; drilling of 140 boreholes annually in the ASAL areas, expanding storage facilities by constructing 22 medium sized and 2 large multipurpose dams, construction of 160 small dams/water pans annually in the ASAL areas, expansion of water and sanitation in the proposed resort coastal city, development and expansion and rehabilitation of irrigation infrastructure countrywide.

2.12.2 Mzima II Pipeline Project

This is a high capital investment project that is intended to deliver about 160,000m3/day of water from Mzima Springs to Mombasa, over a distance of about 220km. The main component is a conveyance system to transport water by gravity. There is an opportunity in this regard for a turnkey arrangement involving provision of financing as well as engineering design and construction services, at terms to be negotiated. There is also potential for Joint Ventures (JV), and Build, Operate and Transfer (BOT) arrangements. The estimated investment cost is US$300million.

2.12.3 Tana Delta Irrigation Rehabilitation and Expansion

The Tana Delta has a high potential for increasing irrigation acreage, thus contributing significantly to food security particularly rice production in this country. The project therefore needs rehabilitation and expansion to realize its full potential which is estimated at 6,000Ha. An opportunity therefore exists for investors to team up with the Tana and Athi River Development Authority (TARDA) to actualize this project. The estimated cost is US$50million.

2.12.4 Maragua Dam for Nairobi Water Supply

The Ministry of Water and Irrigation has identified development of Maragua Dam to be implemented on Design Build and Transfer basis which is ideal for the type of support that the Government of China provides. The implementing agency and asset owner will be the Athi Water Services Board as provided for under the Water Act 2002.

Preliminary appraisal of the project was undertaken and advertised internationally for interested and suitable Engineering Firms to submit technical and financial proposals for design, implementation and transfer. The Chinese Firm of Sinohydro Corporation was eventually identified as the most suitable. Implementation of the dam project is estimated to cost KSh 25 billion and will be constructed over a period of 3 years.

Once implemented, the dam will not only bridge the present gap in water supply to Nairobi, but will also go long way in meeting the requirements of the City and its environs for the year 2030.

2.13 EDUCATION SECTOR

The Government is committed to the provision of quality education, training and research for all Kenyans. In the recent past the education sector has undergone accelerated reforms that include launch and implementation of Free Primary Education (FPE), adoption of sector wide approach to planning and financing of education and training, and Free Day Secondary Education (FDSE). Implementation of these reforms requires heavy investment in construction of educational infrastructure, modern machines and technical training needs.

There are over 19,000 public primary schools in the country with an enrolment of 8.2 million children and an additional 600,000 others in private schools as at 2010. The completion rates in primary level education are 83.2% while transition rate to secondary schools stood at 64.1 % at 2009. There are about 4,500 secondary schools in the country which reflects a disproportionate relationship between primary school and secondary school investment strategy.

The Ministry of Education through the Medium Term Plan of Vision 2030 has construction of New Secondary schools as a flagship project. The aim is to construct and fully equip 560 new secondary schools and in addition expand and rehabilitate the existing ones during the period 2008-2012. The Ministry's revised investment blue print (KSHSSP II) which is currently at advanced stage of development will be implemented from 2010 to 2015 and also focuses on enhancing transition to higher levels of education and training in order to contribute to the social pillar of Vision 2030. The objectives will be achieved with close partnership with the private sector which has been very active in establishment of new schools particularly those targeting a large expatriate community in Nairobi and Mombasa.

Current policy initiatives aim at the following;

- Construction of 8,000 classrooms in existing 1 & 2 stream day schools
- Construction of 130 new secondary schools
- Construction and equipping of laboratories
- Establishment of 22 boarding wings in public secondary schools in ASAL areas
- Upgrading of 40 extra secondary schools to cater for learners with special needs

2.13.1 Construction of new schools and universities

In order to address the inadequate physical facilities at secondary level to support the attainment of the desired transition rate of 75% by 2012, there is need to construct more schools and expand and rehabilitate the existing ones. In addition, construction of private secondary schools is encouraged and this offers excellent opportunities for investors in this sector. The newly developed school mapping (Geographical Information systems) undertaken by the government will assist in identifying the needy regions for this intervention. Similarly there is a high demand for university education. Out of the secondary school leavers who qualify to enter university, only 4.6 per cent are admitted to public and private universities, forcing many able parents to send their children overseas. There is therefore a great investment potential for private investors in the higher education sub-sector.

Investment opportunities in the education sector exist under various arrangements:

- A Build-Operate-Transfer (BOT) initiative by private sector will be a good measure in tackling the shortage as well as recouping the costs of their investments

- Investment in production of school learning materials and laboratory equipments will see the country meet local demand and serve regional markets
- Provision of long term concessional loans and grants to local entrepreneurs carrying out investments in education will help avoid use of short term credits to support schools development plans
- Joint partnerships with leading chains of international schools will help promote quality and meet the need of many expatriate communities currently based in the country and around the region besides making the country an "Education Hub" in the region

There are over 25,000 public primary schools with an enrolment of about 9.5 million learners as at 2011 and over 600 private schools. Primary completion rate stood at 76.8% transition rate from primary to secondary stood at 73.5% (2011).

The Ministry of Education through the Medium Term Plan of Vision 2030 has construction of new secondary schools as a flagship project. The aim is to construct and fully equip 560 new secondary schools and in addition expand and rehabilitate the existing ones during the period 2008-2012.

The Ministry is developing an investment blue print National Education Sector Programme (NESP) which is currently at advanced stage of development will be implemented from 2013 to 2018. The plan focuses on quality, access and relevance in education at all levels of education in order to contribute to the social pillar of Vision 2030.

The ministry will work closely with the private sector which has been active in the establishment of new schools particularly those targeting a large expatriate community in Nairobi and Mombasa. Current policy initiatives aim at the following;

- Construction of 9,000 classrooms in existing 1 & 2 stream schools.
- Construction of 290 new day secondary schools.
- Construction and equipping of laboratories in secondary schools.
- Establishment of 22 boarding wings in public secondary schools in ASAL areas.
- Upgrading of 40 extra secondary schools to cater for learners with special needs.

2.13.2 Establishment of TIVET Centers of Excellence

Centers of Excellence are aimed at making the technical training institutions focus and specialize on specific technical courses for training. This will enable the Government to use scarce resources and to concentrate on full development of the capacity to deliver priority skills which are competitive in industry. Training equipment and infrastructure manufacturing to support centers of excellence is a key investment opportunity. The demand for modern equipment and infrastructure is very high since the Government has embarked on an upgrading programme for TIVET institutions which will see some being upgraded to Universities of Technology while others to national polytechnics. The investment in equipment and infrastructure will also foster the appreciation of Chinese technologies by Kenyan industries and the community at large thus providing market demand for industrial equipment, products and services. In addition, partnerships in training between the two countries will provide opportunities for employment as well as strengthening the capacities of the teaching force.

2.13.3 Industrial business incubators

The technical institutions under this Ministry are implementing a programme on establishment of industrial and business incubators for strengthening the entrepreneurship education component of the TIVET Curriculum at all levels and more so with emphasis on techno-prenuership incubation. This has the potential of the establishment of technology based businesses. This is one key investment area that technology business incubation can be supported and nurtured.

2.13.4 Skills for Business Process Outsourcing (BPO)

The BPO industry is a technology-intensive industry. Thus the success of the BPO sector in Kenya will require that it focus a lot of attention on the acquisition and development of skilled human resources who are not only adept in technical skills but also in soft skills. The very nature of the BPO business thus poses challenges in appropriate skills and training programs. Investment in private universities/schools establishment to support skills development in this regard is viable. There are investment opportunities in the manufacture of software in Kenya to supply to industry and to train the human resources for skills in this industry.

2.13.5 Establishment of Science/Technology parks

Science and Technology Parks are a means of supporting a knowledge-based economy, and fostering market-oriented technological development. They typically accomplish this by bringing together academic, business and governmental organizations into one physical location, and supporting interrelationships between these groups through incentives. China has a long term history and success in the implementation, operation and management of highly successful technology parks. Since Science and Technology parks actualize the 'Triple Helix' Concept where the Government provides the facilitative infrastructure, the Universities provide the research and innovation ideas for incubation and Industry commercializes the prototypes there are investment opportunities in the establishment of the park and establishing uptake industries for the commercialization of the prototypes. This is an investment opportunity that Chinese investors can consider for development.

2.13.6 Construction and Rehabilitation of facilities for TIVET

To increase access and quality of TIVET, the Ministry has embarked on improving the capacity of training institutions in terms of physical facilities and equipment to bring them to international standards and meet the market requirements. Expansion of TIVET facilities targeting national priority sectors and disadvantaged areas has also been prioritized but the cost implications are also high. This is an area that support and investment is required. The demand of skills training is higher than the supply given that out of about 650,000 students who complete secondary education yearly about 30,000 access university education. The rest seek opportunities in TIVET institutions which have a capacity of 60,000. Therefore, there is an opportunity for Investment in construction of extra TIVET institutions to carter for the high demand.

2.13.7 Opportunities in Higher Education

Kenya has a high demand for higher education, but has limited chances to meet this demand. This has led to a majority of potential students seeking chances abroad. Investment in construction of private universities is potential opportunity. In addition, most facilities and equipment in Kenyan universities are of low quality and require urgent upgrading. This posses an opportunity for investment in supply of equipment and teaching facilities, and construction of infrastructure. In addition, investors can set up manufacturing centres for training equipment focusing in university education.

2.13.8 Research

Kenya has great opportunities in investments and partnerships in Research and Development. A special area of interest where China has done well is research in indigenous knowledge, medicinal plants and tropical diseases. Collaborations between Kenyan researchers and global researchers provide good potential of scientific advancement.

2.13.9 Establishment of the Computer Supply Programme

Objective of the programme is to equip students with modern Information and Communication Technology (ICT) skills in order to achieve the Vision 2030 goal of mainstreaming information technology in schools and teacher training colleges for improved curriculum delivery. To date all the 21 Teacher Training Colleges have been granted with 2.1 million Kenya shillings. The Ministry under the e-learning programme equipped 1683 public secondary schools with ICT infrastructure and 1065 teachers were trained from the beneficiary institutions on use of Information Communication Technologies (ICTs). To strengthen the impact of ICT integration, the Ministry of Education is engaged in a number of private public partnerships that target a diversity of areas in the broad sector of ICT Integration in Education.

2.14 ENVIRONMENT AND MINERAL RESOURCES

The sustainable management of the environment and natural resources is critical for economic growth and development of a country. There exists a wide range of priority investment areas within this sector ranging from climate change prediction and adaptation, catchment protection, sustainable exploitation of economically viable mineral resources to enforcement of environmental legislations.

2.14.1 Mining Sector

Kenya is endowed with a wide range of minerals resources, some of which are already being explored and exploited by private companies. Currently, the Minerals sector, excluding quarrying for construction materials, contributes only about 1% to the GDP which is rather low compared to the available potential. This implies that a good percentage of the country's mineral resource is yet to be explored and exploited.

Most of the minerals still remain unexploited due to inadequate knowledge on their status, economic viability and appropriate mining technologies. Already, an appropriate mineral prospecting and mining policy conducive to investment and Private Public Partnerships (PPP) in the mining sector is in place. Therefore, opportunities exist in mineral exploitation, mining and value addition through direct or joint venture partnerships. Ecotourism through rehabilitation of disused mines (based on Bamburi Haller Park) is also in opportunity for investment. The minerals and areas of occurrence are as indicated below:

Mineral Potential

Mineral	**Area of occurrence**
Soda ash	Produced from the mineral trona that occurs at Lake Magadi which is situated within the Great Rift Valley. Lake Magadi is known to be one of the largest natural sources of trona in the world (annual production of 350,000 tonnes of soda ash)
Fluorspar	Occurs and is mined near Eldoret within the Rift Valley. The mine produces acid grade Fluorspar of which the bulk is for export (100,100 tonnes per year)
Diatomite	which is known to occur in a number of localities within the Rift Valley wherein it is produced for both export and local markets
Vermiculite	which occurs in large quantities in the northern central part of the Rift Valley and Eastern parts of the country
Limestone	marbles and dolomites occurring widely in various parts of the country where they are exploited for use in cement and construction industry
Natural Carbon dioxide	associated with the rift system and currently being extracted for both local and export purposes from Kereita, in Kiambu county and Sosian in Uasin Gishu county
Gypsum	Found in North Eastern, Coast, Rift Valley and Eastern Parts of the country with El WAk Deposit in north Eastern believed to be the largest in the world. The Gypsum mined for use in the local cement production and for export
Gemstonnes	Kenya boasts of a wide range of coloured and ornamental stonnes, which include ruby, tsavorite, sapphire, corundum various types of garnet, peridot, tourmaline, aquamarine, Zoisite and rhodolite
Gold	occurs in parts of Western Kenya and Rift Valley
Titanium	which is known to occur in large quantities at the coastal area
Coal	Deposits of considerable quantities have been discovered within the Mui Basin of Kitui county. Other occurrences are reported within the Karoo rock formation in Kwale and Kilifi counties
Iron Ore	deposits found in parts eastern, western, rift valley and coastal region of the country
Rare Earth Elements (REE) and Niobium	which occur at Mrima Hill in Kwale county and are also known to occur in Ruri and Homa Hill areas in Homa Bay county
Lead	which occur largely in eastern and coastal regions of the country
Silica sand	deposits found in Ramisi area of Kwale county where they are exploited for glass manufacture
Manganese	deposits occurrences found in Kilifi county at the coast, Samburu and Moyale counties in the rift valley and eastern regions respectively
Copper	occurrences which have been reportedin various parts of the country including Kitui, Taita Taveta, and West Pokot counties
Chromite	deposits found at Sigor, West Pokot county in the rift valley and at Dabel,

	Moyale county in Eastern region

2.14.2 Carbon Trading Schemes

Opportunities exist for investment in carbon markets in order to promote conservation and compensation for environmental services. This is a relatively new field and enormous potential exist in consultancy and capacity building to enable communities and corporations/firms access global carbon markets within the framework of Clean Development Mechanism. Tree planting projects for carbon schemes can be undertaken in forest areas like Mt. Kenya, Mt. Elgon, Cherengani, Aberdares and Mau forests and also in private and community land. These opportunities include: -

2.14.2.1 Energy Based Investments opportunities:

i. Renewable energy (Geothermal, Wind, Solar, Hydro power and biogas)
ii. Energy efficiency (cook stoves, energy saving bulbs/lamps etc)
iii. Fuel switching (new technology that allow for fuel switching)
iv. Afforestation and Re-afforestation programmes within the ASALs and water towers through REDD+ initiatives and other Sustainable Land Management programmes.
v. Co-generation programmes

2.14.2.2 Agriculture based investment opportunities

This sector provides several opportunities for investors to earn certified carbon credits. Adapted grazing land management, for example, reduces the amount of greenhouse gas emissions associated with raising livestock or producing dairy. Various other sustainable farming techniques which facilitate either increased carbon storage in, or leakage from, soil, are also becoming recognized as qualifying for carbon credit accreditation as offset projects.

2.14.3 Climate Change Programmes

Kenya's economy being mainly natural resource-based is highly vulnerable to climate change and variability. The economy has recently suffered from climate change related disasters, which include droughts (2000/2001), floods and mudslides (1997/98, 2006/7). Such events have caused damages to private property, loss of economic opportunities and life. In addition, the country's main source of energy, hydro-power is seriously threatened by climate change.

Potential for Public Private Partnerships exist in securing global funding mechanism to implement adaptation and mitigation programmes in Arid and Semi-Arid Areas Lands (ASALs), high-risk zones and Early Warning Systems and environmental monitoring covering climate change events such as floods, droughts, landslides and seismic occurrences.

Construction works for dams, pans and drilling of boreholes as well as establishment of centre of excellence in climate change issues, and the promotion of education, training and public awareness relating to climate change are potential areas for private investment.

2.14.4 Integrated Waste Management

There are huge investment opportunities in Solid waste management in the country especially in Nairobi and other major cities like Mombasa and Kisumu. Nairobi city produces an average of 2,400 metric tonnes of solid waste per day. Management of this waste through recycling will reduce environmental pollution and offer employment opportunities through commercial ventures. Investors are welcome to invest in solid waste management. Recycling of waste can be undertaken through Public Private Partnerships (PPPs) and may be extended to other cities and towns in the country. Specific areas of investment interests include

- Waste disaggregation
- Sanitary landfills
- Waste Conversion into various products including fertilizer (waste composting), methane gas and electricity generation (Bio Energy Projects) by digesting organic waste which on average constitute over 70% of waste generated in urban centres
- Recycling of waste (paper, glass, plastics, metals)
- Managing Waste Transfer loading stations
- Supplying and operating waste compactors
- Supply of wheeler bins
- Motorised street cleaning services
- Disposal of hazardous waste
- Sewerage system infrastructure construction and maintenance services
- Solid Waste Management Infrastructure construction and maintenance services

In addition, cleaning of the Nairobi and Ngong rivers and other rivers and water bodies near major urban areas and establishment and maintenance of public parks along the river banks and shores respectively (based on adopt a park concept) also offers potential opportunities for investment.

2.14.5 Resources Assessment

The country is faced with a challenge of estimating the value and value addition potential of most of its environmental resources. Data and information on the status and distribution of various environmental resources will assist in estimating the value of environmental resources as well as identifying value addition potentials. In addition, such data and information will identify major threats facing environmental resources. There are therefore opportunities for investment in environmental resources assessment through appropriate and state-of the-art technologies and data/information sharing for planning purposes.

2.14.6 Space Technology for ICT and Resource Management

Presently, countries are exploring means and ways of enhancing space satellite communication and sensor platforms for management of resources. Kenya is no Island in this aspect and thus wishes to explore various opportunities to invest in robust space research and technology. The ambitious investments in earth observatory systems are truly transformational embracing current era of space missions to cover neighboring frontiers to address national security. Earth observation mission especially within our frontiers has never been more important to our national security than it is today.

But while addressing national security, space missions also undertake ground observations for assessment of natural resources thereby enhancing monitoring of environmental concerns and climate change responses, mineral surveys and disaster predictions. In this way, Kenya will join international space community in tracking down occurrences of natural phenomena, regular security updates and communication network.

2.14.7 Meteorological Services

Investment opportunities for PPP exist in modernization of meteorological systems in: establishment of early warning systems, tidal gauge station, marine automatic weather stations, and seismic systems: weather modification e.g in fog and frost suppression flash flood forecasting using Doppler weather surveillance technology. Investment opportunities exist in the following areas:

i. Modern laboratory: For the Kenya Meteorological Department (KMD) to fully utilize the data it generates, it requires a Research Laboratory well equipped with computing facilities including data receiving and retrieving facilities. It also requires ArcGIS applications to help store spatial data, analyze, and compile primary & secondary data and enhance accessibility and exchange of information between different departments within and outside the organisation for relevant decision making through central data base update.
ii. The establishment of e-learning system for supporting online education at the Institute for Meteorological Training and Research (IMTR);
iii. Establishment of the WMO Integrated Global Observation System (WIGOS) / WMO Information System (WIS) ;
iv. Support to acquisition of the Aviation Weather Wind Profiler to enhance operations in the airports;
v. Sharing of experience in Product dissemination in customized service delivery and public weather services using modern technology through attachments and on job training;
vi. Development and dissemination of value added climate products to decision makers to improve conditions in climate-sensitive sectors. In addition, collaboration in the enhanced use of the UK developed PRECIS (i.e. Providing Regional Climates for Impact Studies) Model where the UK Met office can provide KMD with the boundary conditions for the model initialization in a view to addressing climate change vulnerability analysis in the country.
vii. Climate data recovery and modernization through transfer of climate data recovery technologies and development of climate data preservation system Software including necessary hardware components.
viii. Human Capacity building in specialized training to the level of MSc and PhD and dynamical modeling and interpretation of Numerical Weather Predictions (NWP) products by building the capacity of the Institute for Meteorological Training and Research (IMTR). In addition, strengthen Software Development for meteorological applications.

2.15 BUILDING AND CONSTRUCTION INDUSTRY

2.15.1 Construction of Low Cost Houses

Although there has been a robust growth in housing development during the last five years, there remains a very high and unmet demand particularly in the urban areas across the country. Under the Vision 2030, a target of over 200,000 units per year is required. This is largely expected to be met by the private sector investments with the government's main role being that of a facilitator As such, the government is ready to work out modalities of partnering with private sector to construct and sell houses, including low cost houses to

Kenyans. For example there are 100 ha available at Athi River, which is about 20 km from Nairobi city for this purpose. The area is potential and attracts upper-middle and middle class. The market rate per house in the area ranges from Ksh. 2 million to 4 million. Investors can partner with National Housing Corporation to put up houses on their parcels of land situated in Embakasi, Nairobi and other parts of the country. Other opportunities within the sector include:

2.15.2 Kibera Housing Scheme.

The Government has developed 600 housing units at Langata Decanting site for relocation of those currently staying in the Kibera slums to create space for redevelopment. Approximately 5000 housing units will be required to be developed in Soweto East village after relocation. The residents have already organized themselves into cooperative groups in readiness to acquire the houses to be developed. Similar developments are also envisaged in other villages of Kibera and other towns.

2.15.3 Pangani

There is land measuring approximately 44 acres and is located in an up-market residential area. There is an opportunity for an investor to develop walk up flats, town houses, commercial centre, complete with infrastructural services and well planned play areas and open recreational spaces.

2.15.4 Starehe

There is land measuring approximately 17 acres and is located in a middle class residential development area and currently consist of sparsely developed old and dilapidated residential structures. There is therefore an opportunity for an investor to build high density walk up flats, commercial and educational facilities complete with infrastructural facilities and recreational/open play areas.

2.15.5 Park Road

There is land measuring about 9.0 acres and is located within a middle class residential development. The land currently accommodates old bungalows. There are opportunities to develop high density walk up flats, commercial and educational facilities complete with infrastructural facilities and recreational/open play areas.

2.15.6 Shauri Moyo

The land is located in middle/low grade residential area and measures approximately 5 ha and is about 3 Kilometers from the Nairobi City Centre. There is therefore an opportunity for an investor to construct high density walk up flats, commercial and educational facilities complete with infrastructural facilities and recreational/open play areas. Land can also be purchased around the urban areas from private owners at a reasonable market price for housing projects. Returns on investment in this sector have been very attractive.

2.15.7 Police Housing

The Government is interested in partnering with investors to construct 48,000 housing units in Nairobi and in the Provinces for the police force. 173 police division's headquarters need to be constructed within the next 3 years. These can be developed under PPP arrangements with government providing the land and other requisite incentives. The Government faces budgetary constrain due to massive funding required and lacks local construction capacity.

2.16 INTEGRATED REGIONAL DEVELOPMENT PROJECTS

Regional development programmes were initiated to raise the socio – economic status of the local communities by exploiting the unique natural resources of the areas. Due to the abundance and variety of the unexploited resources there is need for integrated programmes that yield both social and economic benefits in a sustainable manner. These projects offer an opportunity for Public Private Partnership. Prospective private investors stand to reap economic gains through the sales of services and products, e.g. electricity sales, water sale to the Water Regulatory Board and Irrigators, fishery and tourism investments on the multi-purpose dams, hotels business and agro-processing products. The Country will on the other hand, benefit through improvement of food sustainability, water development, environmental conservation, skills and appropriate technology transfer.

In pursuing PPP the Government will undertake the following;

i. Liaise with all the relevant Ministries, to ensure an enabling business environment for the implementation of the project e.g. acquisition of letter of land allotment/lease certificate.
ii. Facilitate the suitable Public Private Partnership (PPP) arrangement such as Build Operate and Transfer (BOT) and the extension of the term of engagement of the investor when necessary with the relevant authority.
iii. Facilitate the acquisition of tax-exemption on all necessary goods and equipment as provided for under the Laws of Kenya where applicable.
iv. Monitoring and evaluation of project implementation and management; and
v. Through the relevant Regional Development Authority (RDA):
    - Coordinate the mobilization, sensitization and promotion of the project to the local community
    - Facilitate the required statutory obligations within the RDA's area of jurisdiction e.g., EIA license, water permits, etc.

On the other hand, the investors will be expected to undertake the following;

i. Invest in the development of the project.
ii. Undertake to facilitate conducting of a feasibility study and EIA.
iii. Facilitate the formation of a Legal entity to undertake the management of the project.
iv. Mobilize resources for the realization of the project. Details of such resources will be agreed upon with the Investor.

Below are the investment opportunities in integrated regional development;

2.16.1 Gum Arabic and Gum Resins Development Programmes

Acacia – Commiphora which is the main raw material for producing gum arabic and gum resins grows abundantly in the Arid and Semi Arid Lands especially in the Northern Kenya. The product is widely used as an emulsifier in foods, diet drinks, ink, textiles, paper and paints in adhesives, pharmaceutical and print industries. Currently, Local trade of raw gum arabic is generally low. Consumption of processed gum Arabic is large. A Survey has revealed that in Nairobi alone consumption is in the order of 700 metric tonnes (MT). Biggest consumption is in the paint industry (560 MT), followed by food industry (86 MT) and ink industry (20 MT). From available data, raw Gum Arabic exported from Kenya currently fetches about US$2.3 per kg in the world market which reflects gross earnings in the excess of (US$ 2.5 million). Further, given that collectors earned US$1.5 per kg of raw gum delivered, close to US$1.8 million is ploughed back into the Northern pastoral economies. Kenya produces over 90% of all myrrh traded in the world market. Total world demand is estimated at around 2500 tonnes/year. There exist investment opportunity in production and value addition in gum arabic and gum resins for local, regional and international market.

2.16.2 High Grand Fall Multi-Purpose Reservoir Project in Eastern Province

The overall goal of the project is sustainable development and food security by developing systems for water transfer, river navigation, irrigation, generation of hydropower, promote sports tourism and fisheries. Sustainability of the project will be realized through sale of 700mw of electric power to the national grid, production of food and cash crops through irrigation of 180,000 ha of land. The dam will also have a capacity storing 5.5 billion cubic metric of water. The government has finalized feasibility studies, technical designs and drawing and now looking for investors to implement the project.

2.16.3 Munyu Multipurpose Reservoir and Kibwezi Irrigation Project

The project covers central and Eastern provinces. Its overall goal is food security and revenue generation. The feasibility study for the project is complete and when implemented will be expected to irrigate 13,000 ha of land and produce 40mw of hydro- electric power. The benefits of the project will arise from sale of the 40mw power to the national grid and production of food and cash crop.

2.16.4 Kiambere Solar Integrated Farm

The solar energy integrated farm under Tana and Athi River Development Authority (TARDA) will generate 30MW of solar energy and produce horticultural produce from rainwater for domestic market and for export. The farm will provide new opportunities for employment, opportunities for horticultural produce and capacity building for community in the region. The project is estimated to cost USD 357,000 to be implemented under PPP framework with expected return of USD 0.15 per KWH.

2.16.5 Magwagwa Multi-purpose Project

The project is to cover Kisii, Nyando, Nyamira and Rachuonyo districts in Nyanza provinces. The overall goal of the project is to spur economic development in the region in particular and the country in general by producing electric energy for socio-economic development, water for domestic and industrial use. It will also help conserve the environment. The expected outputs are 120 MW of additional hydropower, water catchments conservation (316,000 Ha), water supply to approximately 60000 households and 15,000 ha of irrigated land.

2.16.6 Nandi Hydropower Integrated Development Programme

The project is based in Yala River basin in Tinderet Division of Nandi District. The irrigation component will be in Kano, while water supply will traverse the project area. The overall goal of the project is poverty alleviation and sustainable development. The project is expected to produce multi-purpose water storage dam of 275 million cubic metres, 60 MW of electricity, irrigated 17,000 ha of land for rice/horticulture, supply of water to Kisumu Town and environs, enhanced industrial activities in the region, increased agro-businesses and agricultural processing, conservation of about 135,000 ha of catchment area and reduced flood problems in the lower reaches of River Yala.

Feasibility study, technical drawings and design have been completed and the Government is looking for investors for the project. The benefits are to come from revenues from sale of hydropower, water supply and agricultural produce.

2.16.7 Webuye-Teremi Multipurpose Project

The project will cover Bungoma East and Bungoma Central districts in Western Province. The overall goal of the project is poverty alleviation and rural industrial development. The expected output includes 32 MW of hydropower, conservation of 840,000 ha of water catchment area, improved water supply, increased fish production and 40 ha irrigated land.

2.16.8 Ewaso Ng'iro North Integrated Natural Resource Conservation Project (ADF)

The project covers the entire Ewaso Ng'iro North region and is being undertaken for six years since 2006/07 in order to contribute to poverty reduction through sustainable natural resources conservation and management at an estimated cost of KShs.2.5 billion. Its components are Water Resource Development and Management, Participatory Catchment Conservation and Project Coordination and Capacity Building. The project covers the entire Ewaso Ng'iro North region and is being undertaken for six years since 2006/07 in order to contribute to poverty reduction through sustainable natural resources conservation and management at an estimated cost of KShs.2.5 billion. Its components are Water Resource Development and Management, Participatory Catchment Conservation and Project Coordination and Capacity Building.

Expected outputs are: Rehabilitation and construction of 229 and 34 new water Pans respectively; Rehabilitation and establishment of 54 and 47 new boreholes respectively; Construction of 4 small flood water storage structures (50,000 cubic metres capacity); 73 roof catchments for schools, protection of 5 springs; Upgrading of 6 existing manual river gauging stations to automatic readings and establishment of 4 new automatic river gauging stations; Hydrological data collection from installation of 6 sub-meteorological stations; Support of agro-forestry and community fuel-wood plantations through private production of 2.7 million seedlings supplying 81,200 households for planting of an area of 700 ha, an additional 1300 ha of community fuel-wood; Protection of 24,000 ha of indigenous forests through participatory forest management; Enhancement of food security, focusing on support to beekeeping and gums and resins; Training of technical staff and targeted beneficiaries; Strengthening of participatory processes involving community-based demand-driven initiatives; Only 8.5% and 30% of the loan and grant components respectively implemented; Rehabilitation and construction of 229 and 34 new water Pans respectively; Rehabilitation and establishment of 54 and 47 new boreholes respectively; Construction of 4 small flood water storage structures (50,000 cubic metres capacity); 73 roof catchments for schools, protection of 5 springs; Upgrading of 6 existing manual river gauging stations to automatic readings and establishment of 4 new automatic river gauging stations; Hydrological data collection from installation of 6 sub-meteorological stations ;Support of agro-forestry and community fuel-wood plantations through private production of 2.7 million seedlings supplying 81,200 households for planting of an area of 700 ha, an additional 1300 ha of community fuel-wood; Protection of 24,000 ha of indigenous forests through participatory forest management; Enhancement of food security, focusing on support to beekeeping and gums and resins; Training of technical staff and targeted beneficiaries; Strengthening of participatory processes involving community-based demand-driven initiatives.

2.16.9 Integrated Mau Catchment's Conservation and Development

The project covers Narok North and South, Nakuru and Molo districts. The objectives of the project are to protect Mau forest as a water catchment, promote reforestation, diversify economic activities and promote development of eco-tourism facilities. The major output of the project will be reforestation of 10,000 ha of Mau forest, tree planting, 3 tea factories, 5 eco-lodges and 500 ha of commercial forestry.

2.16.10 Integrated Greater Mara Tourism Development

The objectives of the project includes promotion of diversified tourism products, investment in new tourism products and promotion of new tourist circuits to reduce pressure on the Maasai Mara National Reserve. The major output of the project includes diversification of tourism, branding of tourism products and circuits road network. This project is both sustainable and commercially viable.

2.16.11 Coast Development area Investment Opportunities: Tourism and other sectors.

Coast development offers investment opportunities in the following areas;

- Fisheries and Aquaculture: the resource is 680 KM coastline and 350 nautical miles EEZ and fisheries. Annual fish production is only 7,000 metric tons which account for only 5% of the total national fish production. Despite high demand for tuna products in the world market, there is only one canning factory in Seychelles and a small one in Mauritius, with none along the east Africa coast except a semi processing facility in Mombasa. Most of the tuna caught is therefore transshipped whole.
- Other opportunities exist in Prawn farming at Ngomeni; Cold storage and processing facilities at Lamu, Malindi and Shimoni; Boat making industry ;Aquaculture
- Island tourism by investing in amphibious vehicles to promote city concept, ecotourism and boat fishing to benefit 2.5 million people.
- High Value Star Rated Cruise Industry,
- 6,000 seater conference, conventional and exhibition centre in Mombasa,

- Resort Cities in two strategic sites in the coast region,
- Charter Flights,
- Water Sports,
- Development of free trade zone and freeport for trade and multi-use for both domestic and foreign direct investments,
- Cashew nut production and processing for exports in Kilifi,
- Fruit production & processing in Malindi, Kilifi and Kwale i.e. cashew nuts and mango production and processing
- Export/commercial slaughter houses and tanneries at Garsen and Maungu
- Bee keeping and Honey Refinery at Malindi
- Commercial ranching and animal breeding
- Sugarcane production in Ramisi area,
- Jetropha production for energy production,
- Bixa production and processing for food pigment and colouring
- Aloe Vera and Vanilla production.

Other investments include;

- Wildlife culture production for wild meat processing for local market and export to Europe.
- Animal production for meat processing and hides
- Mining of Limestone for cement manufacturing, Iron ore, Titanium in Kwale, Celica for sheet glass and Gemstones in Taveta
- Fish Processing Plants and other Sea food for export
- Fertilizer production
- Tana Delta Integrated sugar project
- Tana Delta Rice expansion project involves extension of 2000 Ha to 4000 Ha of land for Rice growing. It is estimated to cost USD 89.6 million.
- Integrated Mara Tourism project
- Nandi forest Multi-Purpose dam
- Northern Kenya Integrated Abattoir Development project which is expected to process 10 tonnes of meet per day while improving livestock marketing structures in the region.
- Wajir Integrated Development project with potential of generating 40 Mw of electric power, irrigation 2,000 Ha of land for agricultural use, supply water for domestic use and improve sewerage in the town.
- Sabaki River Integrated Development project to irrigate 6,000 ha of land for crop, livestock production and 100,000 trees planted as catchment conservation and bio-fuel
- Mwache dam Multipurpose Development project: the project will provide 1.536 million people and 20,000 livestock with clean water; generate 34 MW of power for sale to KPLC. 5,236 ha of land to put under irrigation, 3 million trees planted for catchment conservation and 100,000 employment opportunities to be created.
- Arror Integrated Development project. The project will generate 70Mw of power, irrigate 6000 Ha of land for improved food security, and conserve 18,500 Ha of land.
- Wei Wei Integrated Development project (Phase III)
- Lower Ewaso Ng'iro Integrated Development project

- Chalbi Desert Integrated Development Programme in Marsabit. The investment opportunity in the project includes generation of 100Mw of wind power and salt processing. The project will establish 20 water schemes and conserve fragile environment.
- Northern Kenya Cement Industry
- Lake Challa Integrated water Resource project: 300 ha of land to be put under intensive irrigation and to provide water supply to 20,000 households.
- Turkwell Multipurpose (Downstream Riverine Conservation and irrigation) project with the aim of irrigating land for food production and promote peaceful coexistence of those living around.

Lake Basin Development Authority has six major rivers flowing into Lake Victoria from the highlands in the Rift valley; these are Sio, Yala, Nyando, Sondu Miriu and Kuja. The river have immense potential for hydropower and irrigation development e.g Sondu Miriu Multipurpose Development Projects will generate 94.6 MW, Kuja River Multipurpose Development Projects will generate between 10 to 18 MW, Nandi Multipurpose Development Projects will generate 50MW of HEP, Moi's (Hemsted) Bridge Multipurpose Development Projects(Nzoia River) will generate 60 MW of HEP.

Other opportunities in LBDA are Kibos Rice Mills complex; Water Bottling plants; Instant Coffee factory (Robusta); Tannery; Fruit canning and vegetable dehydration project; Sugarcane production and processing industries; Granite stone production; Cement production; Utilization of clay resources e.g. clay drainage pipes, pottery, clay roofing tiles; Establishment of a cruise ship on Lake Victoria

2.17 COOPERATIVE DEVELOPMENT

Co-operative have played a critical role in the processing and marketing of major agricultural commodities, supply and distribution of farm inputs and services and mobilization of savings through Savings and Credit Co-operatives Societies (SACCOs). Given the strategic role played by the commodities and services dealt with by co-operatives in the overall economic growth and development of the Kenyan economy and society.

There are great opportunities for investors to partner with cooperatives in;

- Manufacturer and or blending of fertilizer for redistribution to farmer based co-operative societies.
- Development of biogas technology and encouraging individual members to go into biogas production where dairy farming is successful;
- Food and agro-processing and packaging to add value to primary agricultural commodities;
- Secondary processing of cotton and pyrethrum into higher value branded final products;
- Development of eco-tourism facilities in partnership with SACCOS and Co-opeative societies owning commercial plots and ranches in designated tourism circuits (Eldama Ravine, Kericho in the Rift Valley Province, Kisumu in Nyanza Province, Kakamega in Western Province and Nyeri, Kirinyaga, Meru and Laikipia in Central Province).

- Dairy development through establishment of milk preservation and processing facilities.
- Construction of resource centres that combines hotel rooms, library and small groups meeting halls, dining, cyber café, plenary hall and laundry mart, salon and gymnasium;
- Investment in motorized fishing vessels for deep sea fishing at the coastal marine resource, jointly with established fisheries co-operative societies; establishment of fish processing plants and provision of refrigerated vehicles;
- Value addition in coffee through processing into branded products for export and local consumption;
- Investment in co-operatives' managed marketing services, dipping and Artificial Insemination (AI) services to actualize Disease Free Zones for production of premium beef and animals;
- Investment in co-operatives managed medium and large scale farming and housing schemes;
- Improving access to agricultural credit: facilitation of SACCOSs to develop innovative financial products, facilitation of partnerships between SACCOs and marketing co-operatives for financing inputs and produce marketing; and
- Production and marketing of ICT software and hardware to encourage standardization and use of tailor-made packages.

2.18 LAND SECTOR

Land is the single most important resource that Kenya is endowed with. It is critical to the economic, social, political and cultural development. In order to ensure that land is held, used and managed in an equitable, efficient, productive and sustainable manner, the Government in partnership with investors has prioritized the following opportunities:

2.18.1 Development of the National Land Information Management System (NLIMS)

This is a computer-based information system that enables the capture, management, and analysis of geographically referenced land-related data in order to produce land information for decision-making in land administration and management. This will be achieved through establishment of a transparent, decentralized, affordable, effective and efficient GIS based Land Information Management System, digital mapping and modernization of land registry. It will also involve revamping the recording system, revising the land maps and computerization of land registries for effective service delivery.

Development and Operationalization of NLIMS provides an opportunity for investors to develop the system in a Public Private Partnership (PPP), Government to Government Partnership (GGP) way or as development consultants. The major areas for investment include:

- Safeguarding and digitizing of land paper records all over the country
- Establishing an electronic land records management system to manage the digitized records
- Development of National Land Information System databases
- Provision of infrastructure to link the field stations with the Ministry headquarters

2.18.2 Preparation of National Spatial Plan

This is a long-term framework to guide the sectroral integration and rationalization of the social, economical and territorial development of the country in a spatial context. It will cover the following areas but not limited to: agricultural development and food production; Commercial, industrial and infrastructural development; Human settlements development; environment and natural resource preservation; Natural heritage, cultural and strategic resources preservation; and land use information management, legal and institutional linkages. The plan will guide the development of the country in the next 50 years. Preparation of the National Spatial Plan provides an opportunity in consultancy as the Government develops this plan.

2.18.3 Establishment of Kenya National Spatial Data Infrastructure (KNSDI)

This is the technology, policies, standards and institutional framework that facilitates the easy availability of, access, sharing and dissemination of spatial data across all levels of Government, the academia and the private sector. It is very vital to the development of various sectors of the economy such as petroleum and minerals, forestry, agriculture, transportation and aviation, security and defence, tourism, census, health and water resources etc and also facilitates informed decision making for managing the environment, land reforms, taxation, drainage and flood control, disasters and others. This is therefore establishing a national repository of spatial data holdings and providing a mechanism to facilitate its access, sharing and dissemination. The opportunities of investment include:

- Development of large-scale spatial data framework (digital topographical maps) for major urban centres in the country
- Digitization and revision of Medium Scale Topographical Maps covering the whole country
- Modernization of the National Coordinate Reference Network
- Digitization of Land Registration Maps

2.19 HEALTH SECTOR

The government is in the process of finalizing Health Sector PPPs Strategy. The Strategy would provide a number of investment opportunities in health service provision involving a private sector partner having management control of public hospital in order to get return on investment at rate that does not hamper access. Other PPPs -related investment opportunities are telemedicine; referral or sharing of medical resources; local manufacture of generic drugs, adjusting products to meet unmet demand; creating new model for mobile; remote and home-based health care; and creating new opportunities around rapid penetration of mobile phone technology.

2.19.1 Make Kenya a regional health services hub

The Vision 2030 recognizes role of private sector in improving the delivery of health care in partnership with the public sector. With support of private sector, Kenya intends to become the regional provider of choice for highly-specialized health care, thus opening Kenya to 'health tourism'. The term health tourism includes spa and gym, naturopathy, yoga, meditation and many other mental and physical exercises and treatments that are beneficial for health and rejuvenation. Kenya has plenty of geothermal mineral water springs (in Rift Valley province and parts of Western province) whose mineral contents have the potential for the development of health spas to serve as curative centers as well as tourist attractions. The most significant hot water springs are found in the following places: around lakes Bogoria and Baringo. The two lakes are 345 Km from Nairobi and are within National Game Parks; around Lake Turkana which sits at the borders of Kenya, Ethiopia and Sudan; Olkaria and Eburu near Lake Nakuru which is famous for flamingos; and Simbi on the shores of Lake Victoria. The area is close to Maasai Mara Game Reserve renowned for its wildlife. Beside health tourism, there is medical tourism. Medical tourists are broadly defined as people who seek quality treatment abroad, or in a neighboring state where the cost is significantly lower, leaving them with enough money to tour the host country as part of their recuperation. Kenya is steadily catching up with development of new medical facilities; a local private hospital is already pioneering medical tourism in Kenya and has upgraded infrastructure and equipment, and is now able to perform, at a fraction of the cost, many procedures that previously could only be done in South Africa, the West or India.

2.19.2 Pharmaceutical and medical equipment manufacturing

The Kenyan pharmaceutical market is booming as a result of a growing population that is increasingly able to pay for better health services and pharmaceutical products. The health sector has experienced remarkable development in recent years with the country spending about 7% of the GDP on health. The rapid growth of the pharmaceutical market in the region has presented the need to increase quantity of production, and also increase the export ratio for quality products. More prospective opportunities lie in the expansion of product portfolio, search for new markets, and support for medical research. The rapid growth of the pharmaceutical market in the region has presented the need to increase quantity of production, and also increase the export ratio for quality products. Kenya is currently the largest producer of pharmaceutical products in the Common Market for Eastern and Southern Africa region, supplying about 50% of the region's market. Out of the region's estimated 50 recognized pharmaceutical manufacturers, 30 are based in Kenya. The industry has a strong multinational heritage, with many foreign firms maintaining significant operations.

2.19.3 Health services provision

The private sector's complements the government in improving access to health care. There are 6,190 health facilities in Kenya, 48% of these facilities are manned by government while 34% by private enterprises. In essence, the country has the largest private health care segment in the region and holds significant potential for financial returns. Opportunities can be found in inpatient and outpatient care, preventative care and diagnostic services. High end clinics that target growing middle and upper-income groups are especially profitable and provide high quality care that attracts patients as well as experienced staff. High volume, low cost hospitals usually located in high density areas targeting low income earners also offer high returns. Private hospitals can achieve local accreditation as training institutions for nurses, midwives and laboratory technicians; and large multidiscipline universities.

2.19.4 Market incentives for investment in health care

The country recognizes that collaboration and partnership between the public and private sector in health is an important guiding principle in the delivery of health services. Market incentives for private sector investment in health care in Kenya include: range of tax incentives, stable pro-investment government; business friendly reforms; large pool of skilled enterprising workers; strategic location as a financial, communication and transport hub; improved physical infrastructure; well established legal and regulatory framework; low cost of internet connectivity an undersea and terrestrial fiber optic cable infrastructure connecting Kenya to the world wide network, no foreign exchange controls; and capital repatriation, remittance of dividends, and interests are guaranteed to foreign investors.

2.20 PRIVATIZATION COMMISSION

Kenya also offers various other investment opportunities through its Privatization Programme. The Programme, which comprises of a set of approved transactions to which new transactions can be added or old ones removed upon approval by the Cabinet currently has 26 investments at various preparatory and approval stages. These investments, whose specific preparatory and approval status can be downloaded from the Commission's website (www.pc.go.ke) can be placed in various categories as follows:

2.20.1 Infrastructure:

Kenya Electricity Generating Company; Kenya Pipeline Company; Isolated Power stations; and Kenya Ports Authority (privatization of the Eldoret Inland Container Terminal, outsourcing of stevedoring services and development of Berths No. 11-14in Mombasa).

2.20.2 Tourism Sector:

Public Sector investments in hotels through the Kenya Tourist Development Corporation (KTDC) which include: Kabarnet Hotel; Mt. Elgon Hotel; Kakamega Golf Hotel Limited; Sunset Hotel Limited; Kenya Safaris and Lodges and Hotels Ltd. (KTDC- 63.44%) and various KTDCAssociated Companies.

2.20.3 FinancialSector:

National Bank of Kenya Limited; Consolidated Bank of Kenya Limited and the Development Bank of Kenya Limited.

2.20.4 Manufacturing and processing:

Chemelil Sugar Company Ltd; South Nyanza Sugar Company Ltd; Nzoia Sugar Company Ltd; and Muhoroni and Miwani Companies that are currently under receivership; Agrochemical and Food Corporation Ltd; Kenya Wine Agencies Ltd; East African Portland Cement Company Ltd; Kenya Meat Commission; the New Kenya Cooperative Creameries and Numerical Machining Complex.

CONTACT INFORMATION

For more information contact:
The Permanent Secretary
Ministry of State for Planning, National Development and Vision 2030
Treasury Building, P.O. Box 30005-00100, GPO, Nairobi, Kenya
Telephone: +254 00200 2252299 Ext: 33101 or 33238
Email: ps@planning.go.ke
Website: www.planning.go.ke

or

Managing Director
Kenya Investment Authority
P.O. Box 55704-00200, Nairobi, Kenya
Telephone: 020 2221401 – 4
Email: info@investmentkenya.com
Website: www.investmentkenya.com
Location: Kenya Railways Headquarters, Block D, 3rd Floor