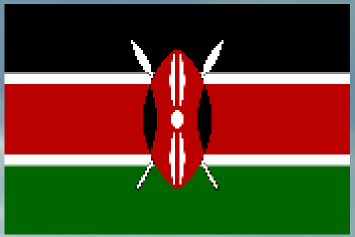


“The Big Four” – Immediate priorities and actions

Specific Priorities for the new term | December 2017

Contents

- **Manufacturing**
- Food and Nutrition security
- Health
- Housing
- Backup

Increase manufacturing to 20% of GDP

Manufacturing from 9.2% to 20% by 2022

	Detailed targets by 2022		Priority 2018 specific initiatives	Target by FY 2018
Textile/ apparel/ Cotton	$350m → $2bn 500,000 cotton jobs; New Apparel jobs 100,000	1	▪ Policy reviews for sector & incentives ▪ 5m sq ft of Industrial Sheds ▪ 200,000 ha of BT Cotton ▪ Train 50,000 youth & women	▪ $200M exports ▪ 10K apparel jobs ▪ 50,000 cotton jobs
Leather	$140M → $500m exports 50,000 New jobs 20m shoes made	2	▪ Train & set up 5,000 cottage industries ▪ Complete Machakos Leather park ▪ Change policies esp.in stopping imports ▪ Identify 3 other parks	▪ $70M exports ▪ 5,000 new jobs
Agro-processing	16% → 50% 1000 SME's 200,000 jobs	3	▪ Map tea, coffee, sugar, meat, dairy, crops value chains ▪ Develop warehousing and cold chain sites ▪ Progress Mombasa food hub concept	▪ $200M in value add ▪ 20,000 jobs
Construction materials	$ 470m → $1bn 10,000 New jobs	4	▪ Identify key housing components ▪ Identify manufacturers ▪ Buy Kenya policy (70% of total) for housing materials	▪ $30M output ▪ 2,000 jobs
Oil, Mining & Gas	Attract 1 global scale player in Mining value add	5	▪ Agree policy direction & Identify options for value Addition ▪ Attract International investors ▪ Refine vs crude export decision for oil	▪ Attract International investors
Iron & Steel	$1bn in new investments	6	▪ Develop Policy & incentive framework ▪ Establish coal & iron ore deposits ▪ Conclude JV with manufacturer ▪ Commit Govt share of at least 30%	▪ Sign agreement with 1 global JV investor

Increase manufacturing to 20% of GDP

		Detailed targets by 2022	Priority 2018 specific initiatives	Target by FY 2018
Manufac-turing from 9.2% to 20 % by 2022	ICT	Phone, laptop, TV assembly plants 5 BPO players 10,000 jobs	7 ▪ Implement Kenya Industry & Entrepreneurship Project ▪ Computer, light electronics & IT related parts assembly/ manufacture ▪ Strengthen Innovation Ecosystem (Incubators & Accelerators)	▪ Attract 2 BPO players (jobs 1000) ▪ Sign at least 2 investors for elec-tronics assembly
	Fish Processing	$ 20m fish feed Mill investment 20,000 jobs	8 ▪ Identify 2 aquaculture investors ▪ Identify key local/ foreign investors to invest in fish feed mill ▪ Develop blue-ocean policy with MOLAF ▪ Designate acqua-culture SEZ in Lake victoria	▪ Attract 1 fish feed mill investor ▪ Attract 2 processors to invest in Marine and Fresh water fish processing
Overall enablers	Doing Business	$ 350m → $4bn DB rank 80- 50	1 ▪ Operationalize investment council under HE ▪ Doing Business rank to 50th from 80th globally	▪ $ 300m investments secured
	Industrial parks/ Zones	$ 0m → $3.5bn 50,000 New jobs	2 ▪ Start Naivasha park or Dongo Kundu SEZ's infrastructure ▪ Identify and procure 3 parks along SGR	▪ Break ground Naivasha or Dongo Kundu
	SME's	11.8% → 20%	3 ▪ Policy change finalized along USA SBA Act & national policies ▪ Enhance SME's Development funds by $500m + guarantee schemes ▪ Merge various govt funds to form Biashara bank	▪ Alignment with SBA Act ▪ National SME master-plan ▪ Biashara Bank formed

Increase manufacturing to 20% of GDP

Overall enablers

	Detailed targets by 2022		Priority 2018 specific initiatives	Target by FY 2018
Market Access	▪ Grow exports by 20% annually	4	▪ Embed Kenya 1st Policy on EAC ▪ Set up Kenya Exim Bank ▪ Establish new markets; China, India etc ▪ Operationalize Export Strategy	▪ Grow exports by 10% ▪ Strengthen Trade facilitation program ▪ Revamp Export Promotion Council& Anti-counterfeit Agency
Standards	▪ Tighten import rules for finished goods(priority sectors “lock-down” ▪ Domesticate PVOC program for M/vehicles ▪ Kes.6bn in local revenue ▪ Support 10,000 SMEs on export standards	5	▪ Establish a Govt owned Motor- Free Trade Zone in Msa targeting 100k vehicles ▪ Train 500 inspectors for MV center	▪ 1,000 direct jobs ▪ Support 2,000 SME’s on standards

Support required to deliver priority initiatives

	Support needed
1 Apparel -Athi River industrial sheds (5m sq ft) & Cotton	▪ Treasury- Supplementary budget; xbn - Devpt facility Kes. xbn ▪ Energy - Power at \$ 0.04 ▪ Interior - Work permits @ Zero cost ▪ Transport- \$x Nbi- Msa SGR Tariff ▪ Labour - Train 50,000 women & youth
2 Kenya Leather Park Machakos	▪ Treasury- Supplementary budget ▪ Roads- 30kms of roads ▪ Energy- power station ▪ Water
3 3 Leather parks (leather); SME Tools	▪ Lands – provide 200 acres each for park ▪ Treasury- Provide budget
4 New investment Council	▪ AG- legislative support ▪ Presidency- Framework
5 SME tool Kits- NMC, Flaying kits abbattoirs	▪ Treasury- Supplementary budget
6 Standards & Motor vehicle FTZ- Msa	▪ Lands- avail 100 acres ▪ Treasury – avail funds
7 ICT/ BPO policy	▪ ICT Ministry to develop policy

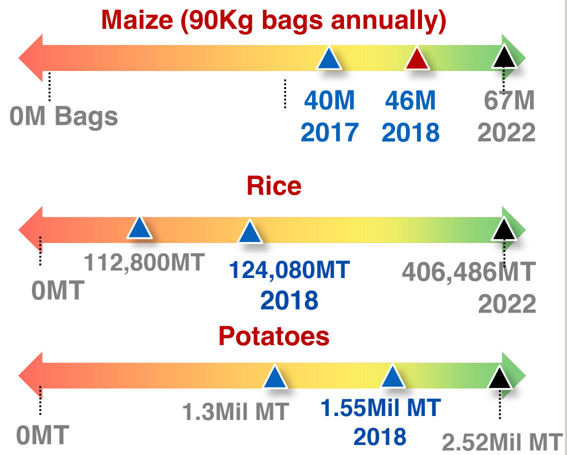
The support required to drive these initiatives

	Support needed
8 Naivasha Industrial Park	▪ Treasury / Lands- Supplementary budget to acquire land + master planning Kes. xbn ▪ Energy - Power at Kes.xbn for 11 KvA ▪ Transport- 20kms roads @ Kes.xbn ▪ Energy- Kes xbn ▪ Water- Kes. xbn
Dongo Kundu	▪ Transport- DK squatters Kes.xbn; Dredging Kes.xbn ▪ Treasury- DK TA on Developer Kes.xm; xm SEZ Authority ▪ Energy Kes.xbn
3 SGR parks	▪ Lands- SGR parks- Kes xbn to acquire land
9 Fish processing	▪ MOALF- Blue Ocean Policy ▪ Treasury- Aquaculture Incentives

Contents

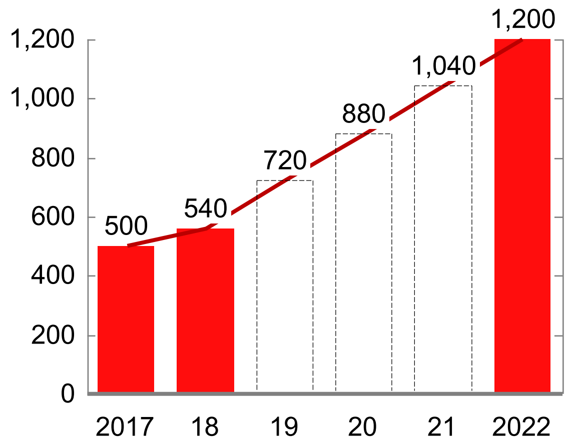
100% Food and Nutrition Security commitment:

Food availability – maize, rice and potatoes



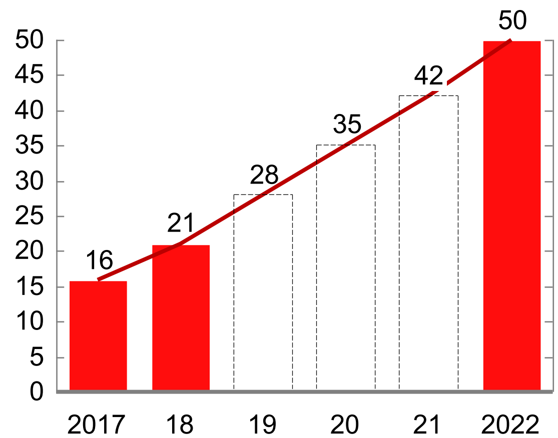
Land under irrigation

'000 Acres



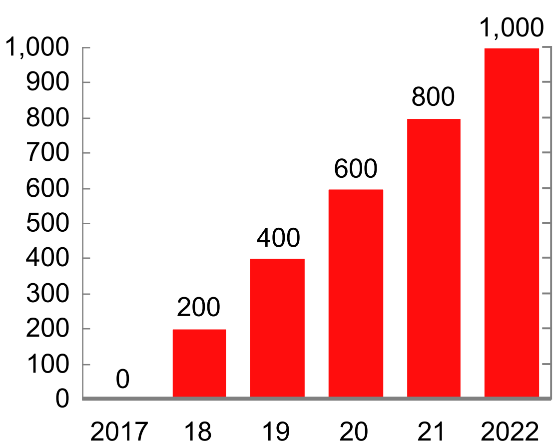
Small holder production & value addition

% of agricultural production and exports



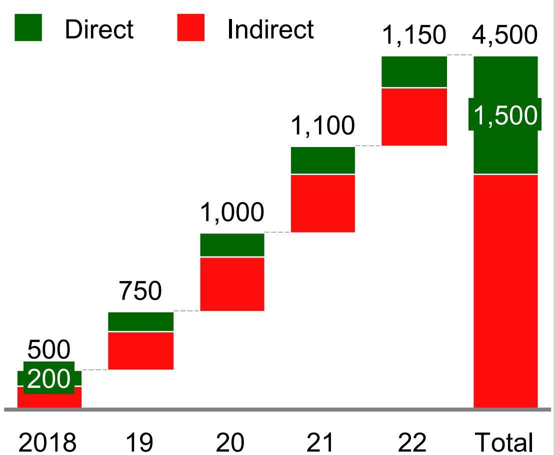
1000 Production SMEs

No. of businesses



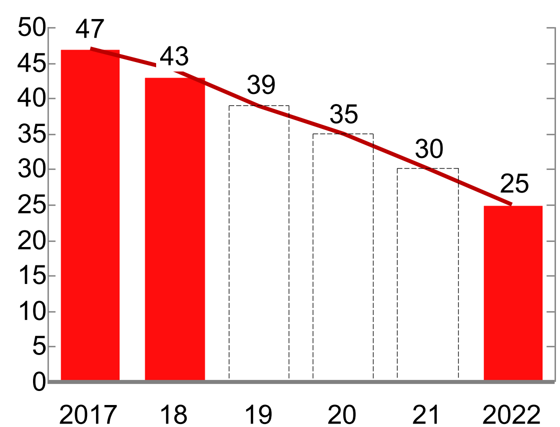
Jobs created

'000



Affordability

Cost of food as a percentage of income



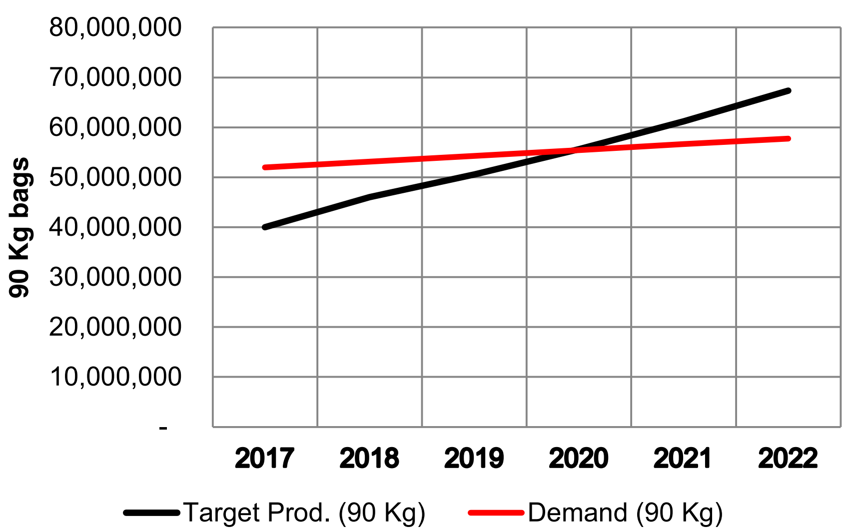
100% Food and Nutrition Security : Maize, Rice

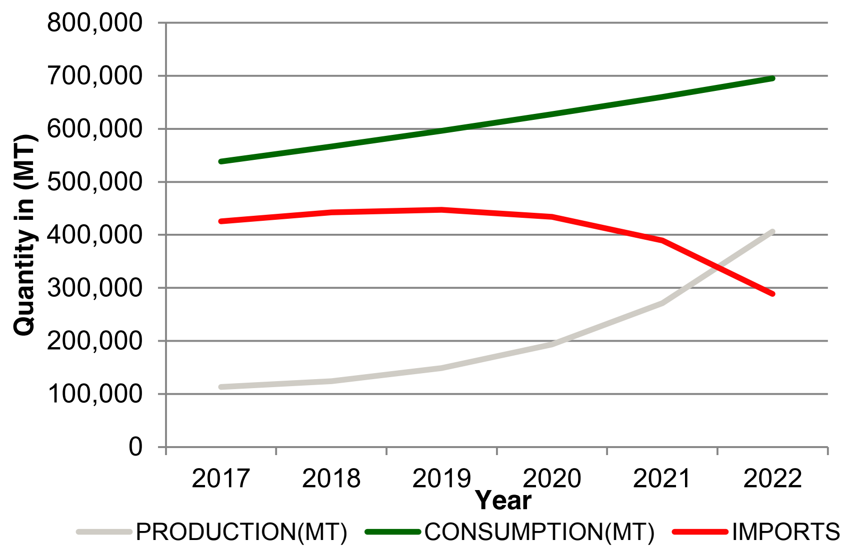
Maize

	2017	2018	2019	2020	2021	2022
Target Prod. (90 Kg)	40,000,000	46,000,000	50,600,000	55,660,000	61,226,000	67,348,000
Demand (90 Kg)	52,000,000	53,156,000	54,311,000	55,466,600	56,622,000	57,770,000
Gap (Imports)	12,000,000	7,156,000	3,711,000	(193,400)	(4,604,000)	(9,578,000)
Ave Retail Price (Ksh per 2 Kg Gorogoro)	79.12	71.28	67.7	64.3	61.1	58
Ave retail Price (Ksh per 2 Kg flour pack)	135	108	102	98	95	90

Rice

	2017	2018	2019	2020	2021	2022
Production (MT)	112,800	124,080	148,896	193,565	270,991	406,486
Consumption (MT)	538,370	566,634	596,099	627,394	660,332	694,999
Imports	425,570	442,554	447,203	433,829	389,341	288,513
Price Ksh. per Kg Pishori	140	130	125	120	110	100
Price Ksh per Kg IR rice	100	95	90	80	75	70





New and innovative initiatives that will drive 100% food and nutrition security over the next five years

Focus areas	Detailed Initiatives	Target 2018
1 **Enhance large scale production**	▪ Place **additional 700,000 Acres through PPP** (including idle arable land) under maize, potato, rice, cotton, aquaculture and feeds production.	2.76 Million bags (52,000 Acres)
	▪ Form an Agriculture and Irrigation Sector Working Group **(AISWAG) to provide coordination for irrigated Agriculture**	March
	▪ Use **locally blended fertilizer** on a 50/50 basis and **implement liming** e.g maize.	1 Million bags
	▪ Avail **incentives for post-harvest technologies** to reduce post-harvest losses from 20% to 15% e.g **waive duty** on cereal drying equipment, hematic bags, grain cocoons/silos, fishing and aquaculture equipment and feed	2 Million (Maize)
2 **Drive small holder productivity**	▪ **Establish 1,000 targeted production level SMEs** using a performance based **incentive model** in the entire value chain	200SMEs by December
	▪ Improve access to credit/input for farmers through **Warehouse Receipt System** and **strengthen commodity fund**	500K farmers access credit
	▪ **Establish commercialized feed systems** for **livestock, fish, poultry and piggery** to revolutionize feed regime and **traceability of animals**	10 PPPs negotiated & actioned
	▪ Establish **East Africa's Premier food hub**, secure **investors to construct a Shipyard** (in 2018 – site existing) and increase **domestic fishing fleet by 68 Vessels** in the Coast.	1 Foodhub Investors secured 10 fleets in place

New and innovative initiatives that will drive 100% food and nutrition security over the next five years

Focus areas	Details	Target 2018
3 Reduce cost of food	**Contract farmers for Strategic Food Reserve** and other commercial off-takers	300,000 Bags
	Redesign subsidy model to maximize impact by focusing on specific farmer needs (flexible voucher and incentive based model)	New Model in place & piloted
	Secure investments through PPP in **post-harvest handling** (storage, cold storage for fish, aggregation) and **market distribution infrastructure to reduce losses** (by Dec 2018)	2 seed potato stores 1 potato ware store 3 fish storage
	Eliminate multiple levies across counties in the agriculture value chain (enforce laws on roads)	Roads levy enforced

The support required to drive these initiatives

1 Enhance large scale production

▪ New land under irrigation	▪ 40,000 Acres from Bura, Hola, Galana (Min. of Water) ▪ Legislation on irrigated land under every constituency, and legislation to halt sub-division of land (Attorney General)
▪ Contract farming for SFR & commercial off-take	▪ PPP Framework (Treasury)
▪ Locally Blended Fertilizer – 50% and Lime of 250,000 Acres in TranzNzoia	▪ Blending, PPP Unit support (Treasury), ▪ Liming legislation, (Attorney General)
▪ Post Harvest Technologies	▪ Duty Waiver - including duty free on Farm Equipment cereal drying equipment, hematic bags, grain cocoons/silos and feeds (Treasury)
▪ Cold Storage for fish, produce and seed	▪ PPP Framework (Treasury)
▪ Idle Public land availability	▪ Land from Regional Development Authorities (RDAs) ADC and KALRO: Land Use legislation, land bank (Min. of Lands, Attorney General)
▪ Phytosanitary and standards (Potatoes)	▪ KEBs to develop new standards (Ministry of Industrialization)
▪ Enforce all critical agricultural regulations	▪ Gazette Crop regulations (coffee, tea, sugar, pyrethrum, cotton), enforce marine fisheries regulations and Fisheries ACT (30% landing) (Att General)

2 Drive small holder productivity and agro-processing

▪ Establish 1,000 targeted production level SMEs	▪ Strengthen Commodity fund & special incentives for SMEs (Indust/Treasury)
▪ Revolutionize feed regime	▪ Duty waiver on all feed inputs (Treasury)
▪ Enforce regulations and legislation	▪ 8 Crop sub-sector regulation, Food and Nutrition Security Bill 2014 and Warehouse Receipt Bill 2016 (Attorney General)

3 Reduce cost of food

▪ Affordable Energy	▪ 50% Cost Reduction on Power, levies on Ag. Fuels (Min. Energy) ▪ Availing power to production units (Min. Energy) ▪ Investment in Renewable energy - PPP (Treasury)
▪ Tax Reduction / Relief	▪ Duty Waiver - farm equipment/machinery, cereal dryers, hermatic bags, grain cocoons/silos, fishing and aquaculture equipment, and feeds (Treasury)
▪ Incentives for Storage, aggregation	▪ PPP Unit Support (Treasury), Cooperative Model (Industr.)
▪ Market Infrastructure & distribution	▪ Roads in the ASAL Regions (Infras.), ICT capacity for farmers and distributors, ICT Infrastructure to improve connectivity (Min.of ICT) ▪ Enforce legislation on roads to curb multiple levies (AG/Min.of Infras.)

Resource required to drive food and nutrition security (in Millions)

Focus areas | **Details**

1 Enhance large scale production

Intervention	2017/18	2018/19	2019/20	2020/21	2021/22
Additional Land	5	7	10	20	30
Local Blended fertilizer (50/50)	2500	2500	2500	5000	5000
Potato Seed Production	30	30	30	30	30
Mechanization (potato, rice)	450	255	60	65	70
Liming	2500	5000	3000	3000	3000

2 Drive small holder productivity

Intervention	2017/18	2018/19	2019/20	2020/21	2021/22
1000 SMEs	40	70	35	35	35
Commercialized feed Systems	10	5	5	5	5
Food Hub	38	100	10	100	20
Shipyard	5	60	5	60	10
Potato processing factory	200	800	10	10	10
Lake victoria fish landing sites	53	85	84.5	100	120

3 Reduce cost of food

Intervention	2017/18	2018/19	2019/20	2020/21	2021/22
SFR (Contract Farming)	5	1000	1500	2000	2500
Redesign subsidy model	10	5	5	5	5
Cold Storage (Potatoes)	100	300	200	200	200
Cold Storage (Fish)	20	200	300	200	200
Enforcement of laws & reg.	30	50	20	20	20
Grand Total	**5968**	**7992**	**9770**	**15,845**	**12,245**

Legislation support required

- Enact legislation to make soil liming mandatory -2018
- Enact legislation to cap the cost of leasing land- to attract private/foreign investors
- Enact legislation to halt further subdivision of arable land
- Enact Warehouse Receipt System Bill 2016 – **April 2018**
- Enforce Fisheries Management and Development ACT
- Enforcement of the Road legislation to eliminate multiple levies across Counties.
- Food Security Bill, 2014
- Legislation to stimulate water harvesting across the Country
- Legislation on irrigated land for each constituency
- Legislation on caged fish farming
- Enforcement of Agriculture regulations - Crops(Tea, sugar, potatoes)
- Restoration of commodity levies to beef up commodity fund.
- Regulations on Commodity levies – sugar

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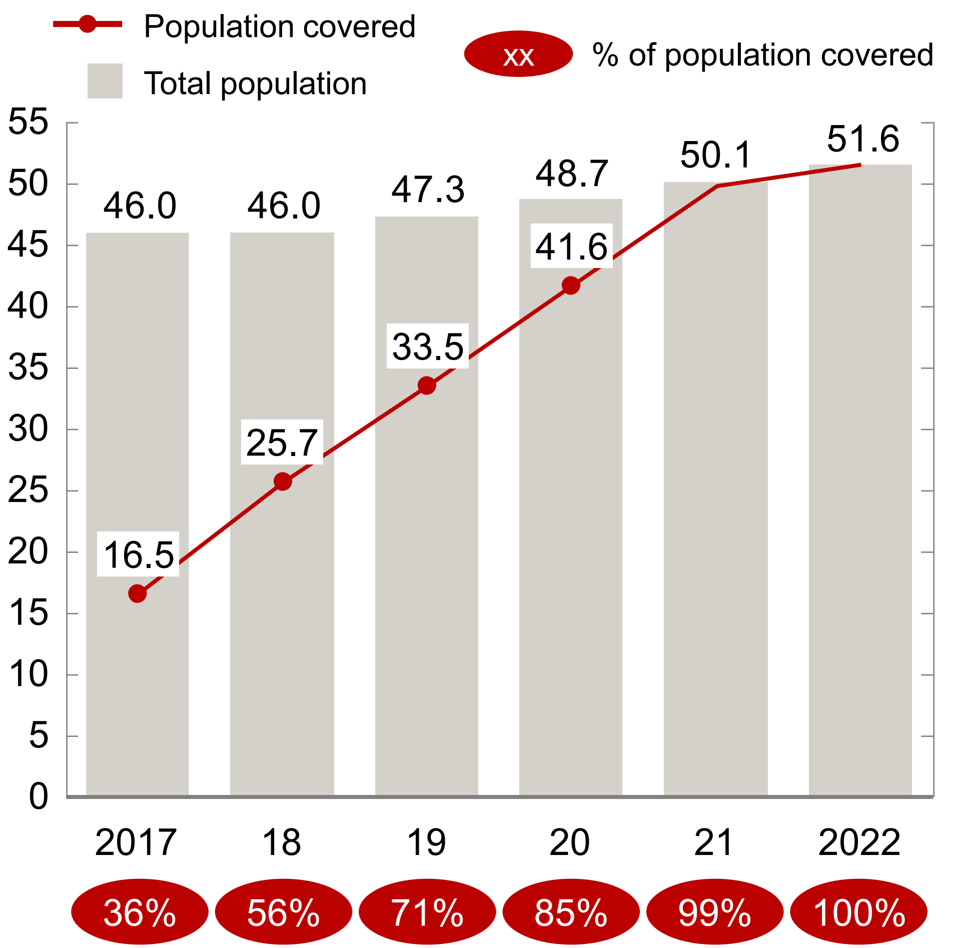
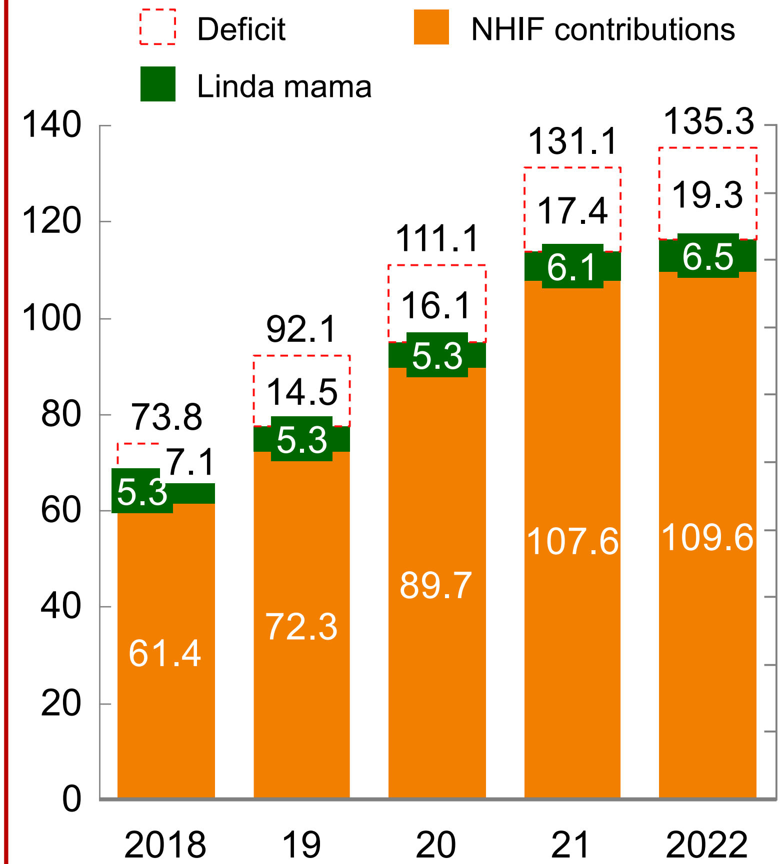
- Manufacturing
- Food and Nutrition security
- **Health**
- Housing
- Backup

Achieve 100% UHC by scaling up NHIF uptake

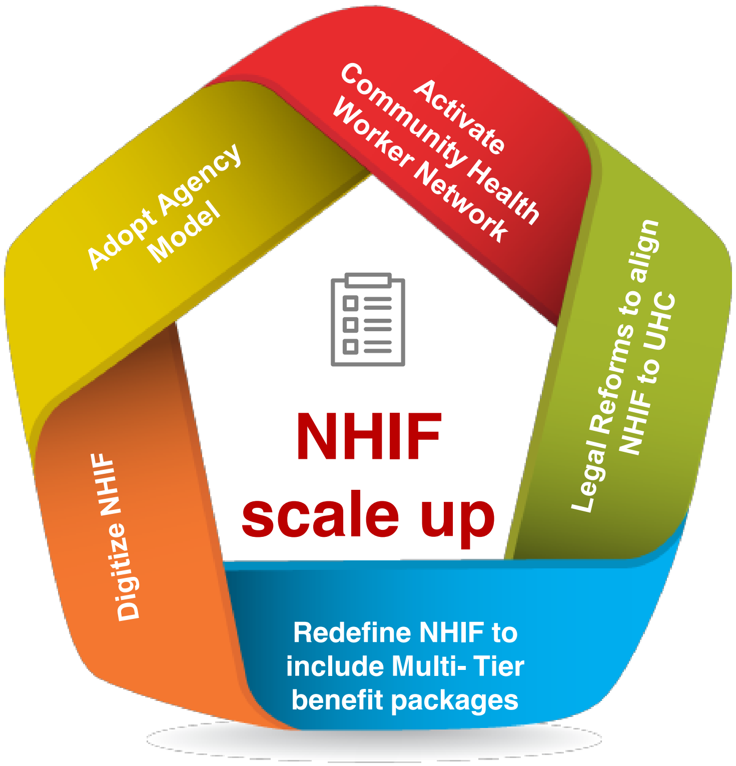
Population and NHIF coverage, M



Financial outlay, KES B

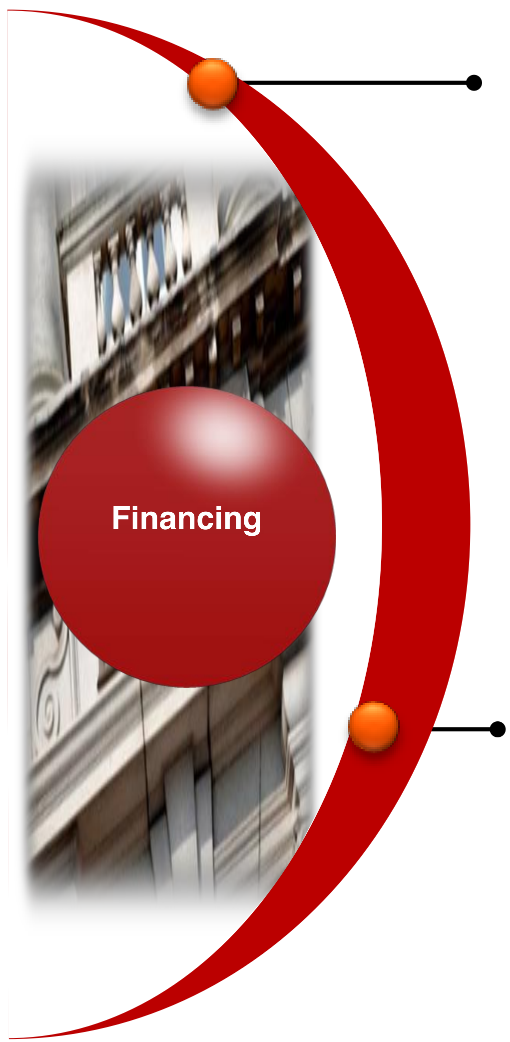


Five innovative initiatives will drive NHIF scale up



Priority 2018 initiatives	Target by Dec 2018
Driving up NHIF uptake 1. Enlist 37,000 banking sector agent network: 4 banks, 3 mobile telecom networks ▪ Ajira Agents platform (95,000) ▪ Leverage on- Self Help groups, SACCOs ▪ Religious organizations for advocacy 2. **Enlist 100,000 Community Health Volunteers** to each recruit 20 households per CHV	▪ **25. 74 M Kenyans covered from 16.5 M** – (9.9M from 6.8 M Contributors : Formal sector 3.8M, Informal sector 4.7M, Elderly 1.0 M, Disabled 5,000 and Indigents Households 350,000)
3. Align NHIF act to UHC, group insurance, multi-tier benefit package ▪ Review IRA act to increase uptake of Private Health Insurance to cushion NHIF	▪ New governance structures ▪ **Employer contributions to NHIF** ▪ Bring on board pensioners ▪ Mandatory coverage for informal sector
4. **Launch segregated multi-tiered** package	▪ **Tiers defined and operational** – **Bronze**: Affordable outpatient and inpatient – **Silver**: Outpatient and inpatient including specialized treatment – **Gold**: Premium outpatient and inpatient
Digitization of NHIF 5. Create customer friendly processes (Registration and Claims) ▪ Improve productivity and reduce costs	▪ Overhead costs reduction by 3% (from 17% - 14%) ▪ Faster online registration ▪ Efficient claim processing

Financing options to bridge the gap



	Priority 2018 initiatives	Target by Dec 2018
New financing	▪ Gradual increment of budgetary allocation to health (from 7% in 2017 to 10% 2022)	▪ Increased budgetary allocation for health to **8% in 2018/19 FY**
	▪ Introduce Robin-Hood taxes on high value RTGS, mobile money transfers, and airfares	▪ Fully operational Robin-Hood tax on the select items and **KES 4B** collected by Dec 2018
	▪ Dedicate a percentage of Excise duty and Sin tax to health	▪ **KES 8.085B from excise tax** – Tobacco 12.23B X 30% → **3.6B** – Alcohol 25.7B X 15% → **3.85B** – Gambling 3.5B X 15% → **0.5B** – Jewelry, cosmetics & locally assembled cars 903M X15% →**135M**
Adopt new low cost service delivery models	▪ eHealth- for telemedicine ▪ mHealth ▪ eHubs collection and dissemination of information	▪ Two National Data Centres (NDC)/ Radiology Hub (KNH, MTRH) established ▪ Paperless referrals system, improved access, increased efficiency, reduced cost, bridged HRH gap, and standardized quality

The support required to drive these initiatives

NHIF scale up and reform	Support needed
1 Legal Reforms to align NHIF to UHC	
▪ Align NHIF to UHC ▪ Redefine NHIF to include Multi- Tier benefit packages ▪ Review IRA and RBA Act to set Private Health Insurance as primary and NHIF as secondary insurer for the formal sector ▪ Amend the CARA to ring-fence health funds at County level (changes to the PFM Act)	▪ Review and amend NHIF Act ▪ Policy change to make contributions from **employers, pensioners and informal** sector mandatory (Treasury) ▪ Legal support to review RBA and IRA Acts (Treasury) ▪ Legal support to change the PFM Act (Treasury)
2 Additional financing from Treasury	
▪ Dedicate a percentage of Excise duty (tobacco, alcohol, gambling, Jewelry, cosmetics & locally assembled cars) ▪ Introduce Robin-Hood tax on high value **RTGS, mobile money transfers**, and **airfares**	▪ Progressively increase funding from 7% to 10% by 2022 ▪ Launch and operationalize health focused Robin-Hood tax on select areas

Collaborations required

National Treasury
Financing, legal reforms on IRA, RBA
Public Private Partnership (PPP)

Labour
Human resource , registration of pensioners, elderly and indigents

State law
Legislation and amendment of Acts

Interior
Mobilization and sensitization of communities to advocate for NHIF uptake

Devolution
County Engagement on health coverage priorities

Education
Mobilization and enforcement of NHIF registration through schools and colleges
Capacity building of Human Resources for Health

ICT
Ajira network
Infrastructure & innovation

Water
Safe water and improved sanitation

Agriculture
Food and Nutrition security

Energy
3 phase power, stable and reliable power supply

Universal Health Coverage: 100 Day Plan

Quick wins that HE can announce on Dec 12

Our commitment for the next 100 days

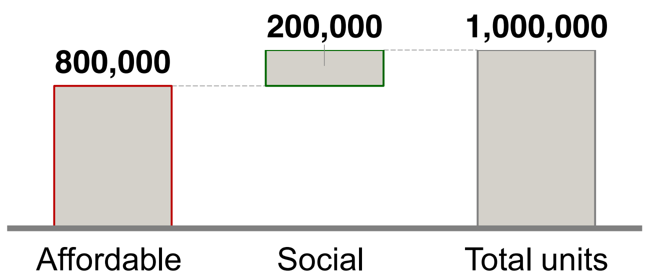
- Provide NHIF cover for 1.04[1] Million elderly (>70 years old)
- Launch multi – tier insurance plan (incl. NHIF scale-up)
- CT scan equipment for 37 hospitals
- Commissioning of the new 2,000 bed MTRH
- Launch of HICT operations centre at KNH

1 Criteria to exclude wealthy and financially able elderly Kenyans

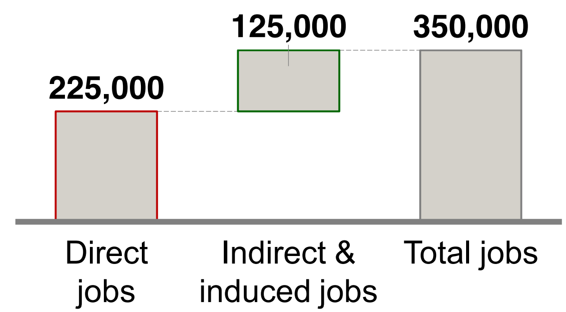
Contents

Key Metrics on the 1 M homes programme

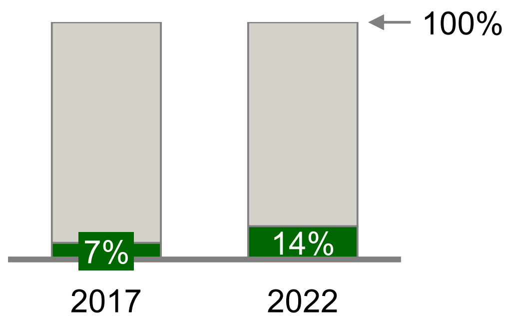
1 million homes



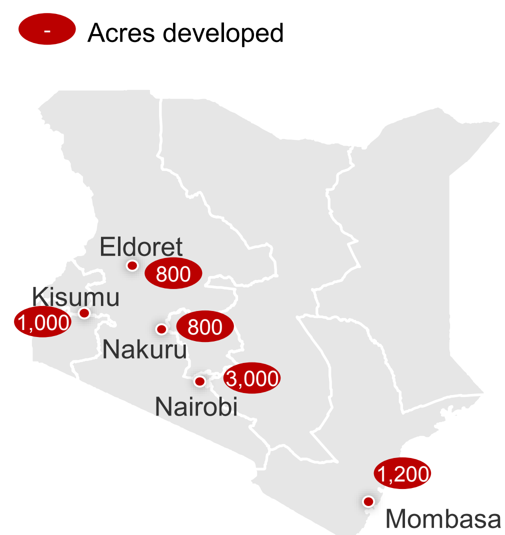
350.000 jobs



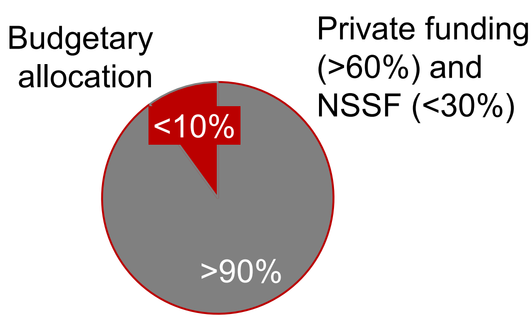
Real estate & construction sector contribution to GDP



~7,000 acres developed in 5 cities



<10% of funding from budget



The 1 M homes program combines innovative ideas on all dimensions

1 Demand driven master plan

- All GoK supported housing developments target known demand (affordability, type, location)
- No single development ends up as ghost town

2 Land at right location

- Public land use
- Max 5km from employment
- Joint zoning and urban planning with county governments

3 Low construction cost

- Government negotiated scale discounts for input materials
- Development of local construction technology sector
- Design to value & fast project delivery




4 Affordable home buyer financing

- Line of credit
- Kenya Mortgage Refinancing Company
- Multi-generational mortgages & extension of background check to cover informal sector
- Incentives for First Time Home Buyers

5 Supportive ecosystem

- Fast permitting and transfer of titles
- Fast-track PPP process
- Delivery units between county and national elvel

6 Innovative developer financing

- PPP models, e.g. land swap
- NSSF balance sheet
- Off-plan sales through regulated escrow accounts

7 priority initiatives will drive this program (1/2)

Priority 2018 initiatives	Target by Dec 2018
1 Develop demand-based master plan for social and affordable housing (appendix 1) – Match supply and needs of target group (appendix 2) – Create business cases for both social and affordable housing projects to align activities across initiatives	– Finalized masterplan by Q1 (National Treasury – NT, MoE, AG, MoI)
2 Unlock land for development – Establish the land bank – Identify public land against affordable housing targets (e.g. land swap with PPP developer) – Create incentives for private land owners or idle land tax (appendix 3)	– Land bank established by Q2 (MoL, NLC, AG) – Land availability not bottleneck for fast ramp-up of program (MOL, NLC, AG) – New legislation on private land incentives or tax passed by Q4 (MoL, NLC, AG)
3 Use scale to reduce construction cost (appendix 4) – Negotiate low rates for key construction inputs for participating developers – Design to value and standardize design elements – Attract investments into construction technology	– Rates for first construction inputs negotiated by Q1 (MoI, AG) – Guidelines with potential to realize 15-25% capital savings developed by Q1, and in use as basis for PPP bidding processes by Q2 (NT) – At least 2 MOUs signed on new investment deals into construction technology by Q2 (appendix 5) – (MoI, AG, NT)
4 Scale-up developer capacity and financing – Establish PPP arrangements e.g. land swaps to attract developers (appendix 6) – Selectively use NSSF balance sheet for financing	– PPP arrangements finalized by Q4 e.g. for Portland 1 (NT, AG) – NSSF financing on balance sheet e.g. 55 acres in Mavoko by Q1 (NT, AG, MoL)
5 Grow mortgage finance market – Arrange a credit line (e.g. with WB or AfDB) for providers of long term mortgages – Set up the Kenya Mortgage Refinancing Company (KMRC) to manage low cost liquidity for mortgages – Work with banks to expand offering to informal sector through new background checks	– Credit line arranged and signed with partner institutions by Q3 (NT) – KMRC incorporated by Q1 to begin operations in 2019 (NT)

7 priority initiatives will drive this program (2/2)

Priority 2018 initiatives	Target by Dec 2018
6 Ensure a supportive ecosystem – Ensure fast public processes, e.g. permitting or transfer of titles – Review PPP framework to allow for faster process – Enact rules on staged off-plan payments to support developer financing – Reduce admin burden and costs, e.g. eliminate stamp duty for first home owners – Align county development plans, zoning and location selection, and public infrastructure spending (schools, access infrastructure)	– Public processes that create highest pain for developers identified, processes improved by Q3 (MOL, AG, NT, MoI) – Relevant legislations passed by Q3 (appendix 7) (AG, NT) – Budgetary reallocations for off-site infrastructure by relevant MDAs by Q1 (MoE, MoW, State Departments for Infrastructure, Transport and Public Works)
7 Launch projects to create momentum (appendix 8,9) – Start social housing program, supported by allocations from the Unclaimed Financial Assets (UFA) – Develop 55 acres in Mavoko – Develop PPP for Portland land – Manage interfaces (e.g. timeline for last mile connectivity infrastructure & project completion) in delivery units – Redevelopment of old estates	– Allocations of KES 4bn from UFA for social housing by Q2 (NT) – 19,000 units under construction for social housing i.e. Kibera, Mariguini and Kiambiu by Q4 – Ground breaking for Mavoko 55 acres by Q1 – PPP arrangement for first phase of Portland finalized by Q4 (NT, AG, MoI) – Redevelopment of old estates to achieve ~100,000 units to start by Q4 (County Government of Nairobi)

What support is required?

	Support requested
a Public land transfer	— **Land transfer to the land bank by Q2** – Portland, Prisons, Railway land (Ministry of Lands, National Treasury)
b Legislative approval	— **Operationalization of the NSSF Act of 2013** to increase contributions from current KES 400 to KES 1080 (AG), Ministry of Labour — **Amendment of the RBA Act to allow NSSF invest > 30% in real estate (AG, Ministry of Labour)** — **Amendment of the Stamp Duty Act** to **exempt first time home owners (AG)** — Approval of the idle land tax (AG) — **Review of PPP act** to allow fast-track process for pre-defined models or cases (Treasury, AG) — Reduction in the property transfer costs for social and affordable housing (Treasury, Ministry of Lands, AG)
c Allocation of funding for supporting infrastructure e.g. power, roads, water	— **Amount for Mavoko pilot to be determined once estimations by relevant agencies is complete** i.e. Power, Water, Roads (Treasury) — Other projects to determine once defined
d Financing of 55 acres pilot project in Mavoko and 1,000 acres NSSF land in Mavoko by NSSF on balance sheet	— **Direct NSSF to finance the 55 acres and 1,000 NSSF land Mavoko** on balance sheet (Ministry of Lands, Ministry of Labour, National Treasury)

Contents

There is a significant opportunity to develop primary and secondary agro-processing across many sectors

① Production	② Primary processing	③ Secondary processing	④ Tertiary processing
	Washing and cleaning, preparing, basic milling	**Packaging, crushing, grinding**	**Transformation, higher value add, food science**
Dairy	▪ Capacity for pasteurization for local market, opportunity to serve regional market	▪ UHT filling for local market, opportunity to serve regional market	▪ Production of yoghurt, cheese, opportunity to service regional market
Tea	▪ Adequate cleaning capacity	▪ Packaging for export and domestic done locally	▪ N/A
Coffee	▪ Adequate cleaning capacity	▪ Roasting, grinding for export done locally	▪ N/A
Rice	▪ Paddy rice cleaning by cooperatives	▪ White rice as staple for local market, growing regional market	▪ Limited processing E.g., rice powder
Grains/cereals	▪ Capital intensive for flour production	▪ Bread production for local market, growing regional market	▪ Limited production of pasta etc.
Fruits/vegetables	▪ Lack of processing capacity – huge potential	▪ Packing, canning, cold chain challenges, high quality standards	▪ Complex science requires investment
Livestock	▪ Inputs expensive, unreliable supply, sent abroad for processing	▪ Limited value add processing	▪ N/A

Challenges across the value chain- Cotton

Cotton production

Cotton farming → **Ginning[2]**

- Lack of **appropriate seeds and inputs,** i.e. fertilizer
- **Introduce BT cotton seeds** urgently to improve productivity.
- **Poor access to capital**
- Limited ability or incentive for producers to **differentiate by quality**
- **Managing environment & commercial risk**

Textile manufacture

Spinning → **Weaving & knitting** → **Dyeing & finishing**

- **Shortage of sufficient quality cotton**
- **High cost of doing business, including:**
  - **essential utilities** (e.g., electricity, water, transport, work permits)
  - **Labour,** especially when compared to neigbours (e.g., Ethiopia)
  - **Rent**, including in EPZ
  - **Mitumba**
- Non-standard **operating procedures**
- **Accessories and other imported inputs** slow and expensive to source
- Difficulty accessing **finance at international cost**
- **Upgrading existing technology**

Garment manufacture Basics, seasonal, fast fashion

Garment production → **Distribution**

- **Basics: Insufficient automation** in garment production to enable high volume processing
- **Seasonal: inferior technical capabilities** to meet international buyer expectations
- **Fast fashion:** Slow and expensive **logistics/ transport** to reach end markets; **difficulty in accessing key inputs** (e.g. buttons) due to high tariffs and customs delays
- Availability of trained workforce

Challenges across the value chain-Leather

	Challenges
Livestock	▪ **Low productivity** as livestock raised by smallholders ▪ Hides are only produced as by-product
Slaughter	▪ Most slaughter conducted at **sub-standard facilities with a shortage of skills** – 60% of skin defects caused during slaughter process – 25% of skins lost entirely at this stage
Skins and hides trading	▪ Large network of **informal traders** collect skins ▪ **No timely logistics** to get skins to tanneries ▪ **Increase in smuggling** due to new export tax
Tanning	▪ **Only 11 tanneries country-wide** (vs. 27 in Ethiopia) ▪ **Lack of trained personnel** contribute to low quality ▪ **Little to no branding** in global marketplace
Leather manufac-ture	▪ **Skin defects** from ticks, thorns, and husbandry practices ▪ **Lack of quality facilities** only able to fulfill ~14% of local demand

Interventions

- **Increase value addition**: Current duty on export of raw hides & skin is 80%
- **Increase duty on export of wet blue** gradually by imposing 25% duty to 50% and then ban it in 3 years
- **Support expansion of existing tanneries** through incentives and access to finance
- **Support expansion of leather goods manufacturing facilities** and encourage new players
- **Minimize tax duties** on industry's technology inputs
- **Conduct global branding campaign** focused on Kenyan "natural" leather
- **Enforce "Buy Kenya, Build Kenya"** for all disciplined forces

SOURCE: Kenya Leather Development Council; team analysis

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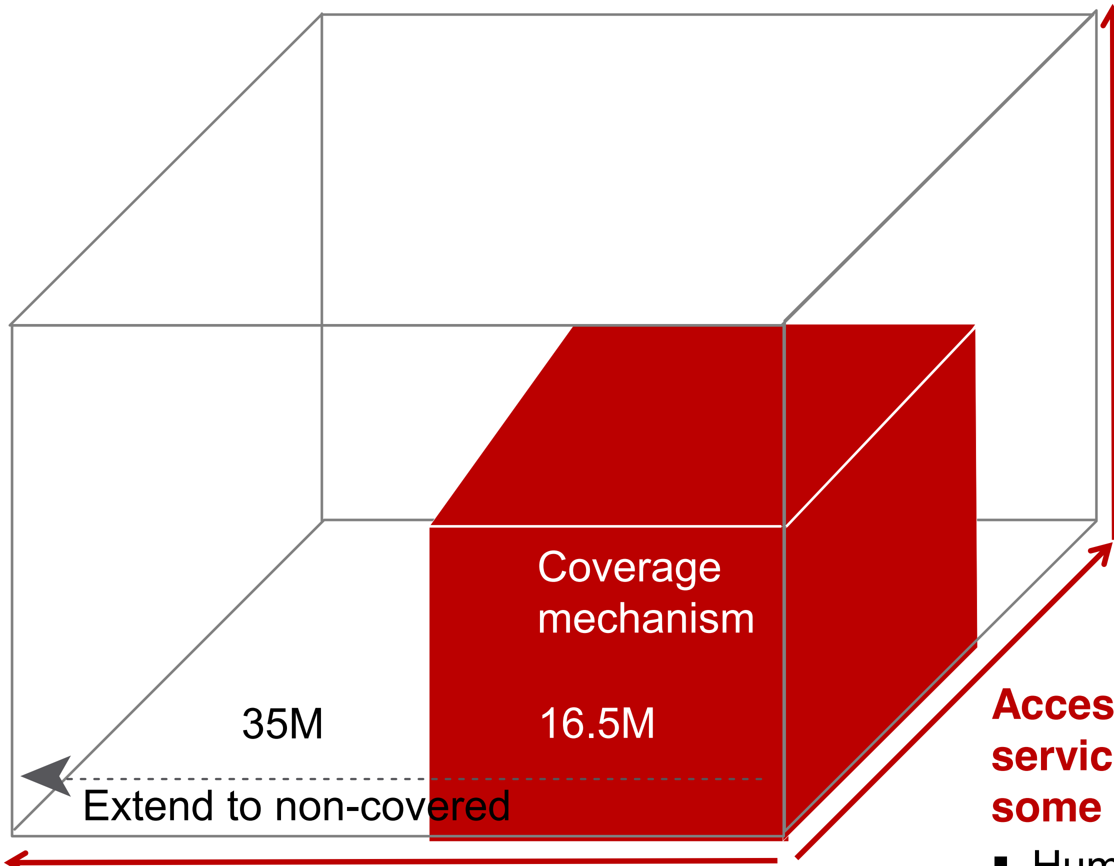
Contents

- Manufacturing
- Food and Nutrition security
- Health
- Housing
- Backup
  - Manufacturing
  - **Health**
  - Housing

UHC coverage: Pillars and status



12% Household expenditure (out of pocket) by 2022

Financial protection against out of pocket expenditure

26% Household expenditure (out of pocket) by 2017

Access to Services- (Most services covered but with some caps)

- Human Resource
- PPP & Finance
- Supply chain efficiencies
- Data for Health

Population covered 51.5M by 2022

100% Universal Health Coverage: Critical Drivers

100% universal coverage

Critical drivers

Coverage

1. NHIF scale up
2. Community-based health insurance
3. Social healthcare coverage
4. Enhance private health insurance coverage

Access to Services

5. Strengthen & broaden primary health care system
6. Increase human resources for health
7. Ensure availability of medical commodities & equipment
8. Digitize health e.g. supply chain, telemedicine

Financing

9. Increase health budget allocation (7% → 10%)
10. Attract ~ USD 2 Billion private sector investment
11. Implement alternative financing

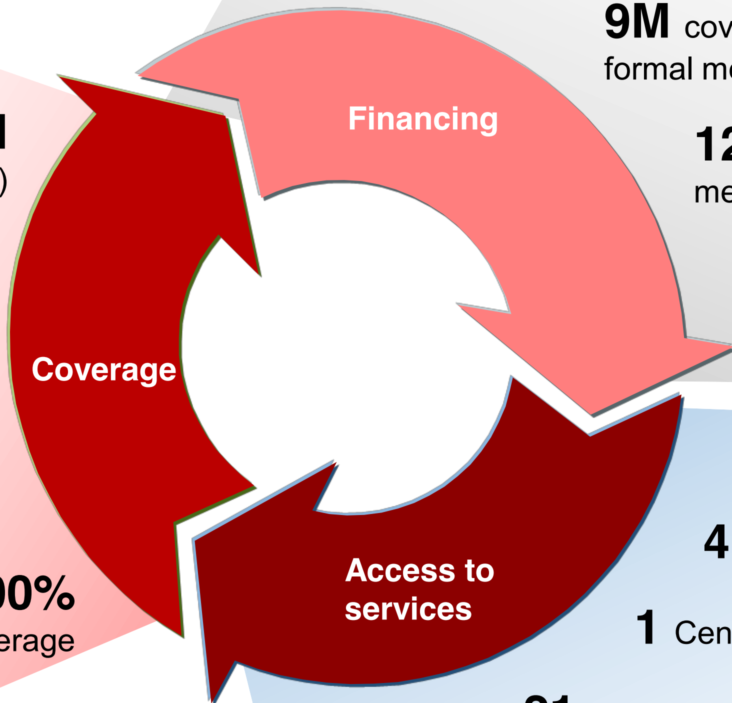
Key deliverables to achieve UHC in the next five years

1.79M elderly (+70years)

1.5M poor households

1.36M women under Linda Mama

100% Universal health coverage



100% of the poor covered by government

9M covered by KES 32B formal member contributions

12M covered by KES 28B informal member contributions

50% reduction in out of pocket medical expenses

10 referral hospitals

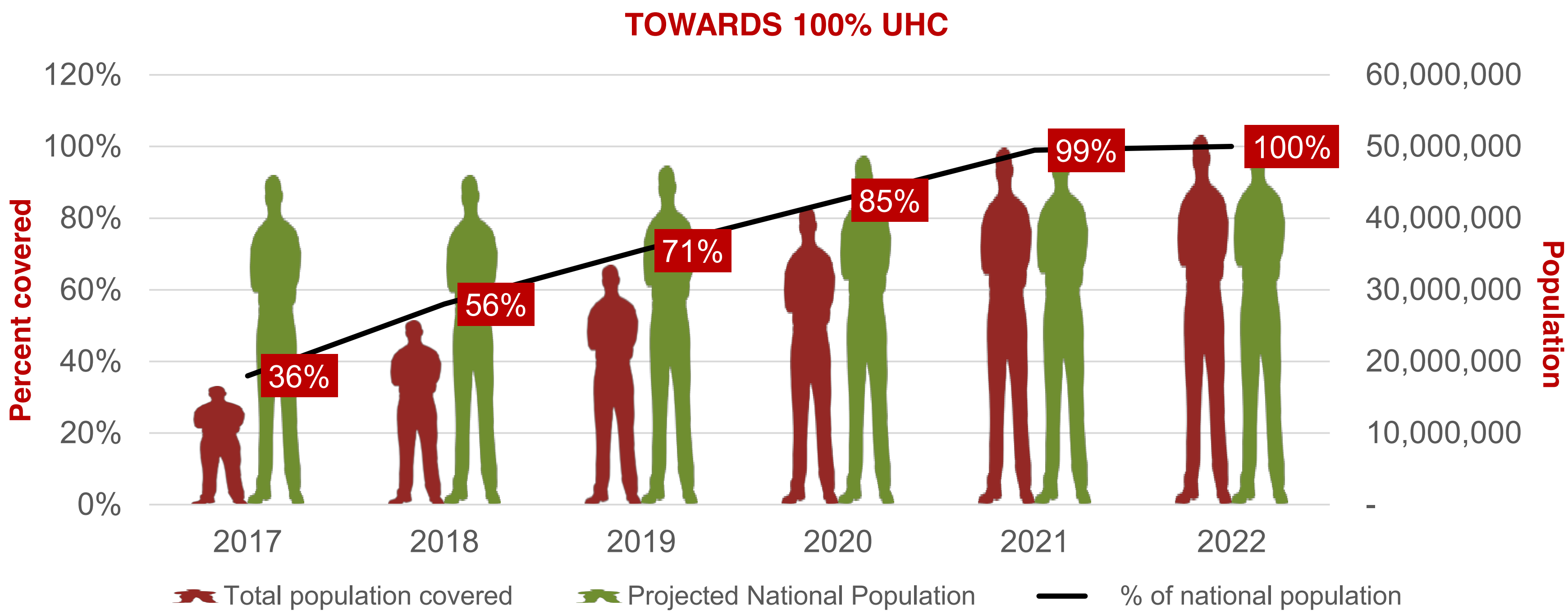
4 new comprehensive cancer centers

1 Centre of excellence for Kidney

21 additional hospitals equipped with surgical theater, radiology and dialysis equipment

50% increase in ratio of health worker to 10,000 people (from 9:10K to 14:10K)

Achieving 100% universal health care



	2017	2018	2019	2020	2021	2022
Total population covered	16,538,982	25,740,788	33,517,183	41,616,322	49,813,085	51,572,636
Projected National Population	46,000,000	46,000,000	47,334,000	48,706,686	50,119,180	51,572,636

Disaggregated population coverage towards UHC

	Current Status (2017)	2018	2019	2020	2021	2022
Estimated Population	46,000,000	46,000,000	47,334,000	48,706,686	50,119,180	51,572,636
Formal sector	3,800,000	3,800,000	3,925,400	4,054,938	4,188,751	4,326,980
Informal Sector (Voluntary)	3,140,202	4,710,303	6,594,424.20	9,232,194	12,001,852.04	12,121,871
Indigents	181,898	350,000	725,000	1,025,000	1,225,000	1,500,000
Older Persons	42,000	1,040,000	1,646,400	1,694,146	1,743,276	1,793,831
Linda Mama	1,200,000	1,231,200	1,263,211	1,296,055	1,329,752	1,365,325
Total no. of contributors	7,164,100	9,900,303	12,891,224	16,006,278	19,158,879	19,742,681
Total population covered	16,538,982	25,740,788	33,517,183	41,616,322	49,813,085	51,572,636
% of national population	36%	56%	71%	85%	99%	100%

Financial Outlay to Achieve 100% UHC

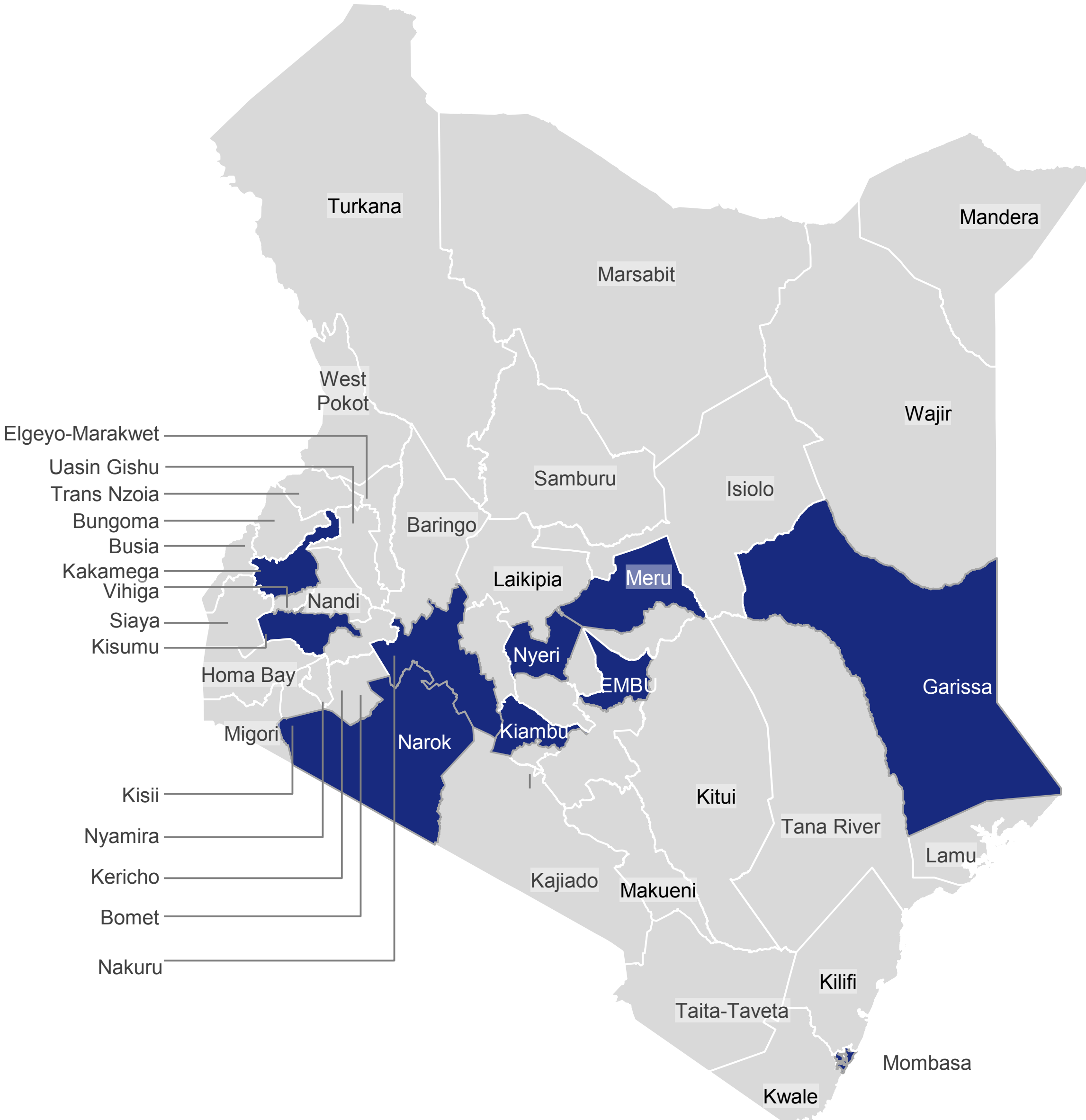
Estimated Revenue	2018	2019	2020	2021	2022
Formal sector	31,920,000,000	32,973,360,000	34,061,480,880	35,185,509,749	36,346,631,571
Informal Sector (Voluntary)	28,261,818,000	39,566,545,200	55,393,163,280	72,011,112,264	72,731,223,387
Subsidies	8,340,000,000	14,228,400,000	16,314,873,600	17,809,654,934	19,762,984,927
Linda Mama	5,290,000,000	5,290,000,000	5,315,000,000	6,100,000,000	6,500,000,000
Total contributions	73,811,818,000	92,058,305,200	111,084,517,760	131,106,276,947	135,340,839,885

Financial deficit (subsidies + Linda mama)	2018	2019	2020	2021	2022
Estimated cost	13,630,000,000	19,518,400,000	21,629,873,600	23,909,654,934	26,262,984,927
Available funds	6,504,000,000	5,048,000,000	5,565,000,000	6,500,000,000	7,000,000,000
Deficit	7,126,000,000	14,470,400,000	16,064,873,600	17,409,654,934	19,262,984,927

County conditional grants

Total Payments
Millions

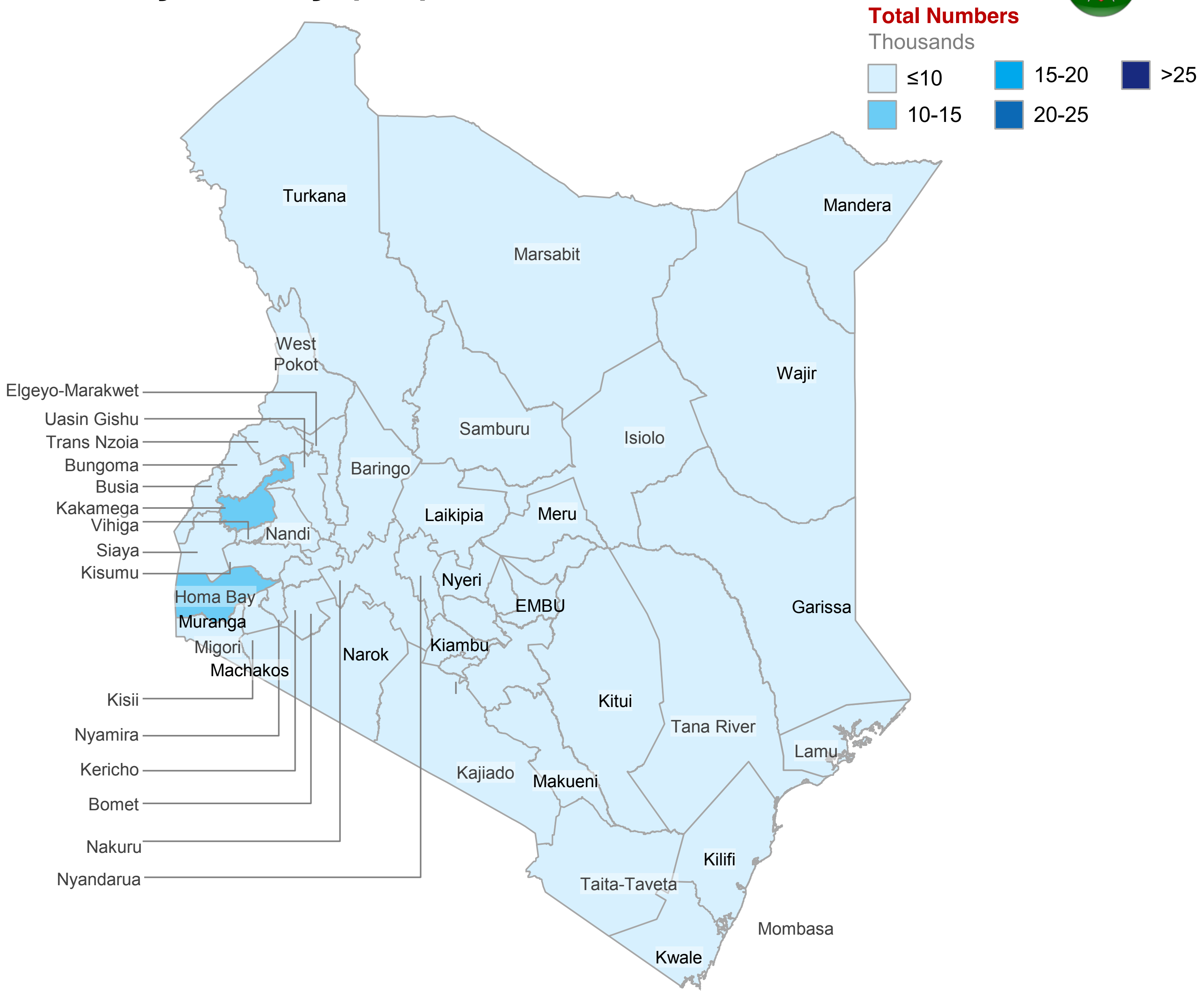
≤10 | 10-15 | 15-20 | 20-25 | >25



CONDITIONAL GRANTS

HOSPITAL	AMOUNT (KSH)
EMBU	301,040,462
GARISSA	344,739,884
KAKAMEGA	427,283,237
KIAMBU	412,716,763
KISII	417,572,254
KISUMU	369,017,341
MACHAKOS	383,583,815
MERU	373,872,832
MOMBASA	388,439,306
NAKURU	373,872,832
NYERI	407,861,272
TOTAL	**4,199,999,998**

Indigents numbers by county (1/2)



Indigents numbers by county (2/2)

Total Numbers
Thousands

≤10 | 10-15 | 15-20 | 20-25 | >25

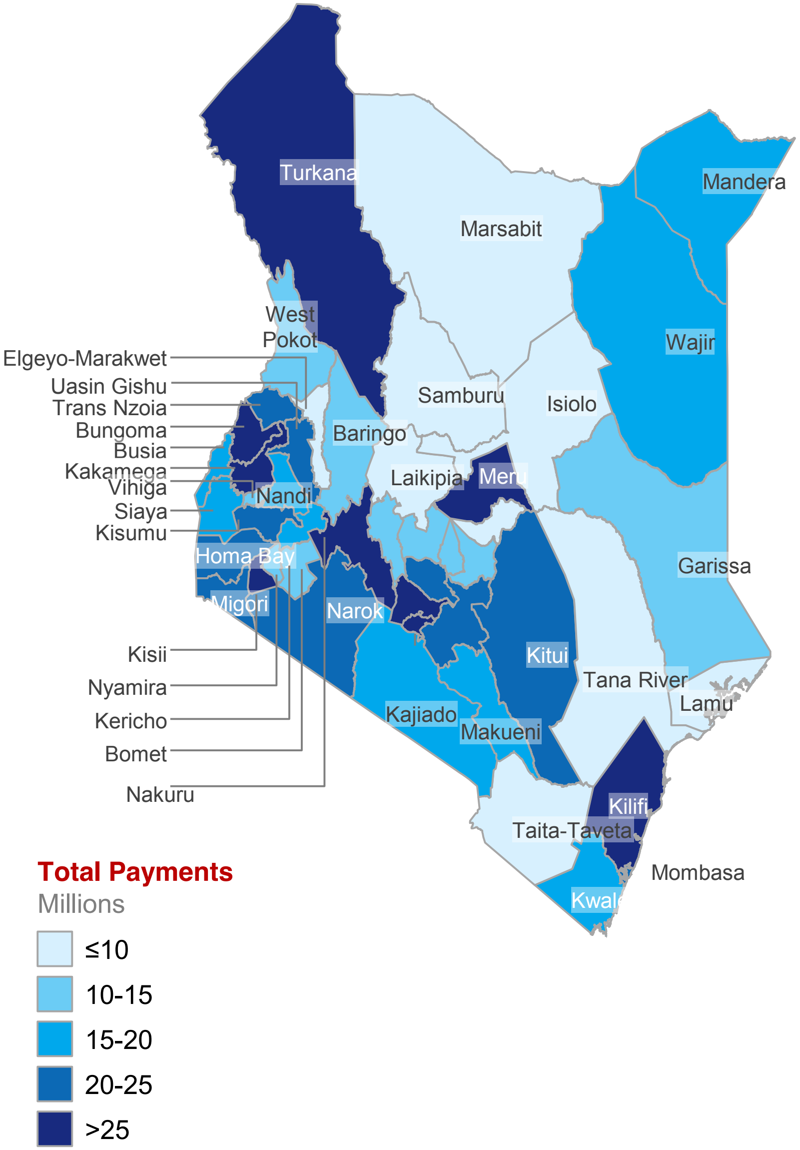
MINISTRY OF HEALTH
HEALTH INSURANCE SUBSIDY PROGRAM FOR THE POOR (HISP) 2016/17- 2017/18

COUNTY	Total Households OVC Database	Households (HH) to be covered at KES 6000 per HH per year over two years
KERICHO	4,690	1,264
KAJIADO	3,337	1,895
BUNGOMA	8,513	1,943
SAMBURU	3,019	2,028
KISII	7,536	2,033
MANDERA	4,653	2,129
NYANDARUA	3,760	2,198
NAKURU	7,354	2,204
TAITA TAVETA	3,080	2,363
KISUMU	9,917	2,367
MERU	7,646	2,449
KITUI	7,118	2,556
KILIFI	7,209	2,670
KAKAMEGA	11,168	2,673
WEST POKOT	3,383	2,736
SIAYA	7,335	2,743
LAMU	1,436	2,770
TANA RIVER	2,752	2,802
BOMET	3,592	2,814
MACHAKOS	6,420	2,935
KIAMBU	7,441	3,081
NYERI	4,812	3,142

MINISTRY OF HEALTH
HEALTH INSURANCE SUBSIDY PROGRAM FOR THE POOR (HISP) 2016/17- 2017/18

COUNTY	Total Households OVC Database	Households (HH) to be covered at KES 6000 per HH per year over two years
MOMBASA	4,458	3,150
NAIROBI	8,831	3,186
BARINGO	5,227	3,210
MURANGA	7,114	3,266
VIHIGA	5,260	3,272
ISIOLO	2,915	3,373
EMBU	4,146	3,471
MARSABIT	3,142	3,475
THARAKA NITHI	3,129	3,549
TRANS NZOIA	5,199	3,646
WAJIR	4,722	3,688
GARISSA	4,862	3,976
TURKANA	4,694	4,173
KWALE	4,145	4,371
UASIN GISHU	4,365	4,484
HOMA BAY	10,221	4,486
NYAMIRA	3,651	4,613
KIRINYAGA	3,663	4,614
NANDI	4,734	4,653
MIGORI	8,682	4,694
LAIKIPIA	2,877	4,767
MAKUENI	6,046	5,007
BUSIA	8,649	5,199
ELGEYO MARAKWET	3,496	5,472
NAROK	5,354	8,831

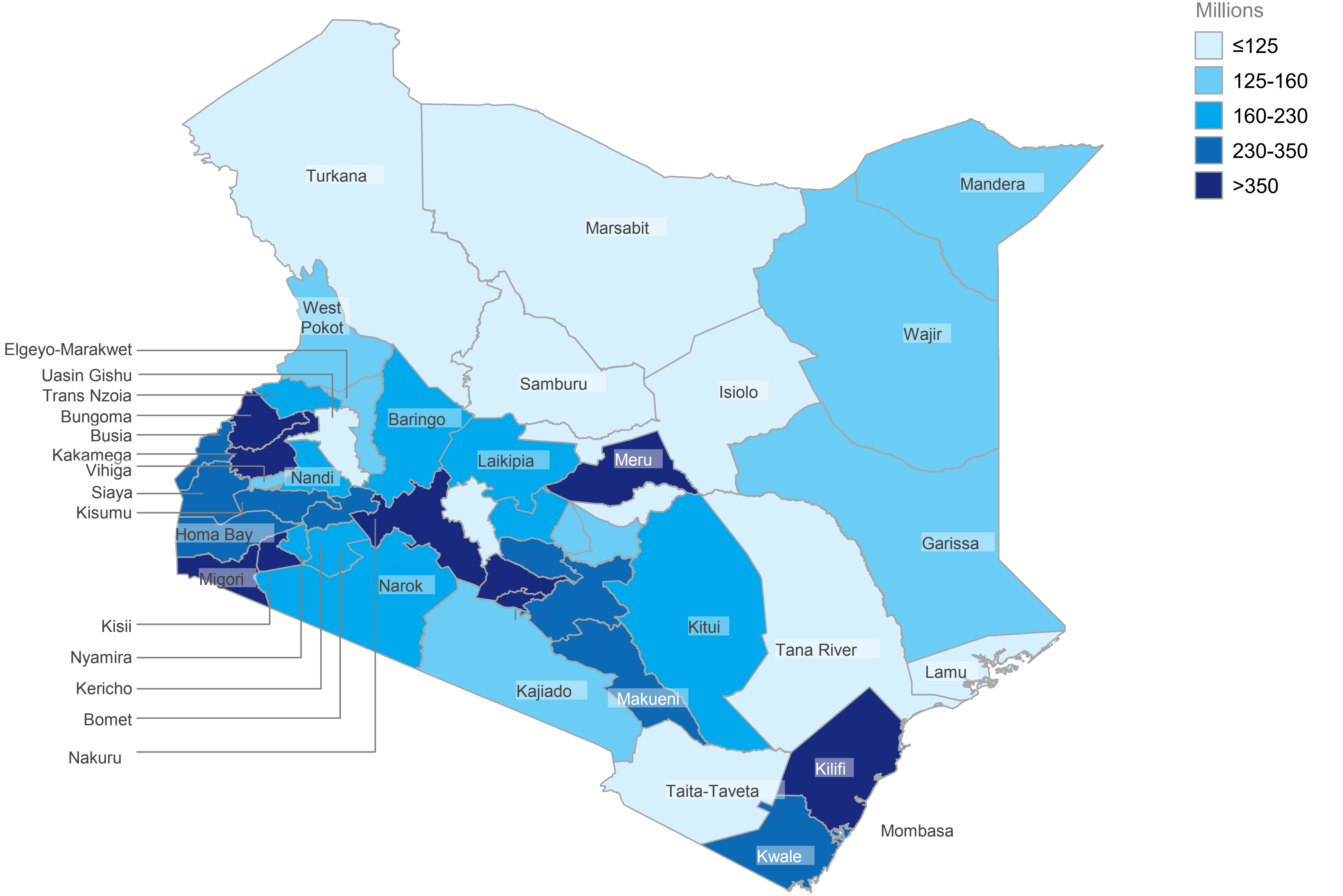
Foregone user fees



Foregone user fees by county

County	Total payments	County	Total payments
BARINGO	13,370,516	MARSABIT	6,872,636
BOMET	14,191,766	MERU	32,096,226
BUNGOMA	33,282,912	MIGORI	21,882,372
BUSIA	17,302,829	MOMBASA	23,514,312
ELGEYO/MARAKWET	8,956,070	MURANGA	20,749,146
EMBU	10,776,609	NAIROBI	79,879,083
GARISSA	13,126,920	NAKURU	39,216,180
HOMA BAY	22,616,804	NANDI	18,055,818
ISIOLO	3,514,476	NAROK	20,106,734
KAJIADO	16,311,160	NYAMIRA	11,578,458
KAKAMEGA	38,617,149	NYANDARUA	13,122,240
KERICHO	18,313,556	NYERI	14,347,664
KIAMBU	35,773,083	SAMBURU	5,321,854
KILIFI	26,392,596	SIAYA	19,057,306
KIRINYAGA	11,625,078	TAITA TAVETA	6,631,098
KISII	26,947,170	TANA RIVER	5,699,850
KISUMU	21,854,292	THARAKA NITHI	8,419,196
KITUI	23,144,996	TRANS NZOIA	20,209,152
KWALE	15,397,612	TURKANA	26,122,720
LAIKIPIA	9,872,540	UASIN GISHU	22,181,068
LAMU	2,481,810	VIHIGA	13,002,760
MACHAKOS	24,764,876	WAJIR	16,011,344
MAKUENI	19,449,803	WEST POKOT	12,316,430
MANDERA	15,521,730	TOTAL (KShs)	900,000,000

Free maternity 2013-17 (1/2)



Free maternity 2013-17 – arranged from lowest to highest (2/2)

FREE MATERNITY 2013-2017 JUNE

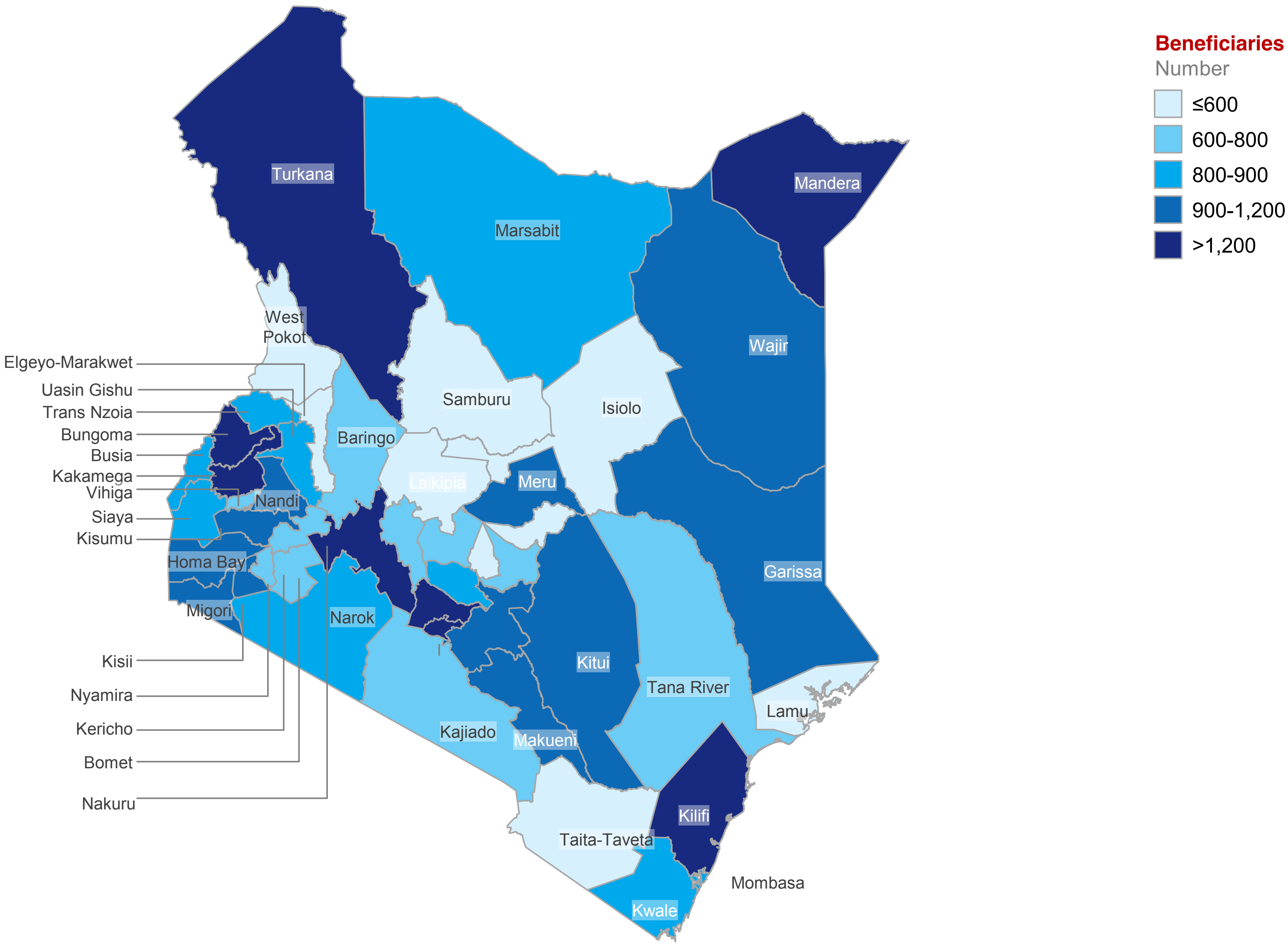
COUNTY	Total payments	Total deliveries
SAMBURU	40,452,500	28,269
LAMU	41,712,500	27,388
TANA RIVER	48,600,660	32,916
ISIOLO	56,540,000	32,081
MARSABIT	62,688,830	32,643
TURKANA	79,928,763	38,289
THARAKA NITHI	89,528,510	35,884
TAITA TAVETA	108,635,995	43,432
NYANDARUA	111,481,255	45,669
UASIN GISHU	119,048,721	64,788
MANDERA	125,325,000	55,638
WAJIR	125,502,500	56,184
WEST POKOT	127,542,000	50,091
ELGEYO/MARAKWET	129,944,500	50,978
GARISSA	143,468,000	54,803
KAJIADO	145,449,000	55,587
EMBU	149,215,200	51,923
VIHIGA	150,387,500	61,813
KIRINYAGA	155,430,500	48,329
LAIKIPIA	165,726,105	59,984
NAROK	170,476,160	51,936
BARINGO	173,117,608	62,485
KITUI	177,626,820	61,014
NANDI	183,754,505	63,806

COUNTY	Total payments	Total deliveries
BOMET	191,351,255	63,089
TRANS NZOIA	198,609,340	65,388
NYAMIRA	198,833,430	61,894
NYERI	206,181,500	64,690
MAKUENI	233,225,225	74,738
MURANGA	233,585,000	71,997
BUSIA	238,692,495	80,190
KWALE	246,403,500	91,769
KERICHO	268,055,745	80,599
MACHAKOS	277,225,000	83,792
SIAYA	306,044,500	106,887
HOMA BAY	318,986,670	110,248
KISUMU	333,362,630	103,599
MOMBASA	347,832,500	97,571
MERU	358,215,685	90,088
MIGORI	371,829,865	128,212
KILIFI	419,696,000	136,786
KISII	471,296,495	143,425
BUNGOMA	491,318,160	147,041
KAKAMEGA	557,288,680	163,322
NAKURU	582,886,400	153,842
KIAMBU	702,129,145	181,152
NAIROBI	802,663,415	181,981
MTRH	879,140,000	73,119
KNH	1,016,445,500	78,365

Total Payments
Millions

- ≤125
- 125-160
- 160-230
- 230-350
- >350

Elderly and persons with severe disability (1/2)



Elderly and Persons with severe Disability (2/2)

ELDERLY AND DISABLED

COUNTY	OPCT	PWSD	Grand Total
HOMABAY	2		2
LAMU	333		333
LAIKIPIA	401	9	410
ISIOLO	441	25	466
THARAKA-NITHI	433	50	483
TAITA TAVETA	512	16	528
ELGEYO-MARAKWET	511	21	532
WEST POKOT	526	39	565
KIRINYAGA	514	58	572
SAMBURU	554	24	578
EMBU	579	45	624
VIHIGA	548	80	628
NYAMIRA	592	64	656
TANA RIVER	635	41	676
NYANDARUA	688	12	700
BARINGO	684	39	723
NYERI	693	40	733
KERICHO	640	96	736
KAJIADO	682	70	752
BOMET	717	44	761
SIAYA	736	66	802
TRANS NZOIA	719	90	809
KWALE	811	20	831
MOMBASA	817	29	846

COUNTY	OPCT	PWSD	Grand Total
UASIN GISHU	789	57	846
BUSIA	769	79	848
MARSABIT	797	52	849
NAROK	833	28	861
MURANG'A	808	65	873
MIGORI	861	57	918
KISUMU	885	40	925
GARISSA	866	75	941
HOMA BAY	827	119	946
NANDI	874	80	954
MAKUENI	956	15	971
MERU	992	66	1,058
MACHAKOS	1,072	28	1,100
KISII	1,114	42	1,156
WAJIR	1,060	104	1,164
KITUI	1,095	96	1,191
KILIFI	1,203	7	1,210
KIAMBU	1,184	57	1,241
BUNGOMA	1,147	98	1,245
NAKURU	1,227	96	1,323
KAKAMEGA	1,281	89	1,370
MANDERA	1,391	58	1,449
TURKANA	1,561	137	1,698
NAIROBI	1,989	128	2,117

Beneficiaries
Number

- ≤600
- 600-800
- 800-900
- 900-1,200
- >1,200

Contents

Master plan will match supply and demand, and align actions across initiatives

APPENDIX 1

Master plan

Supply and demand match

- Segmentation of target market to ensure houses built are in line with affordability
- Map housing needs by location based on access to jobs and development plans to identify right location

Supply

Developer financing

- Raise >60% funding from Private Sector
- Leverage NSSF balance sheet
- Facilitated off-plan sales through regulated escrow accounts

Land

- Use public land
- Create incentives for private land owners

Infrastructure

- Use public funds (<10% of total project costs)
  - off-site infrastructure to service land
  - social infrastructure

Developers

- Establish PPP models (e.g. land swap) to encourage private participation
- Facilitate permitting and approvals for developers

Demand

Home buyers

- Establish tenant purchase scheme for social housing
- Reduce costs of mortgage and increase duration to 25 years
- Establish multi-generational mortgages
- Reduce cost of arranging financing e.g. removal of stamp duty for first time home buyers

Liquidity

- Provide a credit line to financial institutions for mortgages
- Establish Kenya Mortgage Refinancing Company

Banking policies and regulation

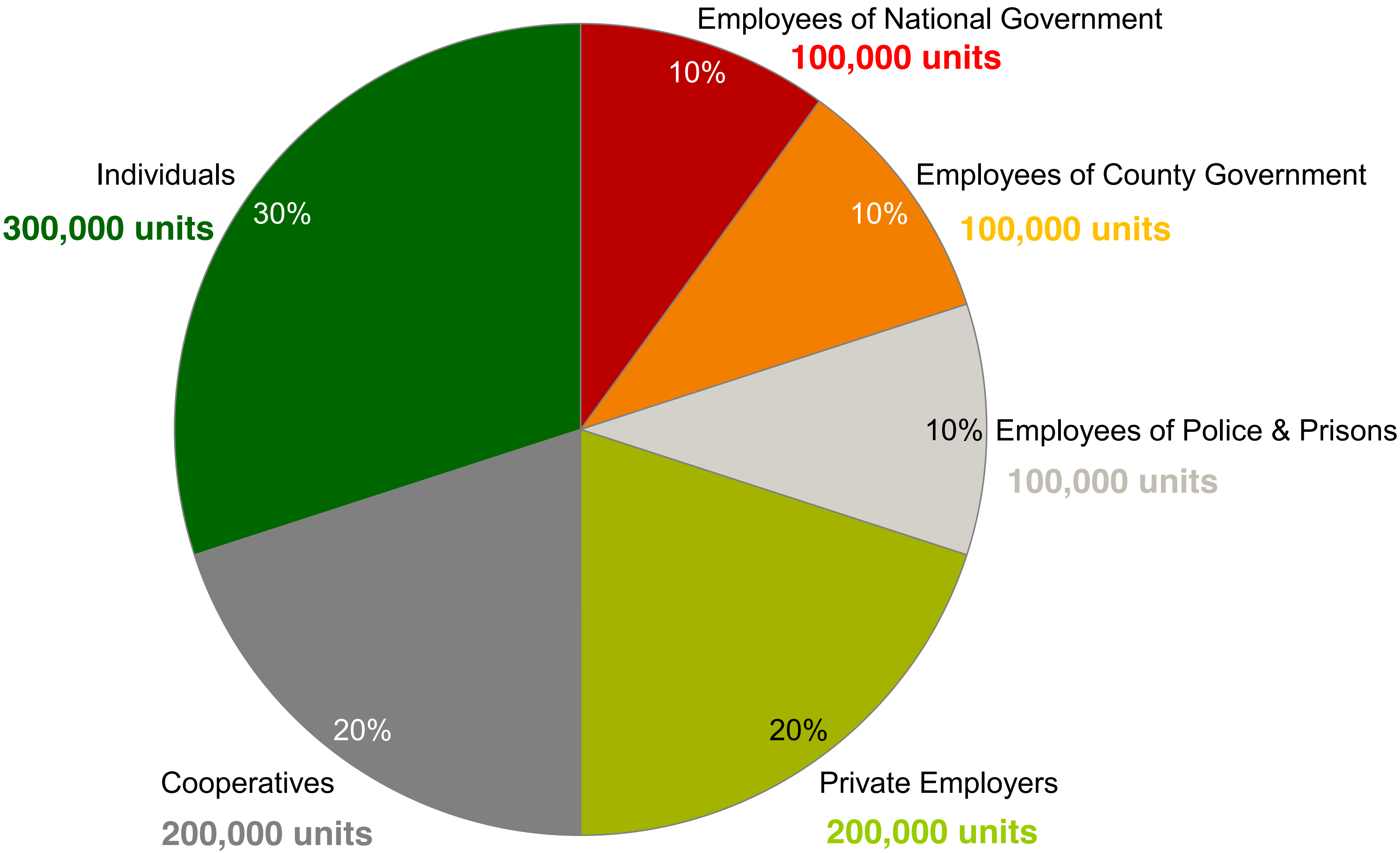
- Streamline background check with banks to expand bankability of customers

Cost reduction

- Design to value – make design and procurement choices that lead to a 15-25% capital reduction
- Use scale of program to establish local construction technology industry in alignment with industrialization plan
- Central procurement of key input materials

Proposed housing distribution to end users

APPENDIX 2

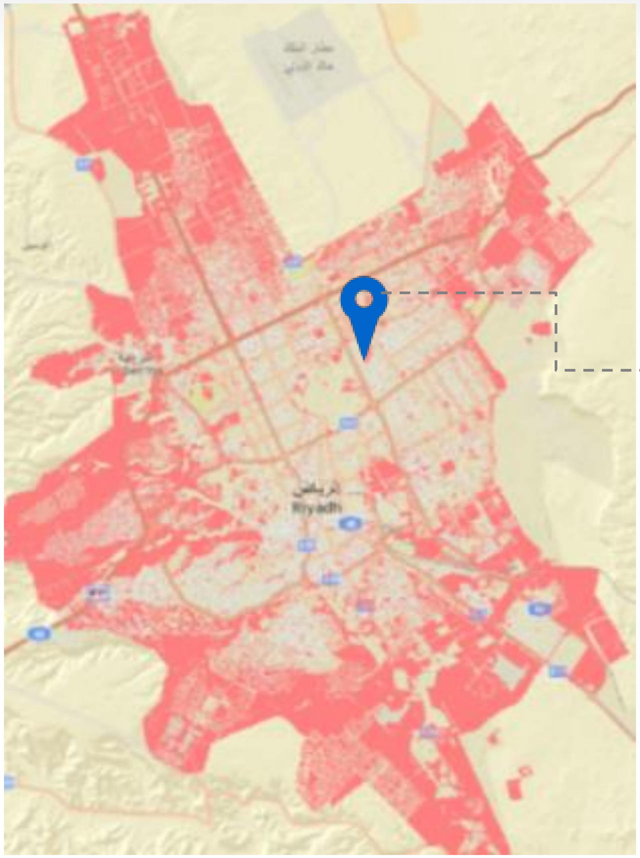


A surgically applied idle land tax can unlock land suitable for affordable housing and reduce land prices – Example Saudi Arabia

Unbuilt land

ILLUSTRATIVE

Sample serviced idle plots untapped in Riyadh



Pre-land levy

Sample idle plot in Riyadh	Total price of house[1] (SAR)	Land Price (SAR/ sq m)	Cost of construction and margins (SAR/ sq m)	Gap from affordable price[2] (%)
	~0.68 mn	1,800	2,000	36%

Post-land levy (hypothesis)

Sample idle plot in Riyadh	Total price of house[1] (SAR)	Land Price (SAR/ sq m)	Cost of construction and margins (SAR/ sq m)	Gap from affordable price[2] (%)
	~0.58 mn	1,260	2,000	16%

If levy does not unlock sufficient eligible land or reduce price the tax rate and timeline can be adjusted accordingly to promote development

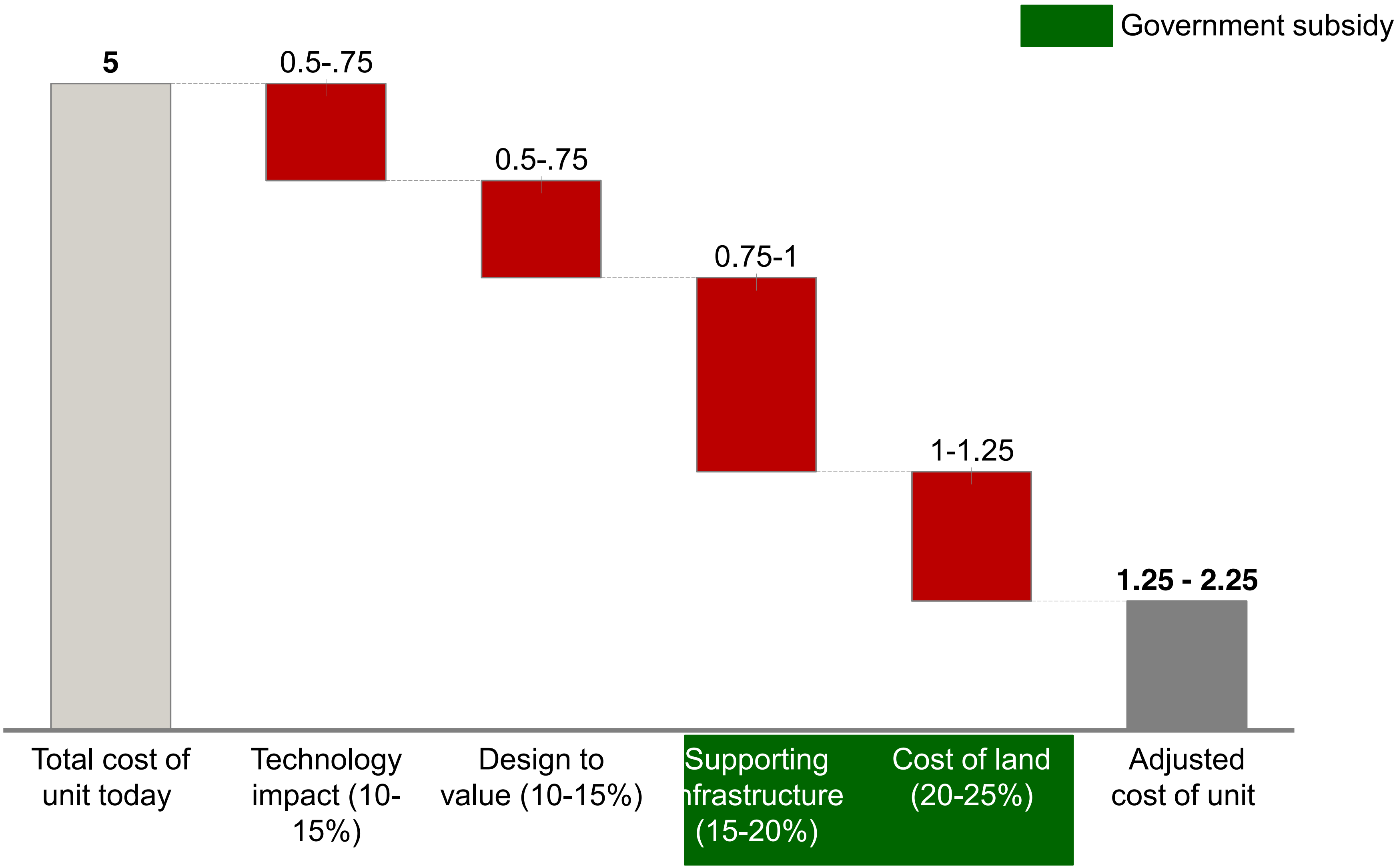
1 Total area of the housing unit assumed to be 180 sq. m in line with Ministry of Housing guidelines
2 500,000 SAR assumed to be an affordable price for a housing unit based on the loan amount provided by the Ministry of Housing to eligible citizens

SOURCE: Data from ADA, Google Earth Pro, interviews with real estate agents

Potential cost reduction of average 2 bedroom unit in Mavoko

Impact of cost reduction measures on cost of a 2 bedroom unit

KES Million



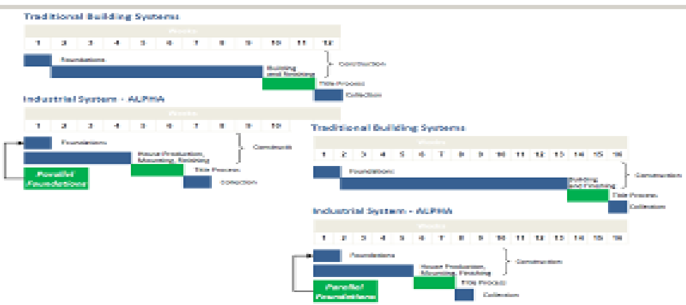
Casas GEO is an example of a builder who has revolutionized housing delivery in Mexico with an industrial approach

EXAMPLE

Casas Geo Mexico

Fully automated housing factory, that can be replicated based on demand

Reduced labour costs, inventory, and improved working capital cycle



Total Capacity of up to 12,500 housing units per year per factory. **within 300 km from the site. In addition, also developing a mobile onsite** plant of ~ 500 units / year capacity

Time saving up to 50% in Vertical Construction vs. Traditional Building Systems

- Casas Geo is one of the largest Affordable Housing manufacturers in Mexico: ~60,000 units/year
- Developed an industrial construction system that helped save costs
- Standardizing factory layout and production allows for easy replication throughout the country
- Capex for a typical plant is ~$50m
- A Ground floor +3 floors construction was finished in 4-6 weeks as opposed to the conventional 12 weeks
- Large time savings translate to cost savings

Ongoing PPP negotiations, including land swap

Developer/Company	No. of units proposed
1. CADFUND/Suraya Property Group	– 20,000
2. Akcel Construction LLC	– 1,500
3. SIBCO Assets	– 1,800
4. SCOPE Designs	– 6,400
5. TATA Group	– 10,000
6. China Wu Yi Co. Ltd	– 10,000

Type

- Under PPP Act section 61- Privately Initiated Investment Proposal (PIIP)
- Land Swap
- Join Venture

Legislative changes required

- **Operationalization of the NSSF Act**, 2013 to increase contributions
- **Review of the RBA Act** allowing NSSF to invest > 30% in real estate
- **Review of the Stamp Duty Act** exempting first home owners
- Amend Sectional Properties Act and finalize legislation
- **Review of the PPP framework** to fast track process and accommodate new approached e.g., land swap, JVAs
- Strengthen **NHC and amend Housing Act**
- Approve **idle land tax**
- **Incentivization of developers** to invest in affordable housing
- **Incentivization of employers** to invest in housing for their employees

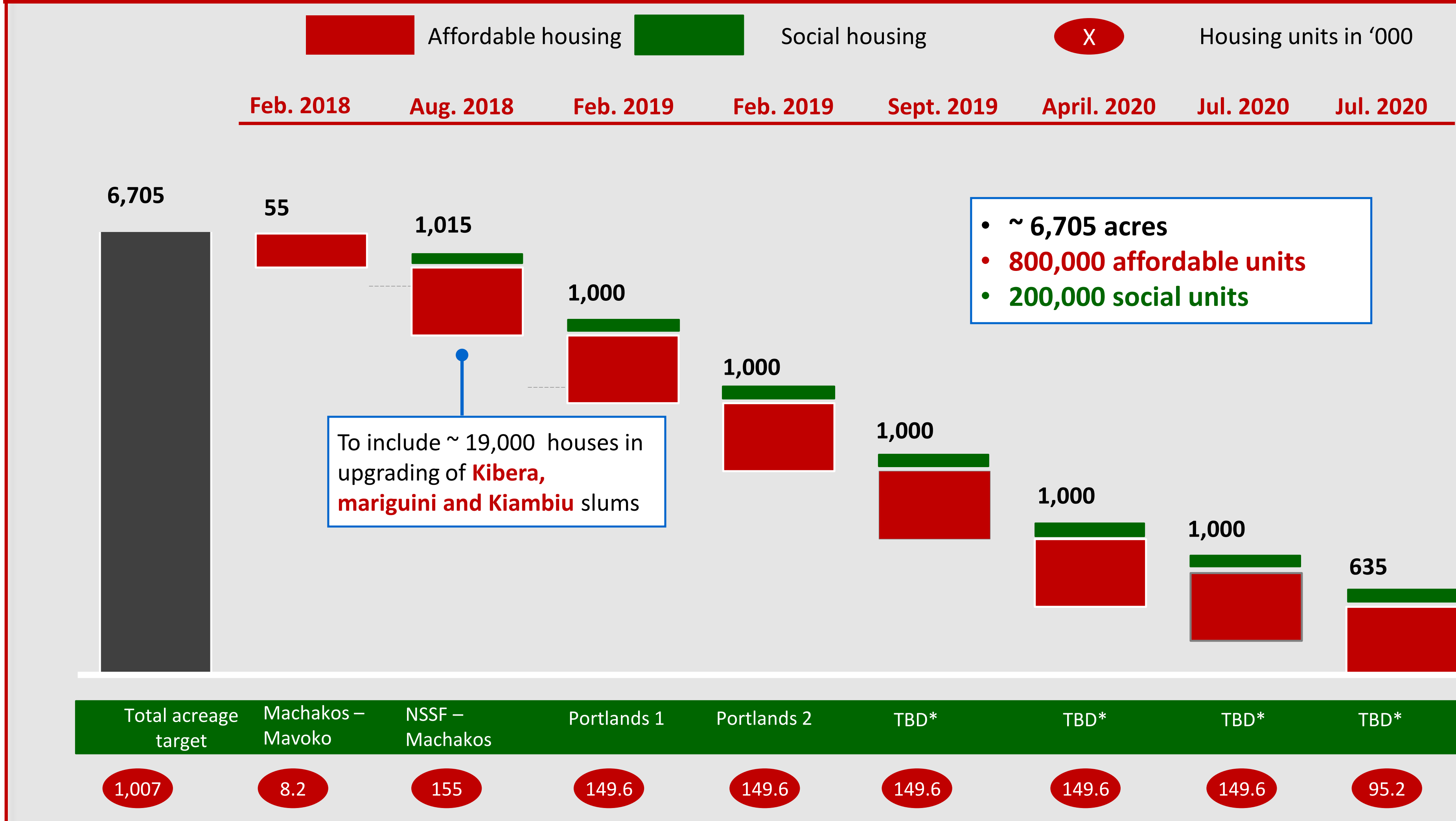
Funding requirement for proposed projects in 2018 and funding sources

	Acres 'No.	Units '000	Budget 'billions	Funding source
Kibera Zone C&D and Kiambiu	20	13,400	20.1	PPP arrangement, land swap
Kibera Zone B and Mariguini	15	7,000	10.4	Unclaimed financial assets
Mavoko	55	8,200	28.2	NSSF balance sheet/ other sources
NSSF land – Mavoko	1,000	150,000	507.4	NSSF balance sheet / other sources/PPP
Portland	1,000	150,000	507.4	PPP arrangements
Prisons	1,000	150,000	507.4	PPP arrangements

The implementation of the various phases of the project will run from 2017-2022 with launching set for February 2018

Projected delivery for the 1 million housing units project

‘Acres



*TBD (To be Determined) – Ministry of Lands currently identifying possible project locations in the major urban towns - Nairobi, Kisumu, Mombasa, Eldoret, Kisii, Nakuru. ** Housing units distribution: 1 bedroom – 30%, 2 bedroom – 45%, 3 bedroom – 25%

Sectional Properties Act

Challenges of the Old Act

- Limited awareness of the Act
- Administrative systems for registration not clearly spelled out
- Current Sections favor registration through alternative means that do not safeguard the long term interests of buyers
- Alternative mode of registration was based on repeal laws and no clear interface with current land registration Act of 2012

Proposed Sectional Properties Act

- Develop and implement a public awareness programme
- Improve administrative process and address existing bottlenecks
- Develop clear process for conversion regarding based on previous application for registration under the Act.
- Develop a simplified manual

There are six main drivers for the 1 M affordable housing programme

Facilitate mass housing production of at least 1,000,000 affordable homes in 5 years across the country by working in partnership with financial institutions, private developers, manufacturers of building materials and cooperatives to deliver homes faster and reduce the cost of construction by at least 50%.

A Project structuring
- Demand VS supply
- Design and budget
- Implementation plan:

B Financing strategy
- Enabling institutions: KMRC, NHDF

C Construction technology
- Modern innovative building technologies
- Lessons from other countries

D Land
- Public land: ~ 7,000 acres
- Land swap model

E Supporting Infrastructure
- Offsite and onsite infrastructure services
- Enhanced public transport e.g. BRT

F Legislation
- Unlock local financing through regulation
- Lower cost and duration of construction

Priority initiatives cover all drivers

1 Develop demand-based master plan

4 Scale-up developer capacity and financing

5 Grow mortgage finance market

3 Use scale to reduce construction costs

2 Unlock land for development

6 Ensure supportive ecosystem

Incentives to encourage investments in Affordable Housing

	Descriptions
Land developers	▪ Deductions @ 5% of cost p.a for rental residential building in a planned Development area – taxable income ▪ Deductions @25% of the cost where infrastructure has been provided by owner/developer – taxable income ▪ Developers who sell over 100 residential units to enjoy corporate rate of 15%. ▪ Industrial Building Allowance (IBA) on qualifying commercial building- 25%
Employers	▪ Mortgage Relief of Kshs.300,000 p.a ▪ Tax free interest for savings up to Kshs. 3 Million towards home ownership scheme ▪ 10% residential withholding tax on gross amount payable in case of housing bonds up to Kshs.300, 000 ▪ Reduced stamped duty fees on mortgages from 0.2% to 0.1%
Manufacturers	Implementation of EAC Gazette of 29 June, 2010 on zero rating of Petroleum coke a raw material for production of cement

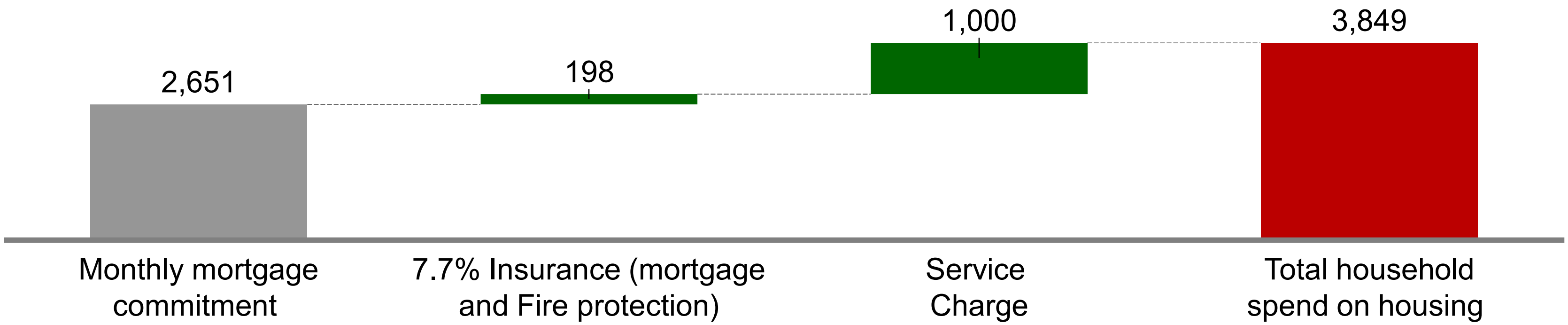
Indicative maximum prices for social and affordable housing

	1 room KES	2 room KES	Bedsitter KES	1 bedroom KES	2 bedroom KES	3 bedroom KES
Social housing (Max Cost)	600,000	1,050,000	n/a	n/a	n/a	n/a
Affordable Housing (Max Cost)	n/a	n/a	800,000	1,000,000	2,000,000	3,000,000

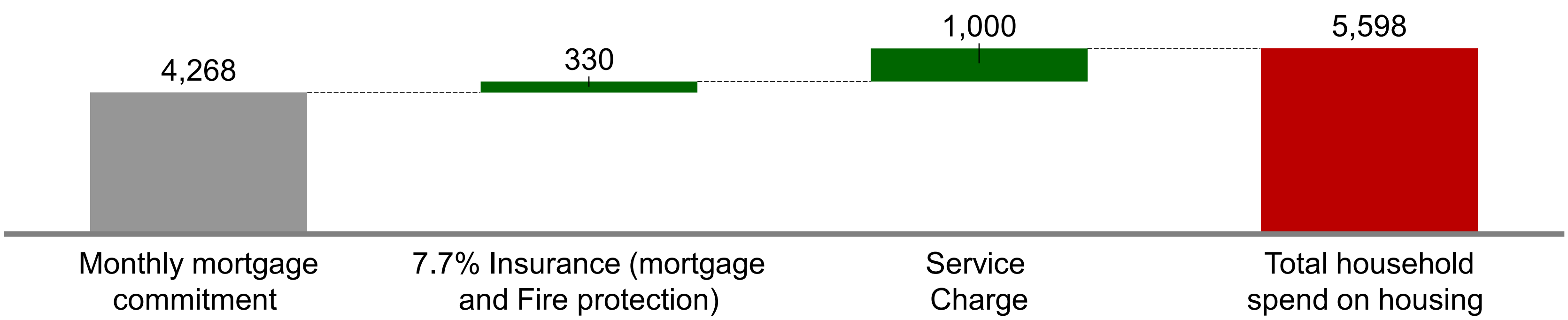
Currently, residents in Kibera Soweto Zone ‘A’ pay a monthly commitment of KES 2,651 and 4,268 for 1 and 2 room respectively

SOCIAL HOUSING

Monthly mortgage and service spend for 1 room unit in Kibera Soweto Zone ‘A’
KES



Monthly mortgage and service spend for 2 room unit in Kibera Soweto Zone ‘A’
KES

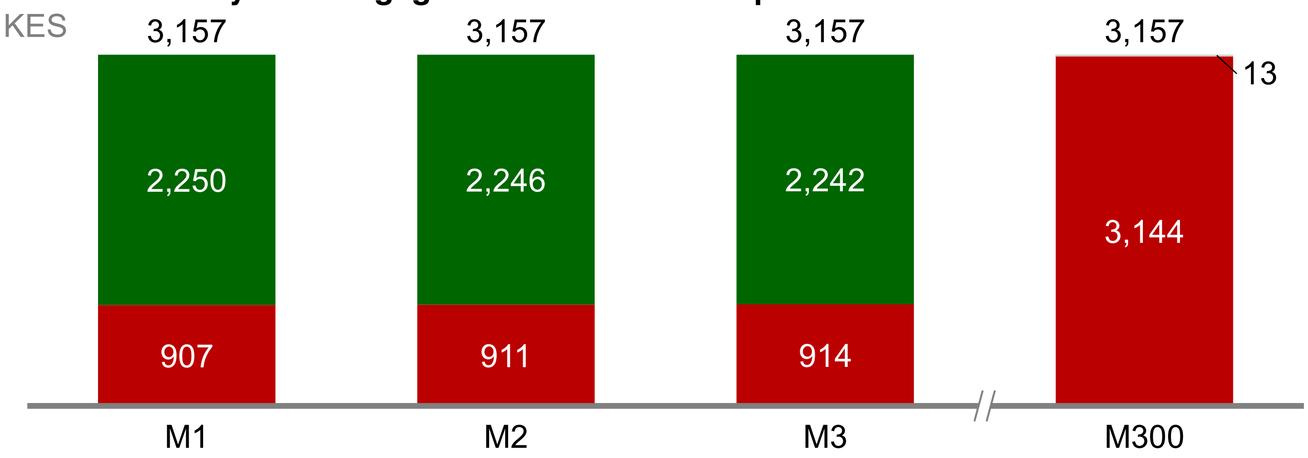


Providing a 25 year mortgage at 5-7% interest, with 10% deposit would lower monthly commitment to KES < 4,000 for a 1 room unit

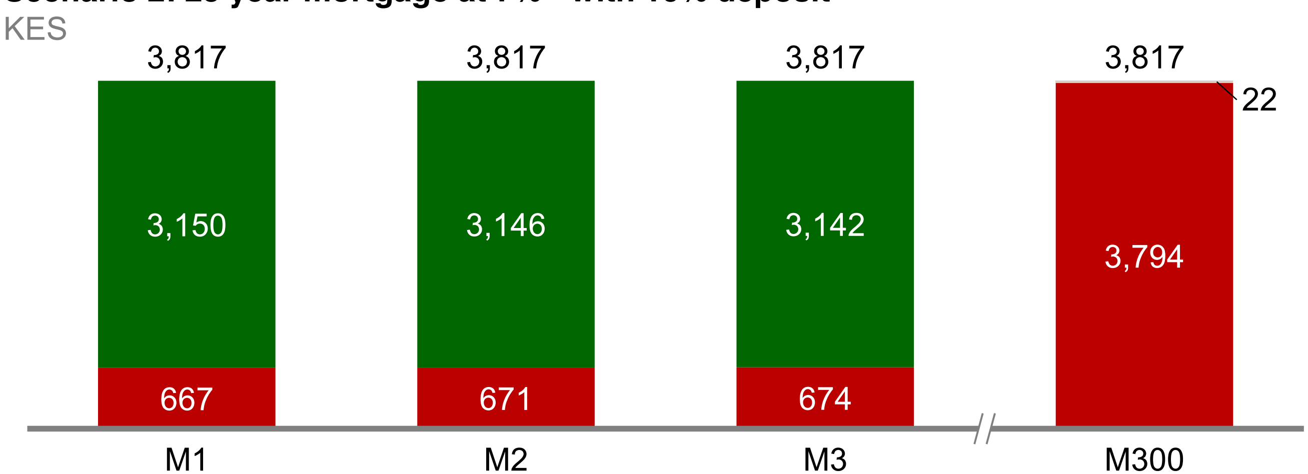
APPENDIX 14-B

SOCIAL HOUSING

Scenario 1: 25 year mortgage at 5% - with 10% deposit



Scenario 2: 25 year mortgage at 7% - with 10% deposit



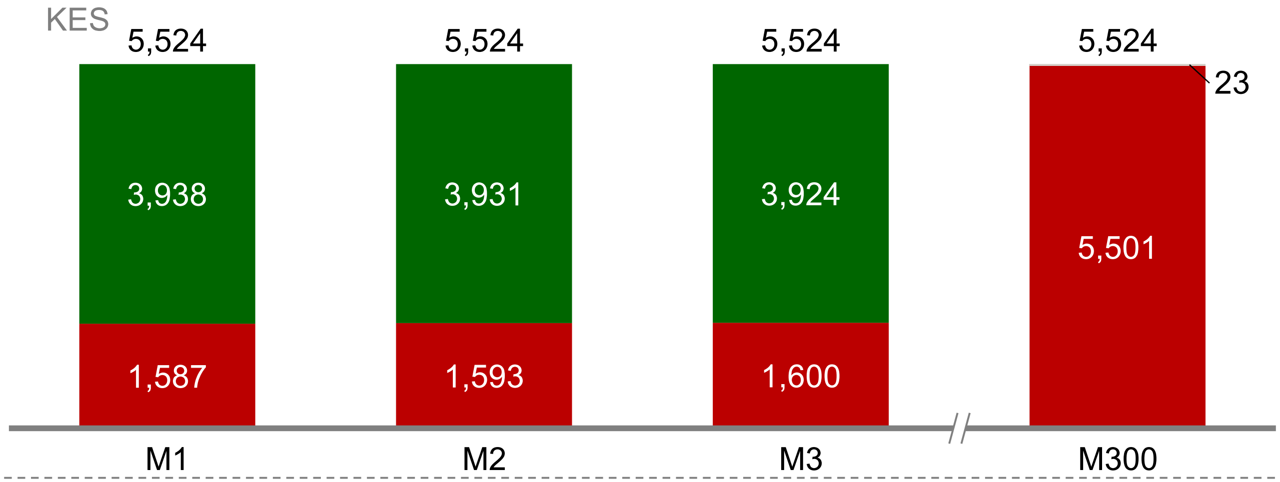
- Cost of 1 room is KES 600,000
- Mortgage can be arranged at 5-7 %
- Cost of 1 room is KES 600,000
- Residents would raise deposit from current savings with development Saccos. Mortgage ticket of KES 540,000
- Mortgage can be arranged at 5-7%

Providing a 25 year mortgage at 5-7% interest, with 10% deposit would lower monthly commitment to KES < 7,000 for a 2 room unit

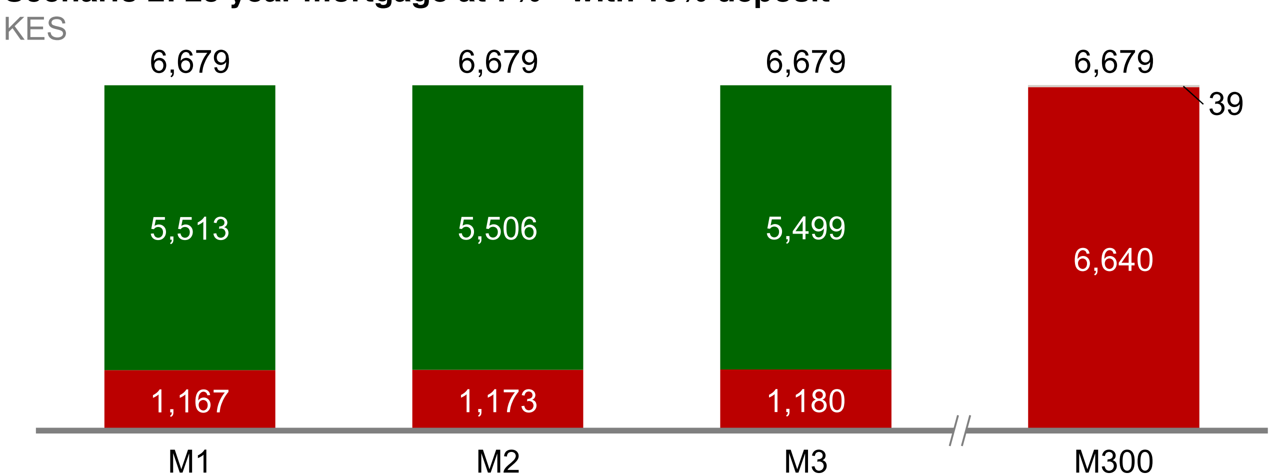
APPENDIX 14-C

SOCIAL HOUSING

Scenario 1: 25 year mortgage at 5% - with 10% deposit



Scenario 2: 25 year mortgage at 7% - with 10% deposit



- Cost of 2 room is KES 1,050,000
- Residents would raise deposit from current savings with development Saccos. Mortgage ticket of KES 945,000
- Mortgage can be arranged at 5-7%

Specific enablers for the “Big Four” support requirements

APPENDIX 15

Manufacturing

- Favorable SGR cargo tariff to support Athi river industrial shade
- 30km of roads- Kenya leather park in Machakos
- 20 km of roads in Naivasha industrial park
- Support with dredging and RAP at Dongo Kundu
- Support with development of blue economy policy- maritime and shipment

100% Universal health care

- Facilities improvement

100% Food and Nutrition security

- Offsite and onsite roads to new irrigation sites
- Construction of admin and staff quarters in new irrigation sites
- Construction of market centers and enhancement

Housing

- Preliminary project designs and budget for to 55 acres Mavoko, Portlands 1, Mariguini, Kibera B&C, Kiambiu, Old estates
- Offsite and access roads
- Public transport to identify sites

Big announcements from the programme in 100 days and by Year 1

APPENDIX 16

100 days announcements!

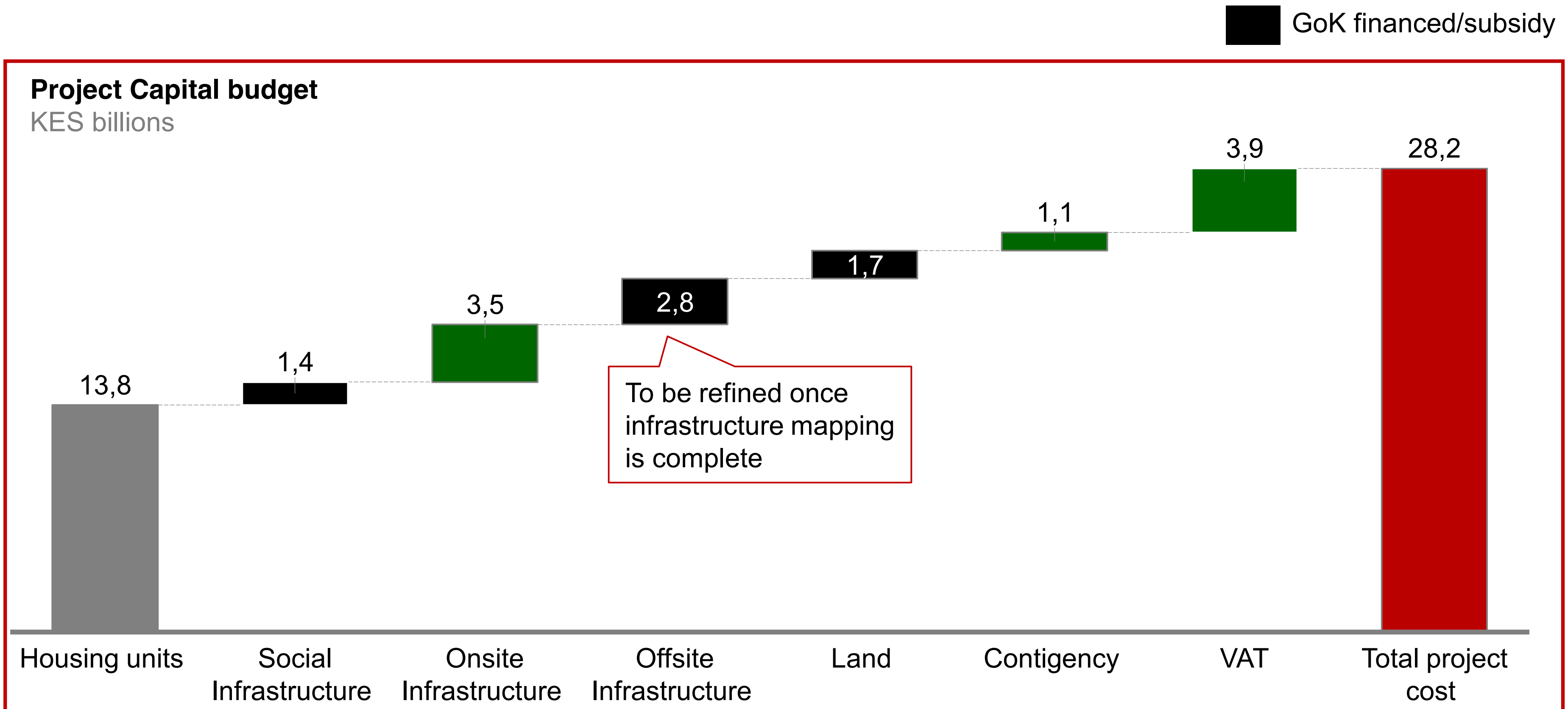
- Launch of the 1 million housing programme and ground breaking of the Mavoko 55 acres for 8,000 units
- Ground breaking for social housing Programmes in Kibera B&C, Mariguini
- Announce expected range of costing for houses under the programme e.g. 600k-1million for 1-2 rooms, 800k-3 million for bedsitter -3 bedroom houses
- Launch of public portal by NHC for vetting home buyers under the programme
- Partnership with cooperatives to develop 200,000 houses with GoK support under the programme and signing of MoU

1 year big announcements!

- Balloting process to allocate houses in Mavoko, Kibera B&C and Mariguini
- Signing and breaking ground of PPP arrangement to develop old estates in Nairobi Eastland Area to deliver 100,000 new units
- Signing of the first major PPP development programme for Portland 1 to develop 150,000 units
- Off-plan sale of houses in Portland 1 to be developed under PPP arrangements

Budget – 55 acres Mavoko to develop 8,200 homes

APPENDIX 17-A



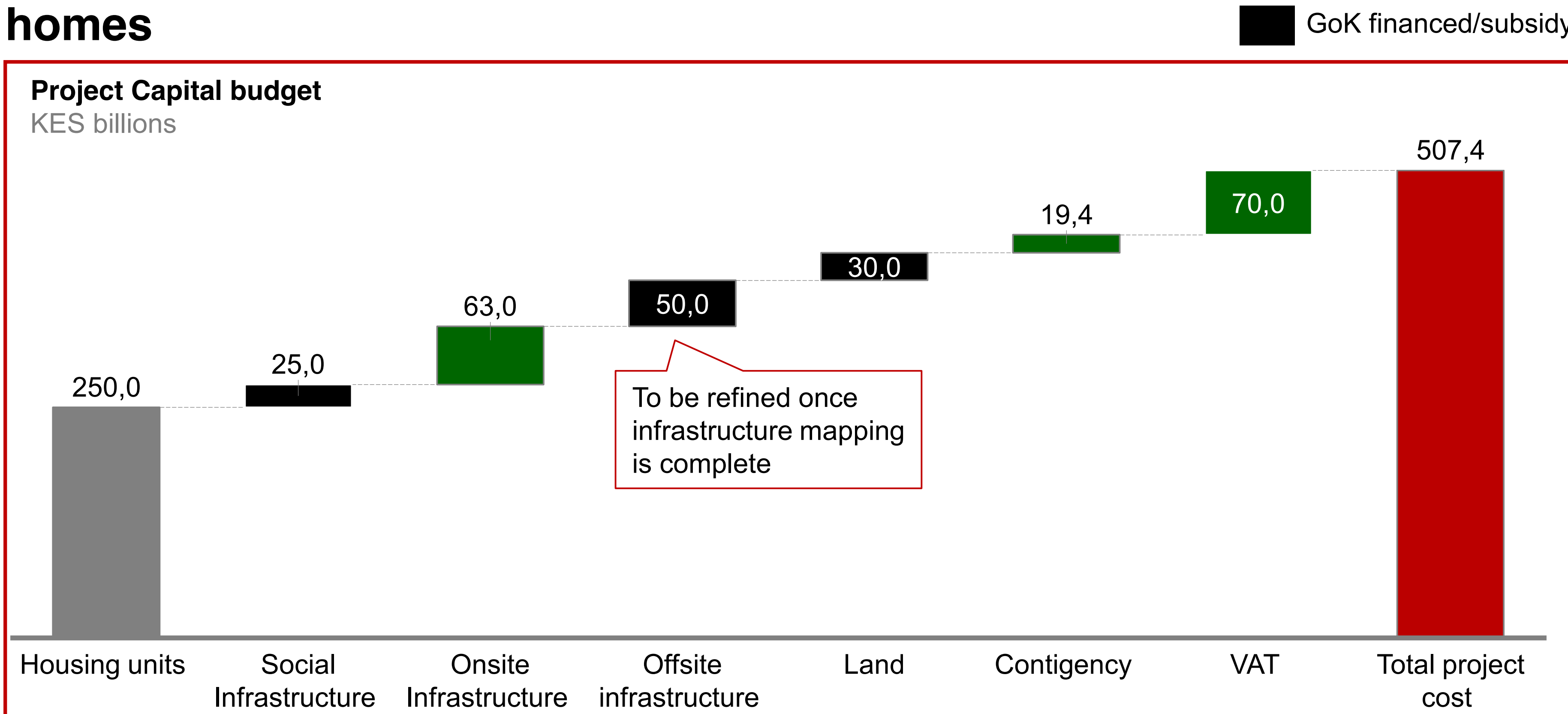
Assumptions

- Housing units contribution – 65%, Social infrastructure – 10% of housing units cost, Onsite Infrastructure – 25% of housing units cost, Offsite Infrastructure – 20% of housing units cost
- 5% contigency, 16% VAT
- 35,000 p.s.m, 230 units/acre

Budget – NSSF 1000 acres, Mavoko to develop ~ 150,000 homes

APPENDIX 17-B

Project Capital budget
KES billions

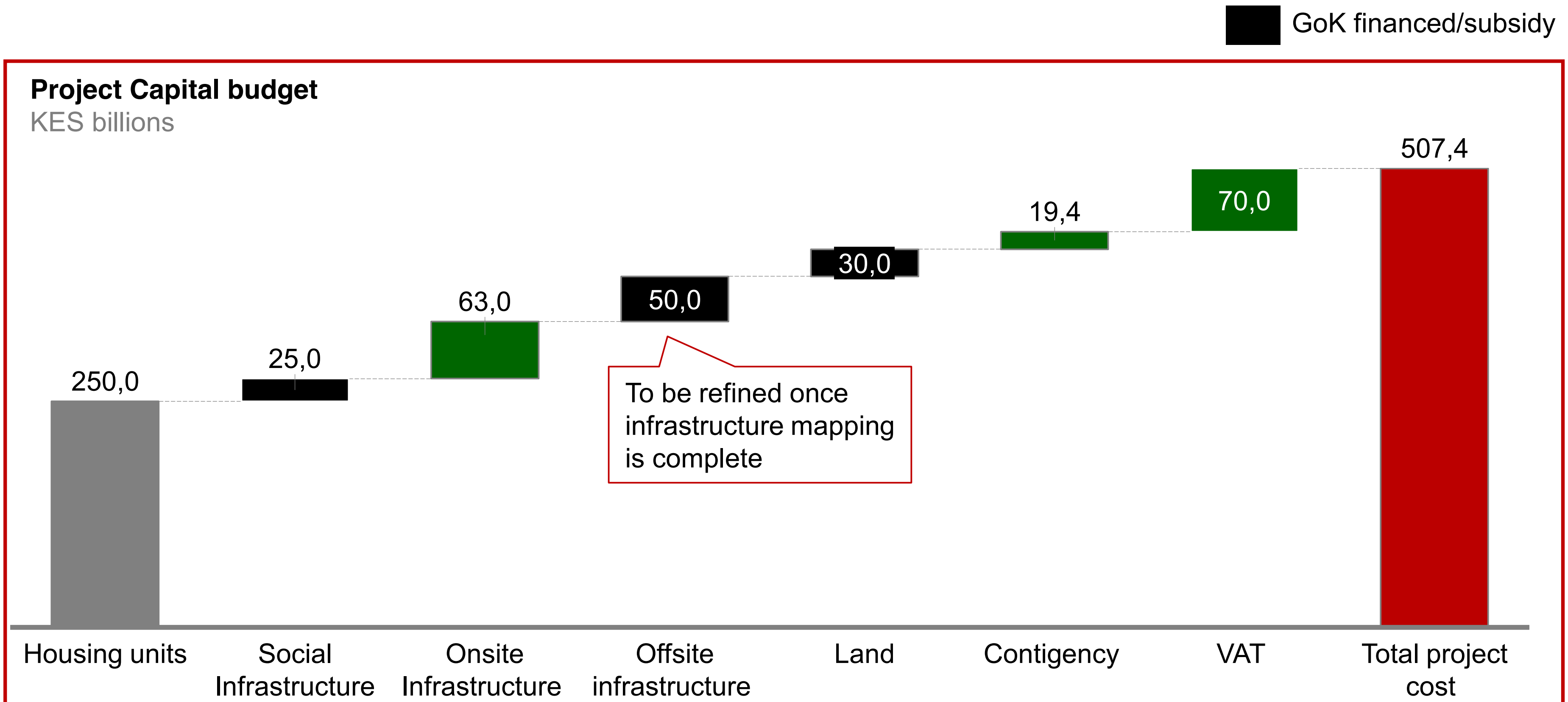


Assumptions

- Housing units contribution – 65%, Social infrastructure – 10% of housing units cost, Onsite Infrastructure – 25% of housing units cost, Offsite Infrastructure – 20% of housing units cost
- 5% contigency, 16% VAT
- 35,000 p.s.m, 230 units/acre

Budget – Portland 1, 1000 acres, to develop ~ 150,000 homes

APPENDIX 17-C



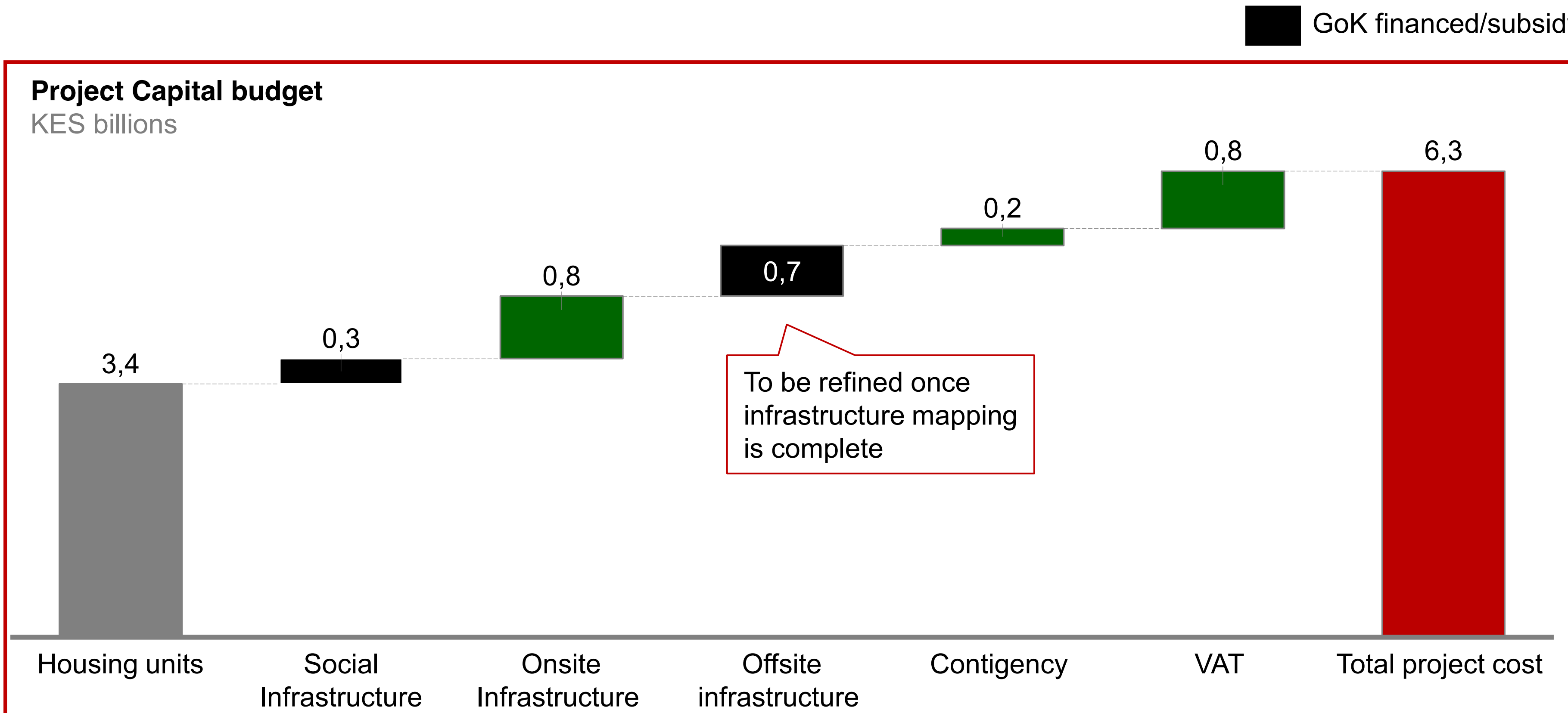
Assumptions

- Housing units contribution – 65%, Social infrastructure – 10% of housing units cost, Onsite Infrastructure – 25% of housing units cost, Offsite Infrastructure – 20% of housing units cost
- 5% contigency, 16% VAT
- 35,000 p.s.m, 230 units/acre

Budget – Kibera Soweto Zone ‘B’, to develop ~ 4,200 homes

APPENDIX 17-D

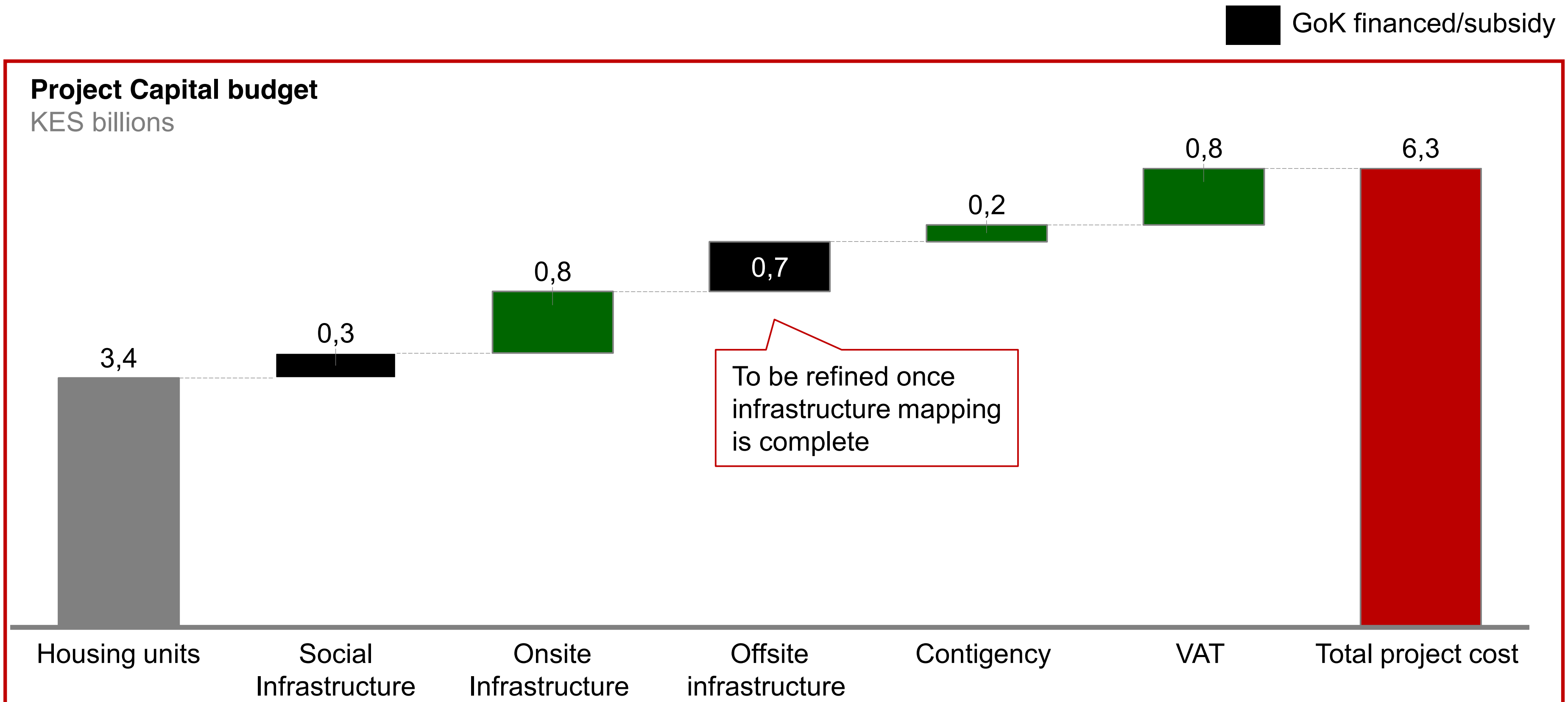
Project Capital budget
KES billions



Assumptions

- Housing units contribution – 65%, Social infrastructure – 10% of housing units cost, Onsite Infrastructure – 25% of housing units cost, Offsite Infrastructure – 20% of housing units cost
- 5% contigency, 16% VAT
- 35,000 p.s.m, 747 units/acre

Budget – Kibera Soweto Zone 'C', to develop ~ 4,200 homes

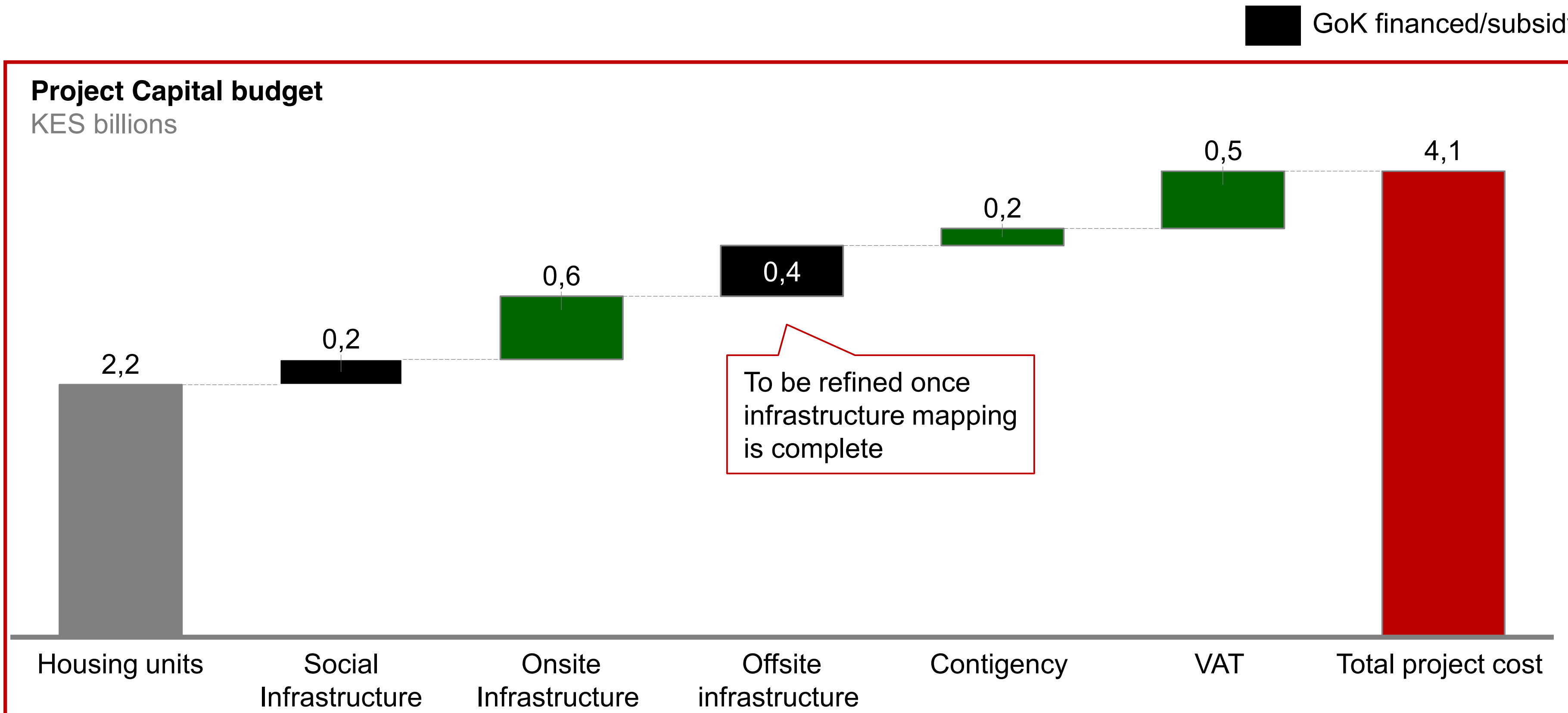


Assumptions

- Housing units contribution – 65%, Social infrastructure – 10% of housing units cost, Onsite Infrastructure – 25% of housing units cost, Offsite Infrastructure – 20% of housing units cost
- 5% contigency, 16% VAT
- 35,000 p.s.m, 747 units/acre

Budget – Mariguini to develop ~ 2,700 homes

Project Capital budget
KES billions

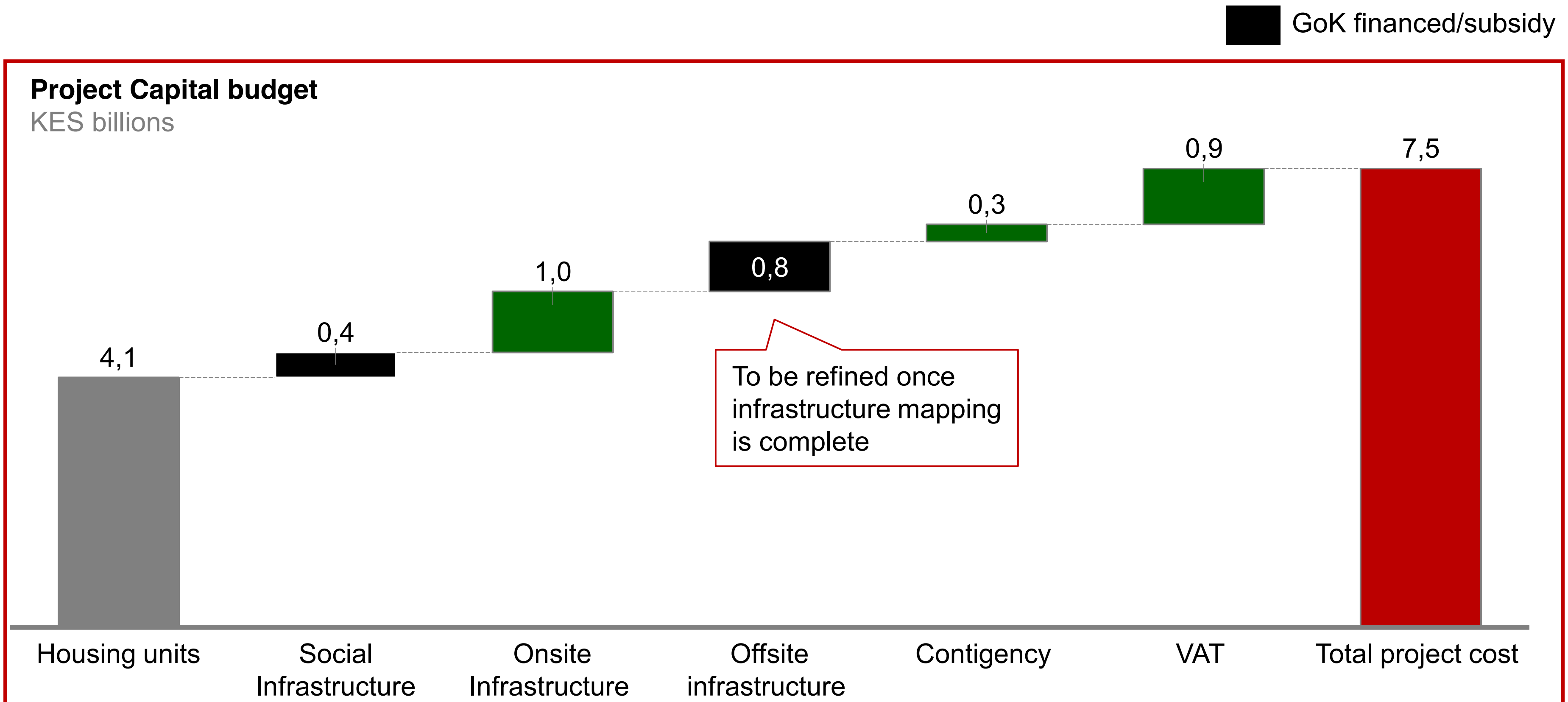


Assumptions

- Housing units contribution – 65%, Social infrastructure – 10% of housing units cost, Onsite Infrastructure – 25% of housing units cost, Offsite Infrastructure – 20% of housing units cost
- 5% contigency, 16% VAT
- 35,000 p.s.m,747 units/acre

Budget – Kiambiu to develop ~ 5,000 homes

APPENDIX 17-G



Assumptions

- Housing units contribution – 65%, Social infrastructure – 10% of housing units cost, Onsite Infrastructure – 25% of housing units cost, Offsite Infrastructure – 20% of housing units cost
- 5% contigency, 16% VAT
- 35,000 p.s.m, 154 units/acre