A SUMMARY OF KEY INVESTMENT OPPORTUNITIES IN KENYA

Prepared by:
Macro Planning Directorate
Office of the Prime Minister
Ministry of State for Planning,
National Development and Vision 2030
Treasury Building
PO Box 30005 00100
Nairobi, Kenya
Tel. 254 020 2252299 ext 33101 or 33094
Email: ps@planning.go.ke or macro@planning.go.ke
Website: www.planning.go.ke

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FOREWORD

Kenya's Gross Domestic Product (GDP) was estimated at about US$ 27 billion in 2007 thus placing Kenya among the five biggest economies in Sub-Saharan Africa. Although our economy is still small by global standards, it is distinguished from those of most of African neighbours by the fact that it is one of the most diversified.

Indeed, our economy has demonstrated its strength in agriculture, manufacturing and the services sectors which have strong linkages. Our manufacturing sector for example has been especially strong in processing agricultural products in the food and beverages category. Likewise, one of our most important sub-sectors under services, notably tourism, has strong linkages to transport, food production, retail trade, and entertainment industry. These examples serve to demonstrate that we should keep these inter-sectoral linkages and the diversity of our economy in perspective as we match towards the aspiration of the Kenya Vision 2030 to make Kenya a globally competitive nation with a high quality of life for all its citizens.

As Kenya's Prime Minister, with responsibility of coordinating policy implementation across government ministries, I wish to assure investors that Kenya is now politically stable under the Grand Coalition Government. Indeed, we take cognizance that political and economic stability are intertwined and are key pillars for long term prosperity of any nation. The Grand Coalition Government will fully serve Kenyans and create good governance structures and promote conducive environment for Public Private Partnerships (PPP) as well as viable joint ventures.

The Government is also giving priority to equitable and sustainable development to improve the welfare of its citizens. I want to re-assure our investors, both local and international, that Kenya is open and safe for investments. The Grand Coalition Government is currently implementing the policy decisions that were reached during the mediation talks chaired by H. E. Dr. Kofi Annan on behalf of the African Union. The reconciliation process amongst our people is going on well and Kenyans are now focusing on activities that improve their standards of living. New legislation and institutions to promote and guard peaceful coexistence amongst Kenyans are being introduced. We have strong conviction that Kenyans have emerged out of this much stronger and that we are going to succeed. The events of the past six months attest to this.

The Grand Coalition Government welcomes investors to Kenya as an ideal destination for investment, trade and tourism.. The government will do everything necessary to ensure that investors reap maximum returns from their investment.

This booklet identifies viable investment opportunities and incentives for PPPs, joint ventures and sole entrepreneurship. On behave of all Kenyans, I assure all investors of necessary support.

THE RT.HON. RAILA AMOLO ODINGA , EGH, MP
PRIME MINISTER

PREFACE

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. The projects are to be implemented within a Public Private Partnership framework.

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

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1.0 INTRODUCTION

This publication provides in a brief and concise way some of the investment opportunities available in Kenya. The projects and programmes 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.

1.2 Key Economic Indicators

Kenya has an estimated population of 37.2 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 2007, Gross Domestic Product (GDP) was approximately USD 27 billion (at an exchange of USD 1 to Kshs 67). The economy has in the past registered high growth rates of 6.4% and 7.0% in 2006, and 2007 respectively. It is projected to grow at 10% by 2012 and sustain thereafter. The government has taken steps to enhance Kenya's economic competitiveness. 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. The First Medium Term Plan 2008-2012 is under implementation. The Vision and its first plan provide a range of investment opportunities for both the 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 Grand Coalition 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, 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.
- 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 most developed stock market in the Eastern and Central African region i.e. the Nairobi Stock Exchange (NSE).
- An attractive and comprehensive package of incentives offered to investors.
- A strong and cooperative relationship between the government, the private sector and development partners makes 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
- 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. At present exploration of oil is ongoing off the Indian Ocean Coast and other parts of the country.
- Favorable weather /Climate as well as attractive and diverse social/cultural environment.

- A relatively well developed infrastructure
- Kenyan businesses encourage the use of mobile (cell) phones for doing business and telemarketing. 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, 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 1,180 MW and it is projected to grow at 7% annually over the next 10 years, to reach 2,263MW 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 67,105 in the Financial Year (FY) 2005/06 to 122,080 in FY 2006/07 and to 140,807 in FY 2007/08. 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 1,180MW currently to 1,860MW by 2013 and to 2,600MW 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 60,000 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.

2.1.2 Geothermal Development

The geothermal resources in Kenya are concentrated in the Rift Valley of Kenya with an estimated potential of over 4,000 MW. Out of this resource potential, 130MW has been developed for electricity generation. Another 35MW is scheduled for commissioning by November 2008, thus raising the total to 165MW.

Appraisal drilling is currently in progress in Olkaria IV geothermal field for development of a 70MW electric power plant. Five wells with an average output of 5MW per well have already been drilled, while the sixth and final appraisal well is in progress. Drilling of twelve (12) steam production wells will commence immediately and be completed by March, 2009, thus raising the number of wells needed for the proposed 70MW power plant to 18. As a parallel initiative, preparation of tender documents for conversion of steam into electricity will commence in December 2009. It is intended to have a continuous drilling campaign to provide adequate steam for development of another 490MW of geothermal plants by the year indicated in the table below after the proposed 70MW Olkaria IV power plant.

	Project Name	Capacity	Year
1	Longonot I	70 MW	2012
2	Menengai I	70 MW	2013
3	Menengai II	70 MW	2014
4	Longonot II	70 MW	2015
5	Suswa I	70 MW	2016
6	North Rift I	70 MW	2018
7	North Rift II	70 MW	2019

A special purpose Kenya Government owned Company, Geothermal Development Company (GDC) is expected to be registered by 2008/09, to undertake geothermal resource assessment activities. These activities are currently undertaken by KenGen which is also involved in the development of power plants and production of electricity. GDC will float tenders for conversion of steam into electricity. Private Sector Companies will be expected to bid alongside KenGen for such steam to electricity power conversion projects. The lowest price evaluated complaint bidder will be awarded 20 year contract during which period GDC will guarantee continuous availability of steam. Public private partnership will also be encouraged to minimize perceived investor risks.

2.1.3 300 Mw Coal Fired Plant

The Government of Kenya commissioned a feasibility study on the establishment of a 300 MW coal power plant in Mombasa. It also identified three suitable sites for the coal plant. The plant will require 0.9 to 1.1 million tones of coal per year, all of which will have to be landed at the Mombasa port and transported to the power station. The port currently has only two berths capable of unloading coal. However, both are not capable of handling this additional large amount of coal.

Given these constraints, the study has identified and recommended Mdugani (Dongo Kundu) within Mombasa harbour as the most feasible site because of availability of ample space, minimal coal handling between ship and plant. Also similar power plants can be constructed in the vicinity in future taking advantage of coal unloading facility and grid connection to be provided.

There is therefore an investment opportunity in a coal handling facility. The 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 in Mwingi district, which covers an area of 400km2. This basin is 180 km North East of Nairobi. So far thirty three (33) wells have been drilled with depths ranging from 75 to 324 metres and coal seams encountered in twenty (20) of the wells. Coal sample analyses have revealed that the coal is sub-bituminous to bituminous in quality, with an average calorific value of 18MJ/kg.

Coal exploration has reached a commendable stage as three (3) new wells with coal seams thickness of 13 metres, 5.37 metres and 4.20 metres have been sunk this year. Seventeen (17) wells previously sunk have coal seam thicknesses ranging from 0.3 metres to 12.6 metres. These coal seams have been discovered at depths ranging from 20 metres to 320 metres below the ground. An area of about 20 km^2 has been delineated as a coal zone.

To determine the quantity and quality of the coal deposits, the government has floated a competitive tender for drilling of twenty (20) appraisal wells in Kateiko – Yoonye area covering 40 Km2. The successful bidder will in addition to drilling the 20 wells be expected to estimate the commerciality of the coal deposits. If commercial deposits are ascertained, a concession will be granted to a private developer through an open competitive tender.

To accelerate coal exploration, the government has also created three more Coal exploration blocks in the Mui basin, which shall be leased to prospective investors for exploration and exploitation.

The next coal basin for development is Taru basin that runs across Kwale and Kilifi Districts in Coast Province of Kenya. Geologically, this basin is in the Karoo system, which resembles the coal producing system of South Africa. The Karoo system is known for high quality coal. The Taru basin Exploration is scheduled to start soon after the conclusion of the Mui basin project.

2.1.5 Hydropower Development

Kenya's least power development plan has identified a number of potential hydropower plants. Although the plants have not been considered economical in the past, recent oil price increases now make them attractive for investment. The best among the undeveloped hydropower sites are:

- Mutonga on the Tana River with an expected capacity of 60 MW and an annual average electricity generation of 336 GWh. The estimated cost of construction is US$ 270 million.
- Downstream of the Mutonga site is the Lower Grand Falls with a capacity of 140 MW and annual average electricity generation of 715 GWh.

These sites provide a good potential for investment in hydropower.

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.

- **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 100 kilowatt peak. Out of approximately 3,000 eligible institutions, 133 have been equipped with PV Systems with a combined capacity of 399 kilowatts peak in the last four 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 and COMESA. 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.

- **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 is 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 would require 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. A national B2 would require about 28 million litres of bio-diesel at current consumption levels and would be required to grow to 50 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 relate industrial potential for production of bio-fuel.

2.1.8 Development of A 300 – 1000 Nuclear Power Plant

Kenya's natural resources for development of low cost and affordable electricity are currently very limited. Given this situation, the Government has decided to diversify power generation sources, away from the very high cost oil based power plants, in order to make the cost of electricity affordable.

Nuclear power generation has therefore been identified as a potential source capable of providing affordable electricity to spur economic growth, consistent with Kenya's Vision 2030 development agenda. For a start it is proposed that the private sector will be given an opportunity to develop a 300 – 1,000MW nuclear power plant over the next 7 years. A Build Own Operate Transfer (BOOT) model based on 30-year Power Purchase Agreement (PPA) will be offered to a private sector investor with requisite experience and resources to construct and operate the power plant.

2.1.9 Exploration of hydrocarbons and petroleum

There are huge investment opportunities in the exploration of hydrocarbons and Petroleum in the North Eastern parts of the country. These opportunities provide a good potential for investment.

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 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 a 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, judicially case management, land registration and many others.

2.2.4 Government Applications

The Government is in the process of harmonizing the registration agencies through the Integration of Population Registration System (IPRS) programme. The IPRS is targeting to come up with a population register that will update register of the whole residential population in order to sufficiently identify an individual uniquely and also be used for approved purposes. The implementation of the IPRS is on-going. In order to further effectively render its services, the Government is proposing further development in the registration process which include production and processing of national identity cards/passport, driver's license, motor vehicle log books, payroll, pension, land information system/local authorities and rates collection.

- **National ID (Third Generation)**

The Government intends to acquire and install a new system for registration and issuance of new generation of national IDs. The registration of persons and application for national IDs is done in all divisions of every district. The process involve filling of forms, photo and fingerprints taking. The raw data is then forwarded manually to the headquarters, a process that consumes a lot of time. This process needs to be automated to an ideal situation i.e., the processing should be done in a real-time such that once biometric features are captured and application is completed the data should be availed for processing immediately.

The 3^{rd} Generation ID Project may be considered within the framework of BOT. Details of the system, the security features, and mode of production are still being reviewed. But it offers a potential ground for Public Private Partnership.

- **Births and Deaths Registration**

This process is similar to that of 3^{rd} generation IDs. The registration coverage of births and deaths occurring in Kenya is very low. Automated data centers will be required to ensure full coverage of all areas in the country. The process has a potential for investment through Build Operate and Transfer. The process may be operated in tandem with that of national ID.

- **Visas**

There are plans for a Visa Issuing System to be installed in all border control points. The Visa system is expected to replace the current manual process of issuing visa stickers in order to enhance service delivery. In addition, the system is expected to boost the collection of Appropriation In Aid (AIA). The potentiality for investment may be realized through BOT.

- **Cross Border Management**

The cross border management has a potential for investment in aliens registration and monitoring. The intention is to register and keep accurate data for aliens entering or leaving the country. The data should be captured on real-time basis. The target areas for installation are all border control points and at the Immigration headquarters. Potential benefits may be realized through BOT.

2.2.5 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.

2.2.6 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 favourable 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.

2.2.7 Communication Equipment in the security sector

With the fast changing telecommunication and the sophistication of crimes, the world is becoming a global village. Telecommunication makes an integral part of security provision.

Communications in Security need measures and controls taken to deny unauthorized persons information derived from telecommunications and ensure the authenticity of such telecommunications. Communications security includes cryptosecurity, transmission security, emission security, traffic-flow security and physical security of equipment.

Cryptosecurity: The component of communications security that results from the provision of technically sound cryptosystems and their proper use. This includes ensuring message confidentiality and authenticity.

Emission Security (EMSEC): Protection resulting from all measures taken to deny unauthorized persons information of value which might be derived from intercept and analysis of compromising emanations from crypto-equipment, automated information systems (computers), and telecommunications systems.

Physical Security: The component of communications security that results from all physical measures necessary to safeguard classified equipment, material, and documents from access thereto or observation thereof by unauthorized persons.

Traffic-Flow Security: Measures that conceal the presence and properties of valid messages on a network. It includes the protection resulting from features, inherent in some cryptoequipment, that conceal the presence of valid messages on a communications circuit, normally achieved by causing the circuit to appear busy at all times.

Transmission Security (TRANSEC): The component of communications security that results from the application of measures designed to protect transmissions from interception and exploitation by means other than cryptanalysis (e.g. frequency hopping and spread spectrum

2.2.8 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 tele-communications 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.

2.3 Manufacturing Sector

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 (SME) 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 sub-sector 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

- **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.

- **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.

- **Vegetable Oil Processing Industry**

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

2.3.6 Chemicals industry

- **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. 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.

There is also potential in the following areas:-

- Establishment of a fertilizer plant in Mombasa to manufacture DAP, CAN, NPK using imported intermediate inputs.
- 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.

- **Dyes for textiles industries**

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

- **Value addition in Pyrethrum and other 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 pesticide 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 naturaly in the arid and semi-arid areas of Kenya such as Baringo, the Coast, Laikipia, Nanyuki and others. 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.

- **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 tree 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 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.

- **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.

2.3.7 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.

2.3.8 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. The following are some of the potential areas for investment.

2.3.9 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.

2.3.10 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.

2.3.11 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.

2.3.12 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.

2.3.13 Pharmaceutical plants

Possible areas of investment in this area include:

- Set 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.

2.3.14 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.

2.4 Tourism Sector

2.4.1 Development of Resort Cities

This is one of Kenya's flagship projects in the Tourism Sector which creates lucrative investment opportunities and involves the development of three (3) high-end resort cities – two at the Coast (North and South) and in Isiolo (North of Nairobi). Kenya has a long coastline with beautiful sandy beaches that are very attractive to tourists. There will also be a parks initiative which will involve upgrading and development of under utilised parks with an intention of offering quality niche experiences. These experiences include cultural, eco-friendly and water-based tourism. The government will provide the necessary physical infrastructure including land for the development of the resort cities.

2.4.2 Construction of International Hotel Chains

The Kenya Government has developed a strategy to attract quality high-end international hotel chains and encourage investment in conference facilities. The opportunities in the hotel industry are provided for by the unmet demand for and high occupancy rates in key tourist areas. With normal tourist arrivals, the demand for accommodation exceeds the available bed capacity thus creating a demand for additional bed capacity. Land for constructing such hotels is available and the Government will offer the necessary support for such investments. Investment opportunities in establishment of tourist hotels exist areas such as Lake Turkana, Marsabit and Tana River.

2.4.3 Investment in Conference Facilities

Kenya has three cities namely, Nairobi, Mombasa (the port city and entry point to East and Central Africa) and Kisumu (on the shores of Lake Victoria). The three cities offer a myriad of experiences. Kenya currently has only one large international conference centre (KICC) with a capacity of 2,000 delegates in Nairobi. With the ever increasing demand for conference/convention and exhibitions, the destination will require investment in this niche product.

Kenya is host to two major UN organisations namely the United Nations Environment Programme and the United Nations Habitat. Nairobi, the capital city, is also rapidly becoming a regional business and financial services hub. These are some of the factors that make the demand for conference facilities high and therefore attractive for investment. Due to its strategic location in the East African Community Region, Kisumu offers viable opportunity for investment in hotel and conference business.

2.4.4 Entertainment Options – Amusement Parks, Clubs, Casinos, Theatres and Specialty Restaurants

Great potential exists in the entertainment 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 entertainment options that include amusement parks, clubs, casinos, theatres and specialty restaurants.

2.4.5 Film Industry

The Government has embarked on initiatives aimed at leveraging on Digital Continent to unlock new opportunities to do business. The scope of Information and content activities in the ICT sector covers the film industry as a key areas of growth with great potential to spur economic growth through employment creation and investment. The Film Industry serves as a useful tool for tapping the artistic energies of creative Kenyans, and can be a vehicle for diversification of our exports as locally produced films can be marketed in other countries thus earning foreign exchange.

The vast open spaces, under clear blue sky, starry nights and misty moonlights and inviting camp fires offer prime destination for Holly Wood and global film fans. Many world famous films such as *Born Free, Living Free, Forever Free, Walking With Lions, Lion King*, among others have so far been shot in the Arid and Semi-Arid Land (ASAL) areas in Kenya.

In order for the industry to become a significant player and develop a major motion picture production industry with a rich employment, economic, social, and cultural rewards that it brings, the government plans to establish public private partnerships on film production to enhance local content development. Investors are encouraged to invest in this market segment.

2.4.6 Construction of Golf City, Nairobi

The project will be located in Railways Cliub Nairobi opposite Uhuru High Way wherer 63 Acres of land are available. The project will be composed of the following; a five star hotel with 100 rooms, five star hotel with 600 rooms 9 hole golf course facility, exclusive cottages, golf club house with a modern chim and other facilities, conference room fully equipped with international features, exhibition rooms, world class shopping mall, imax theatre the first of its kind in Africa and adequate parking facilities for over 2000 cars. Feasibility study has been done and shown the project as being feasible.

2.4.7 Construction of lake view resort in Kisumu

Construction of lake view resort in Kisumu on Kenya Railways land measuring 20 acres situated on the shores of Lake Victoria. The project involves establishment of a 5 star hotel with 400 rooms; 2 three star hotels with 300 rooms each, conference facilities for over 2000 people; office park with 10 commercial buildings; car park for 2000 cars; entertainment and recreation areas; shopping malls, and business process outsourcing park. Detailed design and feasibility study is on-going.

2.4.8 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.

2.5 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 Construction and equipping of national music center

Inspite of the growing music industry within the country and the region, there exists no music archives of any nature related to music within the region that can provide information that would enrich the younger generation and market Kenya's music and dance to the world. The musicians need to draw from their cultures to enhance their music and stimulate creativity.

There exists an opportunity in the establishment of a National Music Center that will accommodate facilities such as: national music archive, music library, music concert halls with varied sitting capacity, music rooms for provision of instructions on varied proficiency skills in music, rehearsal rooms for choirs, instrumentalists and other performances, audio recording studios, audio visual edit suites, hall of fame to honour and recognize contribution in music and dance, staff offices, music instruments, equipments and fittings for the facilities, storage rooms for equipment, equipment repair rooms, studio control rooms, parking space for vehicles and a restaurant.

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 Free Port

Development of a free trade area within Kenya Ports Authority 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. Participating firms may seek fiscal and physical incentives to locate in the 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.

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

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. A study carried out in 1975 identified Lamu as a suitable alternative. If the port is developed, it will require a railway line and a road to connect it with inter land. This is a good opportunity for investment.

2.6.6 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.

2.6.7 Concessioning (BOOT Framework)

Kenya Roads Act (2007) allows for private sector participation in road sector improvement through Concessioning (BOOT Framework). Currently the Government is procuring a contract for the 1st Nairobi Urban Toll Road Concessioning Project under private financing (Southern Bypass). The Southern bypass (30km) starts on Mombasa road near the former American Embassy and ends on Naivasha road after Kikuyu town.

2.6.8 Concessioning Northern Corridor

A study carried out in 2003 on road concessioning showed that the Northern Corridor (Mombasa – Nakuru – Mau Summit – Malaba and Mau Summit – Kisumu- Busia) as being viable. The study identified sections for concessioning as Mombasa-Machakos Turn off (approx. 436), Machakos Turn off –Rironi (approx.107km), Rironi –Eldoret-malaba (445km) and Mau Summit –Kericho-Kisumu-Busia(252km). The concessioning can be done within the Kenya Roads Act (2007) which empowers the Minister to concession road sections through tolling. The period is for 30 years and an after tax real rate of return is 20% on an equity investment of 20% of project cost.

2.6.9 Private Sector Management of Nairobi-Thika Highway

Plans to reconstruct the 50.4 kilometre Nairobi-Thika Highway at a cost of Kshs 26 billion through financial assistance from African Development Bank (AfDB) are at an advanced stage. The road forms part of the link to Ethiopia through Moyale border post and Somalia at Liboi border post. The road is being upgraded from a four-lane to an eight-lane dual carriageway with full access control and grade separation. Other facilities that will be provided within this project include interchanges that will replace roundabouts, such as, flyovers; underpasses; bus bays; footpaths; and other important Non-Motorised (NMT) facilities.

This project is expected to contribute immensely to the economic and social development of Kenya and neighbouring countries. The project is also expected to improve mobility and transport linkages between the Nairobi Metropolitan Area and satellite towns located along the highway. The project includes a private-sector management contract for maintenance and operation of the improved road that will be undertaken under Public-Private Partnership (PPP). PPP options that are being considered for this project include maintenance, management and operations of toll stations. The tolling systems that are being considered include normal/shadow and open/closed systems to finance the PPP costs.

2.6.10 Privatisation of Weighbridges

Plans to privatise the management of weighbridges are at an advanced stage. Currently there are a total of 13 weighbridges country-wide. 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.

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.

2.7.1 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.

2.7.2 Rapid light rail

This will entail provision of light rail to ease traffic congestion and improve efficiency of transportation between the CBD and other parts of the metropolitan including the Jomo Kenyatta International Airport; a distance of 15.6 KM and serving about 150,000 passengers daily.

2.7.3 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 centres.

2.7.4 Closed Circuit Television (CCTV)

CCTV has in the last few years proved to be very effective device 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.

2.7.5 Parking system

Investment opportunities exist in the provision of both space and technology that complements promotion of public transport. This require provision of vehicle parking services and development and management of a multi-storey parking in designated places in the CBD and other outlying commercial hubs in major Local Authorities. Land has already been identified in potential areas for the development of the parks.

2.7.6 Geographical Information Systems (GIS) Planning and Mapping of the Metropolitan Region

Technical Assistance in institutionalizing a GIS- based spatial planning and management at the Ministry level and the Metropolitan Local authorities, particularly Nairobi.

2.8 Agricultural Sector

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

2.8.1 Sugarcane development

This will entail the expansion of the sugar factories both for increased sugar production and power generation. Main areas will be expansion of Sugar Factories in South Nyanza, consolidation and expansion of Nyando belt sugar factories in the Nyando Basin and expansion of sugar factories in Western Kenya. Potential areas with between 10,00 ha to 15,000 ha of land suitable for cane development and establishment of sugar processing factories have been identified in Homa - Bay and Busia districts.

2.8.2 Value Addition

This programme will involve setting up of small to medium scale industries for value addition in several agricultural commodities including Tea, Coffee and Fruits. The main projects will include decaffeinated tea, various branded teas, instant coffee and processed coffee, mango/citrus processing in Eastern, Coast and Nyanza and Banana processing in Central, Eastern and Nyanza.

2.8.3 Marketing Infrastructure

This will involve the following wholesale projects: Two wholesale markets for fresh produce in Nairobi, a wholesale market in Nakuru and a wholesale market in Mombasa.

2.9 Livestock Sector

Livestock production is one of the major activities in the sector. It 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. Invesyment opportunities exist in the following areas;

2.9.1 Development of Disease Free Zones

Under the Vision 2030 at least four 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. Investment opportunities in the disease free zones will include establishment of abattoirs and satellite abattoirs, storage facilities, Tanneries and Leather Processing Plants in ASAL regions in areas such as Garissa, Isiolo and Turkana districts. As the Government implements the Disease Free Zones (DFZs) the country will need to develop and manage quarantine stations. This is an ideal Public Private partnership initiative.

2.9.2 Meat industry;

Investment opportunities exist in the following areas;

- Beef processing units to be put up in major production area such as Nakuru and Eldoret in Rift Valley Province.
- Poultry and Pig processing; at present commercial poultry processing are almost under monopoly. There is an opportunity to set up a second large-scale production and processing facilities in order to supply chicken and pig products at affordable prices to the Kenyan consumers and Export market.
- Game meat; this is a new area, which has a very wide investment scope such as in ostrich farming, crocodile farming among other emerging livestock opportunities which have proven to be profitable.

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 the 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 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 (Western, Nyanza, Uganda and Tanzania)
- Mariakani (Coast, North Eastern and Tanzania)
- Sagana (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.

2.9.6 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:

- Breeding materials in poultry production. The ever increasing demand overwhelms the production capacity of the available hatcheries.
- 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 2006. 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 2007, a total of 167,221 metric tonnes of fish valued at Kshs. 8.7 billion was produced in the country. In the same year, fish exports earned the country approximately Kshs.5 billion.

There are three major sources of fish in Kenya which include, inland lakes and reservoirs, marine water of the Indian Ocean and aquaculture.

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 and Port Victoria.
- Fish processing plants for fresh water fish mainly for export in Kisumu, Homabay, lake Naivasha, lake Jipe, lake Challa, Tana river dams and Turkana.
- Small vans and cold storage vans.

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. Investment opportunities exist in;

2.11.1 Construction of 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 increased wholesale business activities in these towns and their environs

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. 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.

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. Development of water storage capacity is therefore of the highest priority for the Ministry of Water and Irrigation.

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 a partnership 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), 2m3 Water bowser (1). The construction and drilling units will enable the NWCPC to effectively construct dams and boreholes thereby enhancing the capacity of the corporation.

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 Japanese investors to team up with the Tana and Athi River Development Authority (TARDA) to actualize this project. The estimated cost is US$50million

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.

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 school 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 20 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.

2.13.2 Centres of Excellence Programme

In cognizance of globalization and local skill needs in knowledge based economy the sector will establish "centres of excellence" in the hospitality industry, Agriculture, trade, manufacturing, financial services, engineering and information technology to produce high skilled man power.

The government, through the Directorate of Industrial Training (DIT) is responsible for the administration and management of one industrial training institute in Nairobi and four industrial training centres in Nairobi, Athi River, Kisumu and Mombasa. The institute and the centres have greatly contributed to the promotion of industrial training in the country.

However, the training centres and institute are in a dilapidated state. They require refurbishment of buildings and re-equipping with modern tools and equipments to make industrial training effective and relevant to the industry. In addition, there is need for retraining of technical personnel in these training institutions to facilitate transfer of technology. The Government has also proposed establishment of two additional industrial training centres in areas with a large number of industries and training institutions (Rift Valley and Mount Kenya Region).

This offers investment opportunities in upgrading of the following centres;

2.13.3 Kenya Textile Training Institute (KTTI)

The institute was set up in the early 1980's as a centre for textile training. The center is in a dilapidated state due to poor maintenance. Private investment in provision of modern tools and equipment to address the current technological deficit in the institute are necessary so as to ensure that training is effective and relevant with trends in the textile industry.

2.13.4 National Industrial and Vocational Training Centre (NIVTC)

The centre was set up in the mid 1980's to offer training relating to building, automotive and mechanical engineering and electronics. The buildings and workshops are in dire need of repair. Private investment in provision of modern tools and equipment is needed in order to make training effective and ensure trainees acquire skills relevant to the needs of industry and the country in general.

2.13.5 Kisumu Industrial Training Centre (KITC)

The centre was set up in the mid 1980's to offer training relating to building, automotive electrical and mechanical engineering. In order to make KITC a centre of excellence in boiler training and heavy commercial vehicle mechanics and mechanical engineering private investment in modern tools and equipment will be required to address the current technological deficit.

2.13.6 Mombasa Industrial Training Centre (MITC)

The centre was set up in the mid 1980's and offers training in building, automotive, mechanical and electronics engineering. In order to make MITC a centre of excellence in refrigeration and air conditioning, heavy current electronics and mechanical engineering, private investment in modern tools and equipment will be required.

2.14 Environment and Mineral Resources

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 such as soda ash, fluorspar, limestone, barite, gypsum, salt, dimension stone, silica sand, soapstone, manganese, copper, zinc, titanium, lead, nickel, carbon dioxide, chromite, pyrite, rare earth elements and phyrochore. Most of these 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 exists in of in mineral exploitation, mining and value addition through direct or joint venture partnerships.

2.14.2 Carbon Offset 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.

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, recycling, and sewerage systems maintenance.

In addition, cleaning of the Nairobi and Ngong rivers and establishment and maintenance of public parks along the river banks (based on adopt and 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 Control of invasive weeds – particularly the water hyacinth

Over the last two decades, the country has experienced a resurgence of invasive weeds particularly the water hyacinth (*Eichhornia crassipes*) in Lake Victoria. Other invasive weeds have also been recorded in some of the satellite lakes in the country leading to serious threat to aquatic ecosystems, affecting fish stocks and water quality.

Extensive, tightly packed water hyacinth mats along the shoreline impair environmental quality for biodiversity maintenance, fish breeding grounds, nurseries of young fish, inshore feeding zones, and refugia for fishes. The interior of extensive mats are normally deoxygenated and/or have low levels of light and oxygen, and produce poisonous gases like ammonia and hydrogen sulphide. Water hyacinth contaminates watering points for domestic supply, livestock and game. Mobile mats obstruct access to landing beaches, fishing grounds and transport routes. There are therefore opportunities for investing in controlling the water hyacinth to a non-nuisance level through, community-driven efforts, mechanical harvesting using appropriate technologies or machinery, and biological control – through applied research.

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.

2.16 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;

a) 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.

b) 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.
c) Facilitate the acquisition of tax-exemption on all necessary goods and equipment as provided for under the Laws of Kenya where applicable.
d) Monitoring and evaluation of project implementation and management; and
e) 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 the investors will be expected to undertake the following;

a) Invest in the development of the project.
b) Undertake to facilitate conducting of a feasibility study and EIA.
c) Facilitate the formation of a Legal entity to undertake the management of the project.
d) 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 tones (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$2.3 per kg in the world market which reflects a gross earning in the excess of (US$ 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.

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 200mw of electric power to the national grid, production of food and cash crops through irrigation of 180,000 ha of land.

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 project is expected to produce 13,000 ha of irrigation land developed at Kibwezi and 40mw of hydropower. 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 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 600,000 and people 15,000 ha of irrigated land.

2.16.5 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, 10,000 ha of irrigated rice/horticulture, supply of water to Kisumu Town and environs, enhanced industrial activities in the region, increased agro-businesses and agricultural processing, irrigated land 17,000 ha, conservation of about 135,000 ha of catchment area and reduced flood problems in the lower reaches of river Yala. The benefits are to come from revenues from sale of hydropower, water supply and agricultural produce

2.16.6 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 include 32 MW of hydropower, conservation of 840,000 ha of water catchment area, improved water supply, increased fish production and 40 ha irrigated land.

2.16.7 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.

2.16.8 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.

2.16.9 Coast Development area Investment Opportunities: Tourism and other sectors

Coast development offers investment opportunities in the following areas;

- 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,
- Sugarcane production in Ramisi area,
- Jetropha production for energy production,
- Bixa production and processing for food pigment and colouring

Other investments include;

- Wildlife culture production for wild meet processing for local market and export to Europe.
- Animal production for meet 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

2.17 Cooperative Development

Co-operatives have played a critical role in the supply of major farm inputs as well as in influencing competitive pricing. There are great opportunities for investors to partner with cooperatives in;

- Establishment of consumer outlets in partnership with co-operatives
- Manufacture and/or blending of fertilizers especially the organic type through the use of compost and animal waste;
- Development of biogas technology and encouraging individual members to go into biogas production where dairy farming is successful;
- Production and marketing of ICT software and hardware to encourage standardization and the use of tailor made packages;
- Food and agro-processing and packaging for value addition to encourage export;
- Processing of cotton and pyrethrum for value addition venture;

- Eco-Tourism: Eco-tourism combines ecological sites tours with hotel business that does not degrade the environment. There are some SACCOs with plots in tourism circuits that could be developed in Eldama Ravine, Kericho, Kisumu, Kakamega, Nyeri, Kirinyaga, and Meru;
- Cooling Plants: Dairy and rural SACCOs could form joint ventures where there is large production of milk to facilitate storage of morning and evening milk for bulk transportation in tankers;
- 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;
- Motorized Fishing Boats: These will enable fishermen to go far into the lakes and sea with fishing gears that would only net large and mature fish. They could also be fitted with refrigeration equipment;
- Freezing halls (rooms at the landing beaches): Fishermen would store their catches in the freezing halls while looking for markets. Combining freezers and refrigerated vans would allow fish cooperatives to organize a profitable business with minimum wastage;
- Mamba Villages: Production of crocodiles for commercial meat within the hotel industry in different local circuits;
- Value addition: Coffee societies can invest in roasting both for local market and export. During off-peak processing period, the pulping facilities remain idle. With technical modification, the coffee societies can utilize these facilities as posho mills, animal feeds manufacturing plants, fruit/vegetable processing, briquettes making and other products;
- Telecommunications: This is a fast growing sector especially in mobile providers;
- ICT: There is huge potential in this area such as ISP and Digital Villages;
- Investment in co-operatives managed medium – large scale farming and providing housing within a reformed land tenure system;
- Investment in cooperative managed marketing, dipping and AI infrastructure to actualize Disease Free Zones.

CONTACT INFORMATION

For more information contact:

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

or

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