U.S. COMMERCIAL SERVICE
United States of America Department of Commerce

U.S. Country Commercial Guides

CCG Kenya

2020

U.S. Department of Commerce | International Trade Administration

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Doing Business in Kenya

Market Overview

Kenya has a domestic market of over 50 million people and is a leading economy in Sub-Saharan Africa. The top five reasons U.S. companies should consider doing business in Kenya are: 1) it is a market-based economy; 2) Kenya is considered to be the economic, commercial, financial, and logistics hub of East Africa; 3) it has a young and educated population that speaks English with a high fluency in technology; 4) the country continues to improve its Ease of Doing Busines environment; and 5) it has a strong bilateral relationship with the United States, having a Commercial Cooperation Memorandum of Understanding to promote trade and investment, and it is the first country in Sub-Saharan Africa to enter into Free Trade Agreement (FTA) negotiations with the United States. The following information gives greater detail for an overview of the market.

Two-way goods trade between the United States and Kenya reached $1.1 billion in 2019, up 4.9% from 2018. It has the strongest industrial base in the East Africa region and has been successful in attracting U.S. exporters and investors, with many companies establishing local and regional operations to take advantage of Kenya's strategic location, diversified economy, entrepreneurial workforce, comprehensive air routes, and status as a regional financial center.

Kenya has strong bilateral and multilateral trade relationships, including being a member of the East African Community and was the third country to ratify the Africa Continental Free Trade Area (AfCFTA). Moreover, by negotiating an FTA with the United States, the two countries hope to produce a high-standard agreement that will be beneficial to both economies and complement other regional agreements.

In 2019, the country's GDP per capita was $1,816 with an overall GDP growth rate of 5.7%. This was a decline in growth compared to 6.5% in 2018, attributed mainly to unfavorable weather affecting the agriculture sector and reduced government investment. Inflation remained at 5.2%, which is within the Central Bank of Kenya's 5 ± 2.5% target band.

Given the current economic climate in 2020, GDP is projected to grow by 1.1%. This slowdown affects employment, wages, and consumer activity. Unemployment remains high, with an estimated 40% of the population living below the poverty line. While Kenya will experience a decline in its growth in 2020, the World Bank forecasts a higher growth rate of 6.13% in 2021.

While market-based, some key drivers for the economy come from government. Following the 2017 election, President Uhuru Kenyatta outlined an agenda centered on four pillars for his second and final term. Dubbed the "Big Four," the agenda focuses on food security, affordable housing, universal healthcare, and increased manufacturing. Opportunities for trade and investments for both local and international firms exist given the increased focus on these four areas.

The World Bank's 2020 Doing Business indicators has Kenya ranked #56 out of 190 countries, an improvement of four positions from the previous year and over 80 since 2014. The Government of Kenya (GOK) has initiated a broad range of business reforms, including starting a business, obtaining access to electricity, registering property, protecting minority investors, and streamlining insolvency rules. Kenya is also experiencing a strong flow of FDI, with the majority of foreign investments expanding in the country, principally in the finance and insurance; renewable energy; trade; manufacturing; communication; and education industries.

Agriculture remains the backbone of Kenya's economy and central to Kenya's development strategy. According to the Food and Agriculture Organization of the United Nations, the sector accounts for more than 26% of the Gross Domestic Product (GDP) as well as contributing another 27% of GDP indirectly through linkages with other sectors. It is the largest employer in the country with more than 40% of the total population and more than 70% of Kenya's rural population earning at least part of their income from the sector.

Although Kenya is the most industrially developed country in East Africa, the African Development Bank estimates that manufacturing accounts for only 9% of GDP and has largely remained static for the past decade. Key exports such as tea, coffee, and floriculture require little or no processing. Although Kenya's mineral resources are limited, the country has an important source of high-value mineral commodities such as titanium, gold, and rare earth minerals. The construction & real estate sector is one of the fastest growing sectors in Kenya, accounting for 5.7% of GDP in 2019. This growth is generally attributed to government investment in public infrastructure development projects (road, rail, energy, port, and airport modernization) as well as in the real estate sector. Given the current difficult economic conditions in 2020, Business Monitor International (BMI) forecasts a downward growth for Kenya's construction sector from 6.4% in 2019 to 1.3% in 2020.

The technology sector is also one of the fastest-growing business sectors in Kenya, and internet access rates are some of the highest in sub-Saharan Africa. The rise of 4G and 4G LTE services in 2020, the GOK-approved universal 4G coverage, and the growth in smartphone usage is influencing growth in e-commerce and other e-based services and innovation.

The tourism sector in Kenya is one of the most diverse in East Africa, with increased investments in conference, eco, and leisure tourism. Tourist arrivals increased 1.1% in 2019, with the United States ranked as the top source for tourist arrivals. As a result, sector earnings grew by 4% to approximately $1.63bn. According to BMI and the U.S. NTTO, it is expected that international and U.S tourist arrivals could contract between 67.2 – 68.7% as the COVID-19 outbreak affects the global travel and tourism industry. Noting this, sector prospects remain positive in the medium term with a growth of 41% expected in 2021. This growth, coupled with investments in new hotel space and Kenya Airways' continued dominance in the region, should keep the industry strong. The GOK is targeting 2.5 million visitors by 2024 and over 3 million by 2030.

As previously indicated, while the economy will experience a slowdown in 2020, economic activity and GDP growth rate are expected to rebound in 2021. U.S. companies should be mindful of this temporary slowdown and plan accordingly.

Market Challenges

While the Kenyan business environment continues to improve, challenges remain. The top five challenges are 1) Corruption; 2) IPR enforcement; 3) Unemployment and poverty; 4) Land reforms; and 5) Security. The following information gives greater detail on these challenges.

According to Transparency International 2019 Global Corruption Perception Index, Kenya ranked 137 out of 180 countries (180 being the most corrupt), with a score of 28 out 100 points. Claims of corrupt dealings, particularly in land purchases and large government contracts persist. Other governance issues include government efficiency and weak regulatory and judicial systems. Despite the implementation of some reforms, courts remain subject to significant case backlogs, and cases can take years to resolve. Allegations of serious corruption within the judiciary persist.

The lack of enforcement of intellectual property rights (IPR) protection on videos, music, and computer software makes some U.S. firms reluctant to export these goods and services to Kenya. The GOK is in the process of initiating policy changes, with a 2020 IP bill currently in the legislative process.

As previously noted, the country's per capita GDP in 2019 was $1,816 in 2019 (World Bank), but unemployment and poverty remain high with an estimated 40% of the population living below the poverty line. It is estimated that 38% of Kenyan youth (18 – 35 years) are unemployed. Due to current economic uncertainties, BMI further forecasts Kenya's overall unemployment rate to increase by 5.2% in 2020.

Obtaining a title to land is uncertain. This reduces the borrowing capacity of families and businesses and constrains Kenya's ability to broaden its capital base. Land reform is a divisive and emotional issue, complicated by tribal traditions, land sale scams, and perceived historical injustices, which Kenya has so far been unable to resolve.

Market Opportunities

The primary U.S. exports to Kenya include aircraft parts, plastics, machinery and cereal/wheat. The most promising commercial opportunities in Kenya are in agriculture and agro-processing, aviation parts, design and construction services, education, energy storage and transmission, ICT hardware and software, and healthcare equipment and e-services.

Kenya remains a market with many opportunities and the key factors for this optimism include: The U.S. - Kenya Free Trade Agreement negotiation, increased regional and continental integration, a growing digital economy, increased liquidity in its capital markets, and public sector opportunities that include major infrastructure projects.

Kenya serves as a springboard for international firms looking to enter the region and remains a commercial hub for the region. Linkages from Kenya to other parts of the continent will only be strengthened with increased integration of the East African Community and the Africa Continental Free Trade Area (AfCFTA).

Kenya remains a regional leader in the digital economy, which according to a 2019 World Bank Eonomic Update, has grown an estimated 10.9% annually since 2016. The GOK's recent approval to deploy mobile networking balloon solutions by Alphabet's Google Loon further accelerates the country's universal 4G services coverage.

In November 2019, the GOK enacted the Banking Amendment Act of 2019, which effectively repealed a section within the Banking Act that capped the maximum interest rate banks could charge on commercial loans and dampened activity withing the financial sector. This repeal effectively allows financial institutions flexibility on pricing the risk of lending and will result in an increase of liquidity allowing for greater access to capital by the private sector.

Government investments are a large part of GDP growth for the county, and many of these investments center on transport infrastructure. The government has ongoing expansion projects in rail, port, and road networks in order to increase Kenya's attractiveness as an investment destination and retain the position as the economic hub for the region.

Additional information on opportunities are found in the following "Leading Sector for U.S. Exports and Investment" sections.

Market Entry Strategy

U.S. companies interested in investing in Kenya must develop a good understanding of the market in order to succeed. This includes determining the best market entry channel. U.S. companies should consider partnering with a Kenyan company to serve as a local agent or distributor. Other channels include obtaining local franchisees or licensees. While some sectors allow for direct sales to end users, one should have a solid understanding of the logistics of the market as well as how to reach customers via advertising, which is increasingly done through social media or via targeted campaigns. In advertising, companies can consider local vernacular, particularly when targeting customers outside of main urban areas.

Conducting market research can involve visiting the market, which is key to engaging potential local partners, building relationships, and evaluating market opportunities. Kenya has several strong business member organizations that can provide a good source of business development, networking, and market intelligence.

Most importantly, it is recommended to engage your local U.S. Export Assistance Center (USEACs) for market counseling, export strategy development, and to discuss the U.S. Commercial Service's suite of offerings.

Leading Sectors for U.S. Exports & Investments

Agribusiness

Overview

Agriculture dominates the Kenyan economy, accounting for 40% of the overall workforce (70% of the rural workforce) and about 25% of the annual GDP directly as well as contributing another 27% of GDP indirectly through linkages with other sectors. The country's major agricultural exports are tea, coffee, cut flowers, and vegetables. Kenya is the world's leading exporter of black tea and cut flowers.

Kenya's high rainfall areas constitute about 10% of Kenya's arable land and produce 70% of national commercial agricultural output. Farmers in semi-arid regions produce about 20% of the output while the arid regions account for the remaining 10% of the output. Productivity remains relatively low in all the regions due to poor incentives, and underdeveloped supporting infrastructure and institutions. Since 2013, Kenya has been undertaking agricultural sector reforms that are expected to spur growth. A new regulatory framework, arising from the consolidation and harmonization of the sectoral laws is under implementation.

Although Kenya perennially faces supply deficits in most of its food sectors, the country continues to use instruments under the Common Market for Eastern and Southern Africa (COMESA) and the East African Community (EAC) agreements to limit food imports. Both agreements provide for high non-member tariffs on sensitive commodities including meat, dairy poultry, maize, rice, wheat, and beans. Elements of subsidy still exist especially in the seed and fertilizer systems.

Corn (Maize)

Corn remains the most important staple food in Kenya and its consumption continues to increase despite calls by the GOK for diet diversification. Corn is also a key raw material in animal feeds. Kenya is a corn deficit country, necessitating importation mainly from the EAC countries, with a significant portion of the imports being contributed by informal cross-border trade. Imports from outside the EAC currently attract a steep external ad valorem tariff of 50%, unless waived by EAC for a specific period to address dire shortages. Corn imports from the U.S. are currently impeded by the existing import ban on genetically modified (GM) products.

Marketing Year (Jul/Jun)	**2017**	**2018**	**2019(E)**	**2020(F)**
Local Production (MMT)	2.50	2.95	4.00	3.8
Total Imports (MMT)	1.3	1.2	0.50	0.9
Imports from U.S. (MMT)	0	0	0	0

(F)- FAS/Nairobi forecast

Wheat

Domestic wheat production meets less than a third of the wheat demand, creating the need for importation. An increase in wheat demand is fueled by the considerable expansion in home and industrial baking. In addition to the traditional bakeries, most leading supermarkets chains have opened baking units within their stores. The bulk of the wheat imports are from the Black Sea region (Russia, Ukraine, and Kazakhstan), Pakistan, Brazil, Argentina, and Australia. Pricing and cost of transportation are a major consideration in wheat import decisions; imports into Kenya by registered millers are charged a 10% ad-valorem tariff; otherwise the EAC common external tariff of 35% applies.

Commercial wheat exports from the U.S. are expected to pick up, after U.S. and Kenya signed a certification protocol for the Pacific Northwest (PNW) wheat in 2019.

Marketing Year (Jul/Jun)	**2017**	**2018**	**2019$^{(E)}$**	**2020$^{(F)}$**
Local Production (MMT)	380	450	360	320
Total Imports (MMT)	1,620	2,100	2,000	2300
Imports from U.S. (MMT)	44	0	139	100

(F) - FAS/Nairobi forecast

Rice, Rough

Rice is the third most important food crop in Kenya after maize and wheat. Local production can barely cope with the increasing demand and importation has been inevitable. Rice imports into Kenya are mainly from Pakistan, Vietnam, Thailand, and India. In 2015, the EAC revised the common external tariff (CET) to 75% ad valorem or $345 per ton, whichever is higher. However, the EAC has allowed Kenya, due to low local and regional production, to continue applying a tariff of 35% ad-valorem or $200 per ton, whichever is higher, on imports from outside the EAC, a concession that is reviewed every year.

Marketing Year (Jul/Jun)	**2017**	**2018**	**2019$^{(E)}$**	**2020$^{(F)}$**
Local Production (MMT)	106	152	121	159
Total Imports (MMT)	470	700	625	600
Imports from U.S (MMT)	0	0	0	0

(F)- FAS/Nairobi forecast

Sugar

Kenya is a sugar deficit country with local production constrained by high cost production, and inefficiencies at processing and marketing levels. Kenya, however, continues to protect her domestic industry by utilizing safeguards offered by COMESA to limit duty-free imports from COMESA countries to 350,000 metric tons per year. The GOK has been keen on attracting new investments into the sector and has announced intentions to lease out state-owned sugar mills to the private sector. In July 2020, the GOK implemented a ban on imported brown sugar and cane, though this ban is expected to be temporary.

Marketing Year (Jul/Jun)	**2017**	**2018**	**2019$^{(E)}$**	**2020$^{(F)}$**
Local Production (TMT)	520	380	500	475
Total Imports (TMT)	430	700	510	430
Imports from U.S. (TMT)	0	0	0	0

(F) - FAS/Nairobi estimates and forecasts, respectively

Livestock Genetics

Demand for animal genetics is most vibrant among the more than 650,000 small-scale producers who own 80% of the dairy cattle. Due to declining farm sizes and recurrent droughts, Kenya's dairy producers appear to be opting for breeds such as the Aryshire to Holstein because of their lower feed demands. Currently, the United States is the largest supplier of bovine genetics in Kenya with a 35% market share (2019 TDM data). Other key suppliers of bovine semen to the Kenyan market include the Netherlands, the United Kingdom, and Canada.

Calendar Year (Jan/Dec)	**2018**	**2019**	**2020(E)**	**2021(F)**
Local Production (1,000 straws)	850	900	450	900
Total Exports ($)	26,451	144	N/A	N/A
Total Imports ($1,000)	1,000	786	990	1,000
Imports from the U.S. ($1,000)	330	276	295	300

Consumer-Oriented Food Products

Growth in demand for consumer-oriented agricultural products is driven by an expanding middle class with higher disposable incomes, increased urbanization, and an expanding foodservice and food retail sectors. Kenya imports more than 72% of consumer-oriented agricultural products mainly from Uganda, South Africa, Egypt, Belgium, Italy, and the Netherlands. The foodservice sector has recently attracted U.S. investment interests and several U.S. foodservice franchises have already established outlets in Kenya's leading cities. For U.S. exporters, the best prospective products include snack foods, dairy products, pasta, sauces and condiments, pet food, tree nuts, and specialized food ingredients. The growth tempo of consumer-ready food imports has, however, been negatively affected by Kenya's import ban on genetically modified (GM) food products.

Calendar Year (Jan/Dec)	**2018**	**2019**	**2020(F)**	**2021(E)**
Local Production ($ millions)	N/A	N/A	N/A	N/A
Total Exports ($ millions)	2,806	2,555	2,000	2,200
Total Imports ($ millions)	432	443	400	450
Imports from the U.S. ($ millions)	7.5	5.5	5.0	5.5

Leading Sub-Sectors

Best sales prospects include agricultural chemicals (pesticides) and fertilizer. Kenya imports virtually all of its agricultural chemicals because there is no significant local production. Half of all pesticides imported by Kenya are fungicides, 20% crop insecticides, 20% herbicides, acaricides, rodenticides, and nematicides, and 10% other. The most widely used fertilizer is di-ammonium phosphate (DAP). Other fertilizers used in Kenya include nitrate potassium phosphate (NPK), single super phosphate (SSP), and calcium ammonium nitrate (CAN) and Urea.

Unlike many sub-Saharan African countries, Kenya's fertilizer use has almost doubled since the liberalization of the market in the 1990s and removal of government price controls and import licensing quotas. The growth in use has been noted especially among the smallholder farmers for food crops (maize, domestic horticulture) and export crops (tea, coffee). Growth in the industry is largely due to huge private investment to import and sell fertilizers on the local market. The fertilizer industry is dominated by Russia, United States, Ukraine, China and Romania. After blending, a small percentage of these fertilizers are exported within the region.

The rise in use of fertilizer can also be attributed to a stable fertilizer marketing policy, increased private sector participation which imports on behalf of government agencies and for private users; increased competition, availability of fertilizer closer to the rural areas (the private sector has invested in a wide and intense distribution network); the reduction of distance to nearest fertilizer seller and better access to markets for farmers' produce.

The GOK continues to provide fertilizer subsidies under the National Accelerated Agricultural Input Access Program (NAAIAP) which provides farm input subsidies and distributes subsidized fertilizer to small scale farmers to reduce poverty and kick-start agricultural productivity that was greatly affected by the 2007 post-election violence and as well as inadequate rainfall. The bulk purchase of fertilizer also looks to cut out the middlemen and thus bring down the price of fertilizers, and thereby bring down food prices.

Note: Fertilizers are the second highest product counterfeited in Kenya. U.S. exporters should expect some competition from these lower priced, inferior goods. Consider marketing the effectiveness of a genuine product in your marketing campaigns.

Opportunities

New investment in manufacturing is encouraged by the GOK, and U.S. industrial chemical manufacturers/suppliers may consider utilizing Kenya as a base for penetrating the market. The GOK is keen to set up a fertilizer manufacturing facility as part of the Vision 2030 to promote food security and lower food prices.

Additionally, great opportunities exist in equipment including dryers, storage, food and packaging processing in the maize, wheat, tea and coffee growing seasons. There has been a continued growth in the use of fertilizers to produce these commodities. Kenya's horticulture industry is a major export success in Africa. The industry is entirely dominated by the private sector and provides many opportunities for increased importation of fertilizers and pesticides as well as equipment.

In 2020, Kenya's agriculture sector has faced a large locust invasion coupled with widespread soil deficiencies. The GOK has plans to educate farmers and provide information on the best fertilizers for specific regions per soil types to improve nutrients and yields. Consultants and suppliers may find opportunities in this area.

The U.S. Commercial Service (CS) provides support to U.S. agribusiness companies interested in exporting equipment, chemicals, and services. CS works closely with USDA's Foreign Agriculture Service which supports U.S. agriculture producers interested in exporting U.S. grown commodities, food, seeds, and genetic products. Lastly, USAID is responsible for implementing the President's Feed the Future (FTF) initiative, which seeks to help farmers improve food production and weather regular cycles of drought and famine.

Web Resources

Tegemeo Institute, Egerton University
Kenya Flower Council (KFC)

Ministry of Agriculture
Kenya National Bureau of Statistics
Agrochemicals Association of Kenya (AAK)
Fresh Produce Exporters of Kenya (FPEAK)

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Design and Construction

Overview

The construction industry in Kenya is driven primarily by two key infrastructure sectors: transportation and building/housing. The Ministry of Transport and Infrastructure is responsible for policy initiatives and actions with respect to roads, aviation, maritime, rail, housing and urban development.

Key government agencies within the Ministry include: Kenya National Highways Authority, Kenya Roads Board, Kenya Rural Roads Authority, Kenya Urban Roads Authority, Kenya Ports Authority, Kenya Railways Corporation, Kenya Airports Authority, Kenya Civil Aviation Authority, National Transport Safety Agency and the National Construction Authority.

According to Business Monitor International (BMI) the Kenyan construction market recorded 6.4% growth in 2019, but the forecast for 2020 is expected to slow down to 1.3% owing to the effects of the COVID-19 pandemic. In addition, the Government of Kenya's (GOK) response through a short-term economic stimulus program including VAT and income tax cuts and efforts to contain a high debt burden will constrain growth in the sector in the 2020/2021 financial year. However, this is expected to rebound in 2021/2022.

Kenya's growing consumer class and improved domestic economic conditions aimed at bringing inflation down, thanks to tighter monetary policy by the Central Bank of Kenya, have continued to provide the impetus for growth in the construction industry. However, the high cost of building materials and bank credit is, to an extent, still constraining demand for new developments. The economic impact of COVID-19 is also being felt in the residential/commercial real estate sector as demand dips due to reduced incomes.

In 2018, the GOK announced an ambitious development agenda dubbed 'the Big Four' that aims to address issues related to affordable housing, universal healthcare, growing manufacturing and food security. On affordable housing, the GOK's goal is to build 500,000 homes over the next five years that will begin to address the two million housing deficit in the country. The GOK is looking to partner with private sector in realization of this goal.

Leading Sub-Sectors

U.S. firms have opportunities in the road and railway construction sectors and may also offer engineering design, consultancy and supervision services in partnership with a local company.

Transport Infrastructure: Kenya enjoys an extensive, but uneven, infrastructure that remains superior to that of its neighbors. Nairobi is the transportation hub of Eastern and Central Africa and the largest city between Cairo and Johannesburg. The Port of Mombasa is the most important deep-water port in the region, supplying the shipping needs of more than a dozen countries despite persistent deficiencies in equipment, inefficiency and corruption. As a result of these deficiencies, the Port of Mombasa has been undergoing major expansion and re-habilitation.

According to the East African Community's (EAC's) Corridor Diagnostic Study, the Northern Corridor, which is anchored by the Port of Mombasa, is estimated to need $ 2.1bn in investment, while the Central Corridor served through the Port of Dar es Salaam will need $2bn. Overall the region needs $20bn to bring the region's transport infrastructure up to standard, which includes road and rail upgrades and expansion, airport and ports, as well as an overhaul of the bureaucracy at border posts, which can delay trade.

The GOK remains the largest investor in transport infrastructure. This is driven by ongoing expansion projects in rail, port and road networks coming from the government intent to remain the regional commercial, transport and economic hub and to increase Kenya's attractiveness as an investment destination. However, inadequate funding continues to be an impediment to the speedy implementation of desired projects.

According to the World Bank, Kenya requires an annual spend of $4bn over the next decade to close the existing infrastructure deficit. The sector however requires additional private sector participation through Public Private Partnerships (PPP) to ease the debt burden on the government. To encourage investors, the National Treasury, through the PPP Unit, has strengthened the legal framework governing PPPs and has identified various infrastructure projects for implementation as PPPs. A total of 80 projects had been approved as of March 2020 with 74 of these approved for solicitation through competitive bidding and 6 approved as privately initiated investment projects. A list of the projects is available on the PPP Unit's website.

Regional integration is a key driving force behind growth in the sector. Various regional initiatives include the $23bn multi-modal transport corridor dubbed "Lamu Port-South Sudan-Ethiopia Transport" (LAPSSET) corridor, which aims to better integrate Kenya, Ethiopia and South Sudan, with links to a new port at Lamu in northern Kenya. LAPSSET will include a new standard gauge railway, highways, and an oil pipeline and will provide landlocked South Sudan and Ethiopia with a new export pathway and reduce Kenya's dependence on the heavily congested port of Mombasa. Other regional projects include Kenya, Uganda and Rwanda considering building a six-lane superhighway from Mombasa to Kigali, parallel to a planned railway. Similarly, the ongoing construction of the 158 kilometers Arusha-Voi road scheduled for completion December 2019 and funded by the African Development Bank (AfDB) and the Governments of Kenya and Tanzania for a total of $232mn. A second 460km road between Malindi and Bagamoyo is scheduled to start construction in 2020 at a total cost of $751 million.

Road Infrastructure: Kenya's existing road network is comprised of 63,575 kilometers of classified roads and 114,225 kilometers of unclassified roads. Out of the total 177,800 kilometers of road networks, both classified and unclassified, only about 16,902 kilometers is paved with the rest unpaved. A total of 5,681 kilometers of this road network has been identified under Vision 2030 for various interventions including rehabilitating, dividing, resealing and tarmacking. Additionally, since 2014 the Ministry of Transport and Infrastructure has been implementing an ambitious road annuity program that will see the construction of 10,000kms roads supporting primary growth sectors through contractor facilitated financing mechanisms. Initial uptake was slow as banks were charging high finance rates, but the program now seems to be picking up after banks and GOK agreed on a way forward.

Additional opportunities exist under the LAPSSET Highway component where 1730km of inter-regional highways from Lamu to Isiolo, Isiolo to Juba (South Sudan), Isiolo to Addis Ababa (Ethiopia), and Lamu to Garsen (Kenya) are to be constructed at a cost of $1.4bn financed by a combination of both public and private funds. So far, 505km from Isiolo to Moyale is complete and World Bank has approved a $500m loan for the construction of the 298km section between Lokichar and Nakodok.

Kenya will soon re-introduce toll roads with private sector participation. Currently, five major roads have been earmarked for tolling under a PPP plan including the Nairobi-Nakuru-Mau Summit highway, Thika Road, Nairobi's Southern Bypass, Nairobi expressway and a second Nyali bridge in Mombasa city. The move is expected to help raise funds for infrastructural development of roads and help maintain existing roads. Another upcoming PPP toll road is the ongoing construction of the 27km JKIA to Westland four-lane expressway at a cost of $650mn which will include a dedicated lane for large-capacity buses under the bus rapid transit (BRT) plan that is aimed at improving public commuter service and easing congestion.

Airport Infrastructure: Kenya has international airports in Nairobi, Mombasa, Eldoret and Kisumu, domestic airports in Nairobi, Malindi, Lamu and Lokichogio (Turkana) in addition to another 463 aerodromes and airstrips. All public airport facilities are managed by the Kenya Airports Authority (KAA), the government agency mandated to administer, control and manage aerodromes in the country. The aviation industry has been on an upward trend and is projected to grow at 4% per annum through 2030 with passenger traffic growing at 5% annually owing to urbanization, a growing middle class as well as an increase in low cost carriers. However, the COVID-19 pandemic has dampened these forecasts with international travel grinding to a halt and tourism taking a severe hit. It is yet to be seen how long recovery will take and this will greatly impact investments in the sector.

A number of Kenya's airports have been earmarked for expansion. An ongoing modernization program at Jomo Kenyatta International Airport (JKIA) will include construction of modern terminals, a national airport masterplan, installation of integrated security systems at all major airports, installation of communication equipment and institutional capacity building. JKIA is the busiest airport in East and Central Africa and is the 7th busiest on the continent. Originally built to serve 2.5 million passengers annually in the 1970s, the ongoing modernization and expansion program at the airport has seen capacity increased to 7.5 million and projected increased capacity to 20 million passengers by 2030. Kenya intends to build a second runway at JKIA and has received $160mn from AfDB for this project. It is not yet clear when the project will start.

Other airport expansion projects include the ongoing expansion or construction of Malindi, Isiolo and Lokichogio airports and the Suneka airstrip and rehabilitation of airstrips in all 47 counties. The Malindi Airport expansion at $54mn will enable the facility to handle international flights and includes extension of the existing runway and apron, modern terminal building, control tower, fire & meteorological stations and enhanced security features. Moi International Airport in Mombasa received $66mn from the French Development Agency (AFD) for rehabilitation and construction of air side pavements, airfield ground lighting and up-grading of power and water supply.

Improvement works at Lokichogio, Lamu, Manda Island and Isiolo Airports have been ongoing over the recent past with some of these airports already operational with scheduled flights. Provision of airport facilities will strengthen air transport and logistics services along the corridor in readiness for the construction of the three international airports at the three locations in the future.

Maritime Infrastructure: Kenya's sole seaport in Mombasa is the largest port in East Africa and the second largest in Africa, serving both Kenya and neighboring countries including Uganda, Rwanda South Sudan, Tanzania, Burundi, and the Democratic Republic of Congo. The Kenya Ports Authority (KPA) is the government agency mandated to maintain, operate, improve and regulate scheduled seaports along Kenya's coastline. The Port of Mombasa recently completed Phase 1 of the Mombasa Port Development Project (MPDP) which included construction of a second container terminal, three additional berths, two ship-to-shore cranes and four rubber-tire gantry cranes. The project was funded by the Japanese to the tune of $217m. Phase 2 is currently ongoing, and Phase 3 will commence thereafter. Once complete will make the port the largest in the region with 2.5m TEUs in capacity annually. Japan has allocated an additional $500mn for implementation of the two phases.

Construction of the Port of Lamu in northern Kenya under the LAPSSET corridor is East Africa's largest and most ambitious infrastructure project. Upon completion, the $5b Port of Lamu project will consist of 32 berths. The first phase includes dredging and reclamation, construction of three berths and yards, a causeway and road, buildings and utilities and is financed by China at a cost of $700m. Berth 1 is already complete while 2 and 3 are 70% complete. Kenya intends to develop the remaining 29 berths using a PPP model financed by private sector.

Rail Infrastructure: Kenya's total rail network has 2,778 kilometers of narrow (meter) gauge, and is managed by the Kenya Railways Corporation, a state corporation mandated to provide rail and inland waterways transport. In 2017, Kenya completed construction of a 500km standard gauge railway line between Mombasa and Nairobi financed by the Government of China at a cost of $3.8bn and a repayment period of 40 years. An additional 120km from Nairobi to Naivasha was completed in 2019 at a cost of $1.5bn with funding from China. The next phase of a line to Kisumu hit a snag after Kenya failed to secure funding from China. Instead, the Transport Ministry has resolved to rehabilitate and upgrade the existing meter gauge railway to meet this need.

Nairobi is planning construction of light commuter rail linking Nairobi suburbs with the central business district and will involve construction of nine railway transport corridors with the goal of decongesting the city. The project will be implemented as a PPP and is estimated to cost $300 million and will involve the rehabilitation of 60km of existing rail networks in Nairobi, construction of 5-7km of new tracks to JKIA, new signaling systems and rolling stock. Feasibility studies for the project are already complete.

In May 2017, Kenya Railways Corporation invited bids for consultancy services for feasibility study and design of the Mombasa Metropolitan Commuter Rail. The project involves upgrading 280km of railway and construction of two lines each of 80km long linking Mombasa City with Ramisi and Kilifi. There is also a proposed line linking Mombasa to Moi International Airport. In addition, Kisumu city commuter rail project is also in the offing with four lines totaling 320km linking Kisumu with four neighboring towns. The World Bank is providing $300m in financing for the development of the 3 commuter rail projects.

Under the LAPSSET Railway component, a high-speed standard gauge railway to be built on the LAPSSET Corridor will move at an average speed of 150 kilometers/hr. At this speed, it will particularly increase the efficiency of trade in bulky and perishable goods in the region.

Commercial Construction: The Kenyan construction sector will continue to be supported by the growing real estate sector, particularly hotel, office and retail developments as investors continue to enter East Africa through Nairobi and seek to capitalize on the opportunities offered by the country's growing middle class. Prominent hotel brands operating in the market or planning to enter in the near term include New York-based hotel group Carlson Rezidor, Hilton, Pullman, Best Western, Starwood Hotels and Resorts Worldwide and Swiss-based Movenpick Hotels & Resorts. Developments are focused on increasing bed capacity as well as providing conference facilities in order to adequately cater to business needs. A report by consultancy firm PwC estimates that the number of available rooms will increase from 18,600 in 2016 to 21,000 in 2021, a 2.5pc compound annual increase. According to the Kenya Investment Authority, there are 27 global hotel brands that have announced plans to open new or additional facilities by 2023. Nairobi currently has the largest mall development hotspot with around 470,000sqm of shopping center space in the pipeline, though smaller cities including Kisumu and Eldoret are also seeing significant development as retail space in the capital city becomes saturated.

Opportunities

Given Kenya's current high debt burden, the government is increasingly looking to the private sector to implement infrastructure projects either under the EPC+Finance model or as PPP projects. Various types of PPPs are available and include management contracts, concessions, BOT (Build, Operate, and Transfer), BOOT (Build, Own, Operate, and Transfer) or ROT (Rehabilitate-Operate-Transfer). A comprehensive list of approved PPP projects is available on the PPP Unit website. In addition, companies are welcome to propose projects under the Privately Initiated Investment Proposal (PIIP) model.

Best prospects for U.S. exporters include the supply of new and used construction equipment (light and heavy earth-moving equipment, loaders, crawlers, tippers, excavators, compactors, graders, and quarry mining equipment), low-cost road maintenance options, low-cost housing construction technology, and development and planning services. It is important to note that Kenya uses right-hand drive vehicles, so machines with controls in the center are better sellers. Additional opportunities include:

- A myriad of roads, bridges and dams' construction and rehabilitation projects
- Development of the $23bn Lamu Port-Southern Sudan-Ethiopia Transport (LAPSSET) Corridor Projects including roads, rail, port, airport and pipeline
- Construction of a $370mn second runway at JKIA and expansion and modernization of several other airports
- Construction of the $7bn Konza ICT Park

- Development of commuter rail services for the cities of Nairobi, Mombasa and Kisumu at a cost of $125mn
- Various infrastructure PPP projects earmarked by National Treasury
- State Department for Housing put out an EOI for a Master Developer for the Nairobi Railway City, a mixed-use commercial, housing and intermodal development project.
- The 500,000 affordable housing program under the State Department for Housing. Kenya is looking for strategic partners to develop mass low cost and affordable housing. Details can be found on the Boma Yangu website
- Nairobi Metropolitan Transport Authority (NaMATA) – Bus Rapid Transport (BRT) facilities within the 5 counties (Nairobi, Muranga, Machakos, Kiambu and Kajiado)
- Opportunities also exist for consultancy and planning services. US firms are advised to apply

Web Resources

Affordable Housing Program
Kenya Airports Authority
Kenya Institute of Public Policy and Research Analysis
Kenya Investment Authority
Kenya National Highways Authority
Kenya Ports Authority
Kenya Railways Corporation
Kenya Roads Board
Kenya Rural Roads Authority
Kenya Urban Roads Authority
Konza City
LAPSSET Corridor Development Authority
Ministry of Transport & Infrastructure
National Housing Corporation
Public Private Partnership Unit
Vision 2030

Local Trade Show:
The Big 5 Construct Kenya

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Energy – Electrical Power Systems

Overview

	2017	2018	2019	2020 estimated
Total Local Production	n/a	n/a	n/a	n/a
Total Exports	60	65	50	20
Total Imports	652.1	855	750	400
Imports from the US	55	75	57.4	48
Total Market Size	652.1	855	750	400
Exchange Rates	103	99	101.5	105

All figures in millions of USD with exception of exchange rate in Kenya shillings (Kshs)
Total Market Size = (Total Local Production + Total Imports) – (Total Exports) Data Sources: Global Trade Atlas, Tradestats Express, and BMI

The story of Kenya's power sector is one of solid performance with a steady growth trajectory over the last couple of years. For its population and per-capita GDP, Kenya is performing well in terms of power generated with a per-capita power consumption of 178 kWh (2017e) compared to 126 kWh in Nigeria, which has a per-capita GDP nearly 3 times higher. Moreover, Kenya has remarkable renewable resources, as evidenced by its track record as one of the lowest cost developers of geothermal power in the world. Kenya has also aggressively pursued connections, having more than doubled electricity access from 32% to 73% of households in five years. The national electrification strategy target aims to achieve universal access by the year 2022 at acceptable quality of service levels.

It should be noted that the COVID-19 pandemic has had negative effects on the sector with power demand declining as companies/factories scale down operations and businesses grapple with staying afloat. The decrease in demand and a situation where there is excess power capacity is not tenable in the long run and the Ministry of Energy has entered negotiations with Independent Power Producers (IPPs) to reach an agreement on best way forward so as to forestall a force majeure. The Commercial Service is monitoring this situation.

Additionally, the Finance Act 2020 and the Tax Amendment Act 2020 will have a negative impact on the energy sector as the laws in effect have abolished tax exemptions previously enjoyed by businesses in the sector. The two acts introduced 14% Value Added Tax (VAT) charges on supplies imported into the country for use in the construction of power generating plants and off-grid solar power equipment. This will, among other impacts, result in the increased capital expenditures costs for IPPs and imposition of 14% VAT on Solar Home System (SHS) equipment.

Generation: The installed capacity as of 2019 stands at 2.791MW, a significant growth from 1,800MW in 2014 but still low for a country with a population of over 50 million. However, this is against a maximum peak demand of 1,926MW. The Government of Kenya (GOK) is pursuing efforts that will increase power supply and lower the cost of electricity by injecting cheaper renewable energy sources such as geothermal, wind and solar; addition of coal to the energy mix and weaning off/conversion to gas of the more expensive HFO plants. It is expected that generation will reach 5,000MW by the year 2030 with the bulk of it coming from geothermal, natural gas (imports), wind and solar. Kenya also has long term goals of developing nuclear power with the first project estimated to come online in

2030. The sector presents opportunities for trade & investment, especially in renewable sources like geothermal, solar and wind, where Kenya has excellent potential.

Around 30% of Kenya's installed capacity is owned and operated by IPPs across several plants, including small-scale hydro plants, geothermal, biomass, wind, solar and heavy fuel oil plants. The remaining 70% capacity is owned and operated by Kenya Electricity Generating Company (KenGen), which is 70% government owned.

Renewable Sources: Over 70% of Kenya's electricity is generated from renewable / clean energy sources. Of these, geothermal remains the most significant source as the country focuses on increasing geothermal capacity and weaning off thermal sources. Today, Kenya's vast geothermal potential, estimated at 10,000MW, remains relatively unexploited with current installed capacity at less than 700MW. This notwithstanding, Kenya today is the 8th largest geothermal producer in the world and is home to the single largest geothermal power plant, the 280MW Olkaria IV plant. Most generation is being carried out by government with only one IPP operating in the sector, U.S. firm Ormat producing 140MW and the rest being produced by state owned KenGen. Government efforts in geothermal production seem to be paying off with various projects currently underway by both the public and private sector at that should realize over 1,100MW capacity by 2022.

Wind is another key growth area. Kenya is estimated to have a wind power potential of 3,000MW. The Lake Turkana Wind Power plant is the single largest wind plant in Africa supplying 310MW to the grid and is the single largest private investment in Kenya's history valued at $690m. Additionally, GE Energy is the technology supplier for the 100MW in Kipeto wind power plant, an OPIC (now DFC) funded project that completed construction mid-2020. KenGen's 80MW wind project in Meru has been put on hold owing to permitting and land rights issues. It will be important for future investors to engage early with communities to ensure acceptance and ownership at community level.

Kenya has a high potential for solar power given the high irradiation levels available throughout the year. Currently, the Rural Electrification & Renewable Energy Corporation (REREC) owns the Garissa Solar Plant, East & Central Africa's largest solar plant at 50MW funded by the Chinese and completed in 2019. The GOK has signed contracts for construction of an additional 325MW in new solar capacity that should begin coming online from 2020. There is also a huge untapped demand for off-grid solar connecting communities located far from existing transmission infrastructure. Plans are also underway to convert off-grid diesel stations to solar-hybrids to lower power costs.

Kenya signed a nuclear power deal with China in 2015 which will enable Kenya to obtain expertise and technical support. In addition, Kenya signed a partnership agreement with three top South Korean nuclear power firms as well as cooperation agreements with Russia and Slovakia. Kenya is also pursuing a similar cooperation agreement with the United States. All this is in readiness for Kenya's plans to become a nuclear power producer by 2030. Kenya is working together with IAEA as it builds capacity towards this end.

The Tax Amendment Act 2020 did away with the bulk of incentives that were available to IPPs in the sector in 2020. These include re-introduction of 14% VAT on supplies imported for use in geothermal resource exploration and supplies used in the building of power plants. Investment Deduction which stood at 100% has been reduced to 50% in the 1st year and 25% for every other year on the reducing balance.

Transmission: The aging transmission and distribution networks largely contribute to approximately 16% system loss of the power generated. To address this, KETRACO is in the process of constructing ~4,500 km new lines, more than doubling the transmission network and introducing Kenya's first high-voltage 400 kV and 500 kV DC lines as well as three major regional interconnectors to Ethiopia, Uganda, and Tanzania. Beyond these lines that are under construction, KETRACO is planning a further ~4,200 km of lines to expand and strengthen the grid. In addition, Kenya Power is building in redundancies, reducing losses and adding in smart technologies to help strengthen the grid.

Kenya is also keen to begin selling surplus power to her neighboring countries and has jointly embarked on an interconnection program to connect Kenya to Uganda and Rwanda on one side, and Ethiopia and Tanzania. Kenya signed an agreement to sell 30MW to Rwanda beginning fall 2015 and plans to increase this as more power is added to the grid. Kenya has also signed an agreement with Zambia to sell power in 2017.

Distribution: Kenya Power (KP) is currently the sole distribution company in Kenya. It operates Kenya's interconnected grid, as well as several off-grid stations in the northern regions of the country. As the single off-taker in the country, KP negotiates Power Purchase Agreements (PPAs) with generation providers and distributes to consumers. Most impressively, KP nearly doubled access in Kenya from 26% of households in 2013 to 77% in 2018, meeting best-in-class benchmarks globally. KP has been assisted in this effort by REREC. Founded in 2006, REREC's mandate has been to accelerate the pace of rural electrification across all 47 counties. Since its inception, REREC has helped move rural electrification from 4% to 32% of rural households, largely through its efforts to connect ~60,000 public facilities (mostly primary schools) around the country and all household consumers within 600 meters of those facilities.

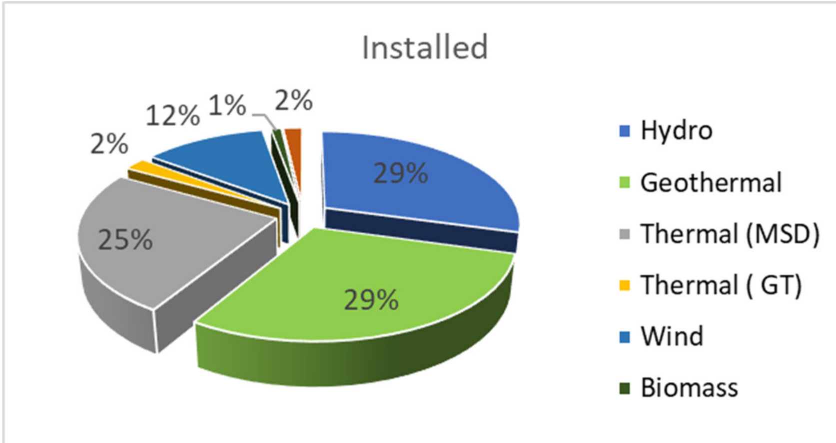
Together, KP and REREC have 4 major objectives to develop distribution and access in Kenya:

- Reach near-universal access by 2022 by adding 1 million new customers to the grid each year. The plan is to achieve this largely through the Last Mile Connectivity Program (connecting all consumers within 600 meters of an existing transformer with a subsidized connection price) and through further subsidized connections for consumers in informal settlements. The World Bank has partnered with Kenya in providing financing for this program.
- Build a stronger and more flexible grid by building in redundancies, reducing losses, and adding in smart technologies. Current transmission losses are 4.5%, distribution losses are 15%.
- Increase renewable off-grid access. Currently, there are 19 off-grid diesel-powered stations, but there are plans to convert these to solar-diesel hybrids as well as add 43 greenfield solar "mini-grids" through the Scaling Up Renewable Energy Program (SREP)

Oil and Gas: Kenya is an increasingly promising player in the booming East Africa oil and gas market. The multiple onshore discoveries announced by Tullow Oil since 2012 have led exploration and production companies to sound optimistic notes about the country's potential. A total of 63 oil exploration blocks have been gazetted, of which 37 are licensed to International Oil Companies (IOCs) and one to the National Oil Corporation of Kenya (NOCK). Twenty-five blocks are open for licensing. A total of 78 wells have so far been drilled, with 10 showing oil discoveries and 2 with natural gas shows. Tullow estimates current crude oil recoverable reserves at approximately 750 million barrels. The company has allocated $100mn for pre-development spending in Kenya, in addition to $125mn for exploration and appraisal spending with a potential for another $75mn.

While the exploration and appraisal work is ongoing in 2017, Tullow also plans to start small scale production to start recovering some cash flow for the project. Initial production is planned for mid-2017 and will export around 2,000bbl per day via truck to Mombasa. Cash earned from the Early Oil Pilot Scheme will help fund ongoing exploration and development work, in addition to the ultimate aim of building an export pipeline from the Lokichar Basin to the port of Lamu. The planned pipeline is estimated to cost $2.1bn and will be 890km in length with the partners aiming to reach a final investment decision for the project by late 2018, followed by first production after 2022.

Current Energy Mix: Kenya's energy mix predominantly consists of green energy with geothermal, hydro and thermal power accounting for roughly 29% each. The remainder is filled by wind, solar and biomass. Geothermal will continue to grow as more investments are put towards weaning off of expensive HFO plants and less reliance on hydro which suffers greatly in drought years.



Source	Installed	Effective*/Contracted	% (effective)
Hydro	826.23	805.00	29.4%
Geothermal	828.44	816.04	29.8%
Thermal (MSD)	689.25	659.96	24.1%
Thermal (GT)	60.00	56.00	2.0%
Wind	336.05	325.50	11.9%
Biomass	28.00	23.50	0.86%
Solar	50.97	50.45	1.84%
Imports	0.00	0.00	0.00%
Total Capacity MW	**2,819**	**2,736**	**100.00%**

Electricity Sector Institutions - The key public-sector institutions involved in managing and regulating the Kenyan electricity sector are:

Ministry of Energy & Petroleum (MOEP) - The MOEP is responsible for national energy policy formulation – including determining the policy on Feed-in-Tariffs (FIT) -- and for creating a framework to allow growth, investment and efficient operations in the sector. The MOEP also grants and revokes generation and distribution licenses upon the recommendation of ERC.

Energy & Petroleum Regulatory Authority (EPRA) -The EPRA is responsible for regulation of the energy sector. The Energy Act of 2006 established EPRA as an independent energy regulatory authority with responsibility for economic and technical regulation of electric power, renewable energy, and downstream petroleum sub-sectors, including tariff setting and review, licensing, enforcement, dispute settlement and approval of power purchase and network service contracts.

Kenya Power (formerly Kenya Power and Lighting Company) – Kenya Power (KP) is the wholesale buyer of electricity and is obligated to purchase electricity from all power generators – including KenGen and IPPs -- based on negotiated PPAs. KP is responsible for onward transmission of purchased electricity and is the sole distributor of electricity from the national grid to consumers in Kenya. KP is listed on the Nairobi Stock Exchange, is 49.9% owned by private shareholders, with the remainder owned by the Government of Kenya.

Kenya Electricity Generating Company (KenGen) – KenGen manages all public power generation facilities and is the main generator of electricity in Kenya which it sells on a wholesale basis to KP. KenGen, which produces approximately 70% of the Kenya's electricity, has a current installed capacity of 1,632MW. KenGen is responsible for developing new public sector generation facilities to meet increased demand. KenGen is listed on the Nairobi Stock Exchange, is 30% owned by private sector shareholders and 70% owned by the Government of Kenya.

Geothermal Development Company (GDC) – GDC is 100% owned by the Government of Kenya. GDC has the mandate to undertake the high-risk exploration and development of geothermal fields, including exploration, appraisal and production drilling, and the management of proven steam fields. GDC is also responsible for entering into Steam Sales Agreements with investors in the electricity sector, including KenGen and IPPs, in order that these entities can develop electricity generation capacity, with energy sourced from geothermal wells.

Kenya Electricity Transmission Company (KETRACO) – In 2008, the Kenyan government created KETRACO to develop new, high-voltage electricity transmission infrastructure to facilitate grid access, allow for grid interconnection with new generating plants, and enable regional power trade with neighboring countries. KETRACO is 100% owned by the Government of Kenya and is responsible for planning, designing, constructing, owning, operating and maintaining new high voltage (132kV and above) electricity transmission infrastructure.

Rural Electrification Authority (REA) – In 2007, the government established REA to spearhead electrification projects in rural areas. Currently, rural connectivity stands at 48%, up from 4% at REA's inception. The REA coordinates the implementation of rural electrification projects with the help of KP, which acts as a contractor on their behalf. The program aims to connect load centers such as schools, trading centers, health centers and public institutions to the grid. It was renamed to Rural Electrification and Renewable Energy Corporation.

Power Africa Support: Power Africa is a market-driven, U.S. Government-led public-private partnership aiming to double access to electricity in Africa. It offers private sector entities tools and resources to facilitate doing business in Africa's power sector. In 2016, the Electrify Africa Act institutionalized Power Africa.

In Kenya, Power Africa is supporting the development of the energy sector through financing, grants, technical assistance, and investment promotion. Power Africa helps advance power projects in the pipeline by raising debt and equity financing, assisting in Power Project Agreement and Government Letter of Support negotiations, and providing technical and financial advisory services. Power Africa also has used innovative financial solutions, such as the USAID Development Credit Authority, to support grid connections and small on-grid power generation projects. In the off-grid sector, dedicated Power Africa advisors provide targeted technical assistance to over 40 small-scale renewable energy providers, assisting them with market development and funding, among other priorities. Learn more about how Power Africa is partnering to address key challenges in Kenya's electricity sector and supporting private sector investment in power infrastructure at: https://www.usaid.gov/powerafrica/kenya.

Leading Sub-Sectors

Although installed capacity is relatively small, Kenya is the leading generator in Eastern Africa. The REA is focused on connecting major town centers, schools and hospitals to the grid as well as looking at off-grid solutions such as diesel fired plants. However, REA is now issuing tenders to convert these plants to hybrid solar PV plants. Opportunities also exist for mini grids to solve power needs in county development plans. Currently, there are 19 off-grid diesel-powered stations, but there are plans to convert these to solar-diesel hybrids as well as add 43 Greenfield solar “mini-grids” through the Scaling-Up Renewable Energy Program (SREP).

In addition, a government directive in 2010 that all new home developments must include solar energy panels has seen an increase in the demand for solar panels. This directive is meant to ease the burden on the grid. Solar is also in use in rural Kenya where there is no access to the grid. This creates a great opportunity for solar panels; however, there is a great onslaught of Chinese cheap imports that have flooded the market. However, some establishments such as hotels are turning to solar lighting and water heating to reduce their power bills. Here lies an opportunity for high end products from U.S. firms.

The Solar Home Systems (SHS) segment has experienced significant growth over the last seven years and have been widely disseminated in both urban and rural Kenya. They contribute greatly to rural electrification and access to clean energy. Players in the sector have had to innovate to increase uptake such as the “Pay As You Go” (PAYG) model, a credit financing system where one pays very low daily rates over a long period of time to own the system. According to a World Bank-funded study, Kenya has now become the world’s second largest stand-alone SHS market after India, with millions benefiting from the off-grid lighting solutions. Kenya has also adopted national standards for solar equipment thus ensuring the quality of products offered in the market.

Since 2009, nearly 6.2 million SHS products have been sold in Kenya. Of those, 3.41 million were sold between 2016 and 2018, providing improved energy access to almost 14 million people as of December 2018. In the first half of 2019, record sales of almost one million units were made, demonstrating the pace with which the country has embraced off-grid solar solutions.

The four leading SHS companies in Kenya by volume sold are all U.S.-registered (BioLite, d.Light, Greenlight Planet & M-Kopa). They hold approximately 42% overall market share and between them, distribute almost 1.2 million SHS in 2018-19 with a 34% annual growth rate. With the government’s target of universal access by 2022, the SHS segment will continue to play a significant role in powering rural Kenya.

Best prospects for U.S. exporters include drilling materials and associated equipment, generation, substation, transmission and related equipment, electric and electrical cables, transformers, electric meters, electric poles, and switchgear, wind turbines, solar thermal and solar PV equipment, inverters, deep cycle batteries, smart grid systems and consultancy services.

Opportunities

The GOK is focused on developing the geothermal potential in the country with a 10-year $2.6bn geothermal exploration plan that will involve sinking 566 wells in the Rift Valley. KenGen plans to add 560MW of geothermal power to the grid through joint ventures in addition to 80MW of wind and various solar installations at their existing hydro sites. GDC plans to develop 2000MW from the Bogoria-Silali geothermal block and has received an $89 million concessional loan from the German Development Bank for this development, part of which will be applied to drilling of exploration wells. Numerous other exploration activities are underway in 10 other blocks.

The ongoing Last Mile Connectivity Project will maximize the use of the Kenya Power’s 46,000 existing distribution transformers spread across the country to extend low voltage lines to households located in the vicinity of the transformers. The total project cost is estimated at $147mn, with the GOK contributing the remaining $14 million. The project will power public facilities such as schools, trading, administrative and health centers and water points.

Both Ketraco and KP are undertaking extension of the transmission and distribution grid network. In 2017, KP launched the $1bn upgrade program aimed at reducing losses and improving power supply. They are also undertaking a project to lay an underground electricity cables within and around Nairobi to ensure quality power supply within the city. These projects will see opportunity for EPC firms for transmission lines, substations and affiliated materials. In addition, the live line maintenance of distribution networks will require live line equipment where the United States has an advantage. The same applies to the expansion of the underground cabling system where U.S. firms can compete to provide the necessary equipment/materials.

KETRACO plans to construct over 10,000km of high voltage transmission infrastructure including lines, switch gears, and sub-stations over the next 4years. These will be financed either by the Kenyan government, development partners, IFIs and through PPPs. These projects will also require consultancies and/or advisory services.

REREC is implementing solar mini-grids in the off-grid areas in Kenya to serve households and provide other socio-economic benefits such as education, health, water and food preservation. In addition, the World Bank is funding the Kenya Off Grid Solar Access Project (KOSAP) that seeks to electrify 14 underserved counties that represent 72% of the land mass. The project will implement mini-grids, standalone solar systems, solar water pumps and clean cooking solutions. These are being implemented through the private sector.

One key challenge in the sector is the delay by EPRA in approving PPAs and the GOK reluctance to issue Letters of Support which are a key component in projects getting to financial close. The delays may be because Kenya now has surplus power and may need to stagger new connections to the grid so as to manage electricity costs.

Web Resources

Geothermal Development Company
Kenya Electricity Generating Company (KenGen)
Kenya Electricity Transmission Company (KETRACO)
Kenya Ministry of Energy
Kenya National Bureau of Statistics
Kenya Power & Lighting Company Ltd. (KPLC)
Rural Electrification & Renewable Energy Corp (REREC)
World Bank

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Healthcare – Medical Devices

Overview

	2017	2018	2019	2020 estimated
Total Local Production	n/a*	n/a*	n/a	0.53
Total Exports	n/a*	-	-	n/a*
Total Imports	-	23.5	74.5	52.3
Imports from the US	18.1	8.24	11.6	7.5
Total Market Size	1.3(bn)	1(bn)	1.5(bn)	680
Exchange Rates	103	99	101.5	105

All figures in millions of USD with exception of exchange rate in Kenya shillings (Kshs)
**Data unavailable*
Applicable HS Codes:
300510,300590,300610,300640,300650,901180,901190,901380,901390,901310,901320,901811, 901812, 901813, 901814, 901819, 901820, 901831, 901832, 901839, 901841,901849, 901850, 901890, 901920, 902000, 902110, 902129, 902140, 902150, 902212, 902213,902214,902219, 902221,902230,
Total Market Size = (Total Local Production + Total Imports) – (Total Exports).

Data Sources:
Total Market Size: Global Trade Atlas
Total Local Production: N/A
Total Exports: N/A
Total Imports: Global Trade Atlas
Imports from U.S: Global Trade Atlas
Exchange Rate: Central Bank of Kenya

Kenya is a promising market for medical devices and has been ranked as the fastest growing market in the sub-Saharan Africa region (SSA) according to the Business Monitor International (BMI). The country has one of the largest most advanced economies in East Africa, but its low GDP per capita makes health services inaccessible to many Kenyans. However, the country is still advanced in terms of healthcare infrastructure in comparison to its neighbors and serves as a medical tourism destination with visitors and high ranking government officials from the neighboring East African countries often seeking specialized treatment in private health facilities with modern equipment and premium care services.

Almost all medical devices are imported as domestic production has primarily focused on basic consumable items. Imported devices could be new or in some cases refurbished as long as they comply with the local standard requirements. The Kenya medical device market was estimated at nearly $150mn at the end of 2019 (BMI). Demand for medical devices remains high as many healthcare facilities require modernization. In both the public and private sector, there is a demand for high quality, affordable and efficient medical devices. In the private sector especially, there is a steady demand for western standard therapeutic and diagnostic equipment. The U.S market share for medical devices was estimated at 23.5% in 2019.

Over half of Kenya's healthcare services are provided by the public sector, through the Ministry of Health (MOH), other government funded bodies, and donor partners, including the United States. These services are supplemented by those offered in hospitals and clinics that are operated by private companies, NGOs and various faith-based organizations such as the Kenyan Episcopal Conference, Christian Health Association of Kenya, and the Kenyan Red Cross.

The Government of Kenya (GOK) passed a law in June 2013, making healthcare a devolved function across the 47 counties, which meant the establishment of a level 5 and level 4 hospital in each of the counties. For these developments to take place, the medical equipment facilities needed to be expanded and modernized. Due to major problems related to lack of adequate medical equipment and heavy capital expenditure were addressed through an innovative government initiative known as the Managed Equipment Services (MES) project, a leasing model which was launched by in February 2015. According to the MOH, MES project is a flexible, long-term contractual arrangement that involves outsourcing the provision of specialized, modern medical technology and equipment to private sector service providers. The project comprises contracts between the MOH and various contractors for the supply, installation, maintenance, replacement and disposal of various equipment, as well as training and reporting for the entirety of the contract period. The program, which is now in its fifth year, has been implemented in 98 hospitals across the 47 counties, with a focus on theatre, central sterile services department, renal, ICU and radiology equipment. The total tender sum for the MES Program amounts to $432mn paid in quarterly installments of $15.4mn. The initial term of the MES contract is seven years with a possibility of an extension for an additional three years.

As part of the Big Four Agenda, the GOK to provide Universal Health Coverage (UHC) goal, and as part of this the MOH is prioritizing broadened access to services, strengthened primary healthcare, increased medical staff, adequate medical supplies, digitized health operations, and scaling up the National Health Insurance Fund (NHIF). Improved healthcare access across the country is critical to relieve the over-burdened National Hospital system.

Currently, healthcare accounts for 23.7% of the total government budget. According to the Economic Survey 2020, the overall expenditure on health services by the GOK is expected to rise by 50.9% to KSh 115.8 bn in 2020 while that of County Governments is expected to grow by 24.6% to KSh 114.7 bn in the same period. Total membership of the NHIF grew by 10.6% to 8.5 million, while payouts increased by 36.8 % to KSh 53.4 bn in 2018/19. In 2019, out of the 13,790 health facilities in the country, levels 4, 5, and 6 hospitals collectively accounted for 5.8 %.

Kenya like most developing countries is facing a double burden of communicable and non-communicable diseases. Diseases of the respiratory system continued to be the leading cause of outpatient disease incidence reported in public health facilities. Pneumonia remained the leading cause of infants and children under-five admissions to health facilities for the period 2017 to 2019. In 2019, 96.3% of the 1,178,260 registered births occurred in health facilities. Birth registration coverage in 2019 increased to 75.7%. Low death registration coverage of 43.0% was recorded in 2019.

The country has been reported as one of the countries in SSA with the highest non-communicable diseases (NCDs) prevalence estimated at 20.3% (WHO, 2010). Evidence shows that young people aged 10-24 have higher vulnerability due the following lifestyle risk factors: tobacco use; physical inactivity; unhealthy diets; and harmful use of alcohol. As such NCDs have become one of the leading causes of mortality in Kenya. The Kenya Health Policy 2014-2030 seeks to reduce and reverse the burden of NCDs.

Medical Device Procurement: Public procurements for both medical equipment and pharmaceuticals are done by the Kenya Medical Supplies Agency (KEMSA), a state corporation and a specialized medical logistics provider for the Ministry of Health. Centralized purchasing and procurement are often used in both public and private hospitals to obtain economies of scale. KEMSA, the largest source of healthcare public procurement in Kenya, uses open international tenders, open national tenders (limited to local Kenyan suppliers only), restricted tenders or direct procurement (from government agencies only) to source for products. Most tenders usually run for a two-year period.

All national and local level facilities are by law obliged to first purchase from KEMSA, and only if the items are not available are they allowed to source their supplies from other private sector distributors. KEMSA procures medical supplies for county governments, referral hospitals, and for programs funded by donors. KEMSA does not receive direct funding from the GOK, as it relies on a revolving fund which is dependent on the payment from the public purchases and has program support partnerships with various donors such as: UNICEF, Global Fund, DFID, USAID, KFW, UNFP, and JHPIEGO. GOK funded programs prefer local suppliers and range from 10-20% of total procurements. All public tenders are advertised on the KEMSA website and must follow the Public Procurement Act. In 2020, KEMSA has come under scrutiny for alleged mishandling of tenders. The U.S. Commercial Service is monitoring this situation.

Regulation: The MOH is the lead healthcare policy setting government institution in Kenya. The Pharmacy and Poisons Board (PPB), an agency under the Department of Medical Services at the MOH is the regulatory body for registration of medical devices.

In September 2017, Kenya introduced the Pre-Export Verification of Conformity (PVoC) program for importing into Kenya for all medical devices, food supplements, medical cosmetics, herbal products and other allied borderline healthcare products. The Kenya Bureau of Standards (KEBS) and the Pharmacy and Poisons Board (PPB) announced the new import requirements to protect the public against products that do not comply with local quality standards and technical regulations. These new regulations for imported medical devices will increase compliance for importers and drive up standards in the Kenyan medical device market.

These products now require a Certificate of Conformity (CoC) for customs clearance at the border. The importers of these products are therefore required to obtain the CoC for their goods before applying for Import Permits from the PPB, through the Kenya National Single Window Electronic (Kentrade) System.

The government also announced the exemption of medical equipment and apparatus from VAT, under the 2019/20 budget, which continues to drive and encourage investment in the health sector in Kenya. According to BMI these exemptions will support strong medical device market growth and is expected to register double-digit increases every year between 2019 -2024.

There is also a proposal underway at the East African Community (EAC) to create a single regulatory body for medical devices across the region.

Leading Sub-Sectors

Supply Personal Protective Equipment (PPE): With the global supply pressures for countries to manage the COVID-19 pandemic, demand for PPE will continue to rise in 2020 to compliment local production.

Diagnostic Imaging Equipment: Leading private sector hospital groups continue to invest the latest most innovative branded equipment. Best prospects for diagnostic equipment include CT scanners, ultrasound units, X-ray equipment, MRI equipment, angiography, endoscopy, biochemistry, hematology and immunology systems, and radiotherapy machines. Electro-medical devices (X-ray machines, ultrasound scanners, and mammography units), and electrocardiographs.

Dental equipment: In 2017, the United States was the leading supplier of dental equipment with an import share of around 20%. Best prospects for dental equipment include dental drills, chairs, and X-ray equipment, instruments and supplies such as dental cement, teeth and other fittings, and artificial teeth. However, U.S. exports of dental equipment have recently dropped due to heavy competition from China and India.

Consumables: Local production of basic consumables still remains low therefore providing opportunities for U.S. companies. Best prospects include bandages and dressings, suturing materials, catheters, syringes, surgical gloves, and blood grouping reagents.

Orthopedics and Prosthetics: Best prospects include fixation devices, artificial joints, and other artificial body parts.

Patient Aids: Best prospects include hearing aids, pacemakers, therapeutic appliances such as therapeutic respiration apparatus and mechano-therapy apparatus.

Other medical equipment: Best prospects include hospital furniture, anesthetic machines, anesthetic trolleys, hydraulic operating tables, delivery beds, infant incubators, mortuary trolleys, hydraulic operating tables, mercurial sphygmomanometers, and oxygen flow meters among others.

Opportunities

There will be higher prioritization of healthcare by both the national and county governments after the COVID-19 crisis, as weak healthcare systems become widely exposed during the pandemic. This will provide commercial opportunities for medical device manufacturers.

According to global medical trends, the commercial opportunities in Kenya in 2020 will mainly come from critical medical products, PPE, consumables, and respiratory products to combat the COVID-19 pandemic. Domestic production of some products is expected to manage demand; however, medical device companies will benefit from key policy changes amid the pandemic such as the reduction in corporate tax and exemptions for certain product categories.

Under the GOK's Vision 2030, the government is pursuing the nationwide rehabilitation of major hospitals and community health centers with plans to establish at least one model health center in every constituency. The Big Four agenda will also drive investments for the next four years and aims to achieve four critical objectives, one of which is UHC across Kenya. Efforts by the government to make healthcare accessible to all the citizens across the country through innovative procurement solutions and policies such as the $38bn Managed Equipment Service leasing model will offer business opportunities for U.S. companies.

U.S. medical equipment suppliers are in an excellent position to increase their market share in Kenya due to U.S. technical competitiveness as medical practitioners and patients appreciate the quality and reliability of U.S. medical equipment. Leading private sector hospitals are very active in modernizing their medical equipment inventories, while public sector hospitals are expected to engage in a re-equipping strategy following improved budgetary allocations. At present, most public health institutions lack basic medical equipment even at the county level.

There is also a demand for supply chain solutions involving knowledge and technology to effectively distribute pharmaceuticals and medical supplies. The recent enactment of the Special Economic Zones Act (2015-SEZA) presents an opportunity to invest in manufacturing plants for medical supplies to the region.

Universal Healthcare Coverage (UHC): As part of the Big Four Agenda, the government of Kenya has outlined various strategies to support the president's pledge and commitment to UHC and deliver equal access to high quality treatment to all Kenyans wherever they live, and regardless of their economic status. The GOK aims at achieving this by scaling up the National Health Insurance Fund (NHIF), increasing insurance coverage and achieving 100% coverage of the poor. This should contribute to reducing the 26% out-of-pocket health expenditure to 12% by 2022. As a result, Kenyans would be guaranteed access to medical care and at minimal cost. Other sources for financing healthcare in the country apart from insurance include general tax financing contributing 34%; out-of-pocket health spending contributing 26%; and development partners and NGOs who contribute 40%.

During the recent budget announcements, the MOH received the fourth largest allocation for the 2020/21 fiscal year at $1.1bn, of which $500mn will finance the UHC. Ambitions of realizing UHC will benefit medical device manufacturers as well as innovations in integrated healthcare management systems. The GOK has made the following allocations towards achievement of the Universal Health Coverage (UHC): $500mn to activities and programs for the attainment of UHC by the drivers and enablers; $190mn to address and lower cases of HIV, malaria and tuberculosis in the country; $62mn for the managed equipment services (MES); $53mn to transform the health care systems for UHC; $41mn to cater for free maternity health care; and $18mn to provide medical cover for the elderly and severely disabled in the society. The budget also made percentile allocations to various referral and county hospitals.

The NHIF is a State Parastatal that was established in 1966 as a department under the MOH whose core mandate is to provide medical insurance cover to all its members and their declared dependents (spouse and children). The NHIF membership is open to all Kenyans who have attained the age of 18 years and years and have an income of more than $10 per month. The NHIF will play a central role in supporting the execution of UHC in Kenya through provision of quality outpatient and inpatient packages at very low rates for the lower income segment. NHIF has over the years been reviewed to accommodate the changing healthcare needs of the Kenyan population, employment and restructuring in the health sector.

eHealth: Kenya has a comprehensive eHealth strategy. The country has been ranked the second highest country from the African continent (behind South Africa), on eHealth innovation, and has made noteworthy progress in developing a sound policy foundation to manage the rollout of Health information technologies (Health IT) in the country.

The Kenya e-Health Strategy is anchored on the achievement of Vision 2030, whose overall goal in health is to have an "equitable and affordable healthcare at the highest achievable standard" to her citizens. It is informed by the strategies and results emanating from the implementation of the Kenya Health Policy Framework (1994-2010), the health sector strategic plans and the e-Government and shared services strategies implemented through the e-Government Directorate and the ICT Board respectively.

The GOK has a well-defined eHealth strategy with a specific e-Health policy tool, the Kenyan e-Health strategy (2016-2030). The document identifies five main areas of focus and implementation: Telemedicine; Health Information Systems; Information for Citizens; mHealth, and eLearning.

As compared to other African countries, Kenya has a high mobile phone penetration, which creates a market for mHealth products such as connected devices and patient tracking. To this effect the GOK recently launched mHealth standards which will provide a regulatory framework that will enable coordination and implementation of robust mHealth solutions. The standardization will encompass communication protocols, device interfaces, applications and operating systems. This will support standards for information exchange to serve as the building blocks for the seamless and secure exchange of health information for better and improved health service delivery and outcomes. Standardization further aims to move the mHealth sector from the silo-based pilot phases to scalable fully-fledged interoperable solutions. These areas present excellent opportunities for U.S. companies in the Health Information Technology (Health IT), Mobile Patient Monitoring Platforms, and Telemedicine.

Pharmaceuticals: The pharmaceutical industry in Kenya is growing at a rapid pace and offers excellent opportunities for U.S. companies to establish their products and services whether through direct manufacturing or indirectly through local distribution channels. Kenya is currently the largest producer of pharmaceutical products in the Common Market for Eastern and Southern Africa (COMESA) region, supplying about 50% of the regions' market. According to BMI Kenya's pharmaceutical industry was estimated at $1.1bn at the end of 2019. Prescription drugs account for around 75% of the market closely followed by over the counter (OTC) product sales.

The pharmaceutical industry in Kenya consists of three segments namely the manufacturers, distributors and retailers. All these play a major role in supporting the country's health sector, which is estimated to have about 5,000 health facilities country wide. The number of companies engaged in manufacturing and distribution of pharmaceutical products in Kenya continue to expand, driven by the government's efforts to promote local and foreign investment in the sector. There are about 700 registered wholesale and 1,300 retail dealers in Kenya, manned by registered pharmacists and pharmaceutical technologists. These pharmacies are accorded a 25% mark-up on retail drugs. The pharmaceutical sector in Kenya is also engaged in assembling capsules, disposable syringes, paracetamol, and surgical gauze amongst others.

Registration of a manufacturer is done by the Kenya Pharmacy and Poisons Board is done after the manufacturer has submitted an application to the board (see above under regulation). The manufacturer can only be registered after complying with several standards set by the regulatory board.

The manufacturer must comply with the Good Manufacturing Practices (GMPs) and payment of registration fees. During registration, the manufacturers separately apply for the registration of a drug or medicinal product. The products which are eligible to be registered are those which are useful in the diagnosis, treatment and prevention of illness.

Web Resources

Health Care Resources Guide
Kenya National Bureau of Statistics
Kenya Medical Supplies Agency (KEMSA)
Kenya Medical Devices Report (BMI)
Ministry of Health
Ministry of Health mHealth Guidelines
World Health Organization

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Information & Communications Technology

Overview

	2017	2018	2019	2020 estimated
Total Local Production	N/a	*	*	N/a
Total Exports	N/a	*	*	*
Total Imports	620.15	625.07	717.10	*
Imports from the US	34.72	13.35	20.45	2.6
Total Market Size	620.15	625.07	717.10	590
Exchange Rates	103	99	101.5	105

NB: All figures in millions of USD with exception of exchange rate in Kenya shillings (Kshs) Applicable HS Codes: 370201,370205, 370207, 370232, 370244, 370500, 370790 851711, 851712, 851718, 851761, 851762, 851769, 851770, 852110, 852190, 852849, 852852, 852859, 852869, 852910, 852990, 853670, 854231, 854239, (Telecommunications equipment)
**Data not available*
Total Market Size = (Total Local Production + Total Imports) – (Total Exports).

Data Sources:
Total Market Size: Global Trade Atlas
Total Local Production: N/A
Total Exports: N/A
Total Imports: Global Trade Atlas
Imports from U.S: Global Trade Atlas
Exchange Rate: Central Bank of Kenya

According to the Business Monitor International (BMI), Kenya's ICT market was valued at $717mn at the end of 2019 with computer hardware accounting for nearly 60% of the total ICT investments and the remaining balance from ICT services. Kenya is at the forefront of technological innovations and is often referred to as the 'Silicon Savannah' of Africa. The Government of Kenya (GOK) has invested heavily in the broadband sector. There are currently four undersea fiber optic cables that land off the coast of Kenya: SEACOM, TEAMS, EASSY, and LION2, which are the core drivers of the heavy fixed internet penetration in the country making it one of the highest, fastest, and most reliable in the region.

As mentioned above, the country is a regional leader in terms of internet connectivity, general ICT infrastructure investments, value added services, mobile money, and mobile banking services. The country's ICT sector is set to contribute up to 8% of the country's GDP through IT-enabled services (ITES) and create 250,000 jobs by the end of 2020. Internet access has continued to spur economic growth and led to the government's launch of the Digital Economy Blueprint, a framework to improve Kenya's and Africa's ability to leapfrog economic growth. The document is hinged on five pillars namely, digital government, digital business, infrastructure, innovation-driven entrepreneurship and digital skills.

A recent World Bank report showed Kenya's ICT sector's growth has outperformed every other sector, expanding by over 23% annually during the last decade only. The sector is now six times larger than it was at the beginning of the decade and this remarkable growth can be attributed in part to globally acclaimed innovations such as the revolutionary mobile money transfer service *M-pesa* that allows users to send and receive money from anywhere in the world. The service is widely used by Kenyans and accounts for nearly 80% of money transfers in the country.

While the sector is poised for continual long-term growth, it is estimated that total IT spending in Kenya will decrease by around 13.8% in 2020 as the COVID-19 pandemic related shocks hammer the global economy (BMI).

The Ministry of Information, Communications and Technology (MoICT) has the core responsibility for formulating, administering, managing and developing the information, broadcasting and communication policies in Kenya. In May 2016, through an Executive Order, the Ministry was split into two state Departments; the State Department of Broadcasting and Telecommunications, and the State Department of ICT and Innovation. The Ministry was also merged with the Ministry of Youth Affairs in order to handle ICT skills and talent development among the youth.

The Ministry of ICT launched the National Broadband Strategy (NBS) 2023, aimed at transforming Kenya into a knowledge-based economy through the provision of quality broadband services to all citizens in the country. By implementing NBS 2023, the government aims at increasing access to broadband coverage of 3G to 94% of the population by 2020, increase digital literacy in schools to 85%, expand broadband to the 47 counties, and obtain 50% digital literacy amongst the workforce.

All 47 counties now have ICT Roadmaps that align with the National ICT Master plan and local county development plans (CDPs). Through the roadmaps, counties can provide the best, most cost-effective ICT-enabled services and resources to its citizens. They have also helped county governments to make ICT investments that are consistent with global best practice and with the idea of shared ICT services with the central government and neighboring county ICT infrastructure.

The Information, Communications and Technology Authority (ICTA), is a State Corporation under the Ministry of ICT (MoICT) that was established in August 2013 and is tasked with rationalizing and streamlining the management of all Government of Kenya (GOK) ICT functions. This includes providing its Ministries/Departments/Agencies (MDAs) with ICT standards and guidelines, domains, automation and digitization, shared services and information security. ICTA is also tasked with overseeing and implementing various National ICT projects and programs such as E-citizen services (where the public has online access to a number of public services offered by various Government MDAs), the Digital Literacy Program, (a program borne out of the GOK's vision to increase digital preparedness) and to transform learning in Kenya into a 21st century education system.

In order for Kenya to meet the critical ICT workforce needs and skills gap, the ICT Authority in collaboration with other ICT stakeholders has developed various skills programs to manage the challenge of the gap between industry talent needs. These include the Presidential digital talent program and a Centre of Excellence (CoE) based at the University of Nairobi. The Authority has also partnered with leading U.S. companies such as Oracle and Microsoft for skills development and programs include the E-government capacity building program and ICT skills training respectively.

According to the Communications Authority of Kenya (CA), the sector's regulator, availability of various technologies and services that offer faster and more reliable internet connections has continued to grow in the country with consumers embracing these services. This has led to increased usage of internet/data services over the years. According to the CA, the number of internet users was reported at 40 million as of December 2019.

A continued push by the government to provide more of its services online has contributed to demand-driven growth of the sector. Some of the major government services that were automated include online applications for acquiring a Personal Identification Number (PIN) for tax purposes and the introduction of iTax, a platform where citizens are now able to file their annual tax returns online.

Telecommunications and Broadcasting: Kenya is currently one of Africa's fastest growing ICT markets where ICTs have increased productivity in all spheres of production process and enabled expansion of skills, contributing to improved standards of living for Kenyans. According to the Economic Survey 2020, the value of the telecom sector expanded by 10.3% from $3,870mn in 2018 to $4,270mn in 2019.

Mobile/Cellular: Kenya's GSM network has been impressive since the inception of mobile telephone services 25 years go. There are currently four main providers: Safaricom with 71.2% of market share, followed by Airtel at 17.6%, Telkom Kenya at 7.4% and finally the recently Finserve Africa/Equitel at 3.8%. Mobile cellular penetration increased by 7.9% to 114.70 per 100 inhabitants in 2019 which was a slower growth compared to 12.3% growth registered in 2018. In the year under review, total mobile telephone subscriptions increased by 10.2% to 54.6 million in 2019. International telephone traffic increased from 1,037.4 million minutes in 2018 to 1,054.0 million minutes in 2019. Domestic traffic on the other hand, increased from 55.9 billion minutes in 2018 to 58.7 billion minutes in 2019.

Mobile Money: Mobile money subscriptions decreased from 31.6 million in 2018 to 29.0 million in 2019 due to reevaluation of the platform. Total transfers through mobile money grew by 9.1% from $3,984mn in 2018 to $4,346mn in 2019.

Fiber Optic Coverage: Every county headquarters has been reached by the National Optic Fiber Broadband Infrastructure (NOFBI) in addition to other fiber-optic cables owned by private companies, Kenya Electricity Transmission Company and Kenya Power. Total wired subscriptions rose by 40.9% to 427.7 thousand largely due to growth of fixed fiber optic subscriptions, which expanded by 52.9% to 268.8 thousand in 2019. Fixed broadband has continued to expand in the last four years due to its growing preference among businesses and homes. In 2019, Fiber-to-the-Home (FttH) subscriptions rose by 56.2 % to 203,038 customers in 2019. Similarly, penetration of Fiber-to-the-Office (FttO) grew by 43.3 % to 65,715 subscriptions in 2019.

International Internet bandwidth: The total international Internet bandwidth leased in the country increased by 16.1% to stand at 6,241.84 Gbps at the end of December 2019, from 5,374.02 Gbps recorded during the previous quarter. This increase was attributed to the additional bandwidth lit by TEAMS with an aim of meeting its customer's increasing demand for bandwidth. The total utilized bandwidth capacity increased by 80.3% during the quarter to stand at 2,720.26 Gbps, 35.1% of the bandwidth was sold within the country and 64.9%outside the country. The utilized satellite bandwidth on the other hand declined by 48.2% to record 2.70 Gbps.

3G/4G Coverage: In 2019, the geographical coverage for 3G is 17% with 78% of the population covered, while 4G coverage reaches 37% of the population and 15% of the surface area. U.S. companies such as Alphabet's Google Loon have continued to invest in the sector thereby increasing data coverage to the underserved parts of the country.

Internet Domains: Total registered domains grew by 9.8% to 94,166 in 2019. Domains used by government entities and companies rose by 12.5% and 12.1% to 565 and 87,243 in 2019, respectively. Registered domains under mobile content, network devices, and information users declined by 77.8%, 65.3% and 65.0%, respectively in 2019. The decline may be attributed to changing to other domains such as the Second Level Domains (SLDs) or failure to renew website due to business closures. In the year under review, SLDs which was introduced in 2018 increased by 6.1% to 94,166 SLDs in 2019. Enhanced uptake and use of subdomain names as a result of awareness on the benefits of use, led to the doubling of domains under information content, mobile content and those used in network devices.

Broadcast Services and Subscriptions: The number of Frequency Modulation (FM) radio stations stood at 173 while Free to Air television stations were 75 in 2018. The number of digital signal distributors in the country remained at 5 Digital Terrestrial Televisions Set-Top Box (STB) subscriptions stood at 4.5 million. Cable TV subscriptions declined by 5.6 % to 160,200 while direct to home satellite subscriptions expanded by 14.6 % to 1.3 million subscribers in 2019.

Newspaper Circulation and online Newspaper Readership: The circulation of daily English and Kiswahili newspapers declined by 10% at the end of 2019 due to online readership of newspapers. Similarly, the number of weekly English newspapers in circulation decreased by 5.9 % over the same period. However, the average online readership of e-newspapers went up by 23.1 % in 2019.

Regulation

The Communications Authority of Kenya (CA) is the regulatory authority for the communications sector in Kenya. Established in 1999 by the Kenya Information and Communications Act, 1998, the Authority is responsible for facilitating the development of the information and communications sectors including broadcasting, cybersecurity, multimedia, telecommunications, electronic commerce, postal and courier services. The Authority licenses telecommunications operators and service providers as well as monitor their performance on a continuous basis to ensure that they discharge the obligations as stipulated in their licenses in line with the provisions of the Kenya Information and Communications Act, 1998 and the Kenya Communications Regulations, 2001.

CA is currently implementing a new system to regulate the frequency spectrum across the country. The system promises to be a critical regulatory tool that will facilitate efficient planning and utilization of spectrum resource in view of increasing demands between fixed, mobile services, and broadcasting. The Communications Act, 1998, also mandated CA to develop a national cyber security management framework through the establishment of a national Computer Incident Response Team (CIRT) to manage all cybercrime cases. The KE-CIRT is currently domiciled at the CA.

In November 2019, the government passed a new Data Privacy Law. The law saw the establishment of the Office of the Data Protection Commissioner, whose role will be to oversee the implementation of and enforcement of the Act. The Data Privacy law further provides guidance on data processors and data localization criteria.

In June 2020, the Finance Bill 2020 introduced a new Digital Services Tax (DST) on income from services provided through a digital marketplace in Kenya at the rate of 1.5% on the gross transactional value. According to new Act, the digital services upon which DST shall be applicable shall include: streaming and downloadable services of digital content; transmission of data collected about users which has been generated from such users' activities on a digital marketplace, however monetized; provision of a digital marketplace, website or other online applications that link buyers and sellers; subscription-based media including news, magazines and journals; electronic data management including website hosting, online data warehousing, file-sharing and cloud storage services; supply of search-engine and automated helpdesk services including supply of customized search engine services; tickets bought for live events, theatres, restaurants, etc. purchased through the internet; online distance teaching via pre-recorded medium or e-learning, including online courses; and any other service provided or delivered through an online digital or electronic platform excluding any service whose payment is subject withholding tax under section 35 of the Act. The U.S. Commercial Service in Kenya is monitoring the potential role out of the DST.

In August 2020, the Ministry of ICT gazeted a new law requiring foreign companies to have 30% local shareholding, a move that has been seen as a major setback for long term foreign investments into the ICT sector. The new law further states that all government ICT procurement processes will give preference to local ICT companies in the award of tenders, including sectors like Defense and Security. Further, where local businesses cannot fulfil tender requirements, foreign companies will now be required to transfer skills and personal to local firms. Foreign companies have until August 2023 to adhere to this requirement.

Key ICT Sector Policy Drivers

Kenya National ICT Policy: The MoICT recently launched the Kenya National ICT Policy that outlines requirements for the design, development, acquisition, deployment, operation, support and evolution of public and private ICT sector. It defines the current and forward-looking position of the government on various areas of the evolving and emerging technology landscape in Kenya. The policy identifies key focus areas which are: 1. Mobile first, 2. Market, 3. Skills and Innovation, and 4. Public Service Delivery.

Mobile First: This covers investments in the infrastructure needed for work such as data centers, hardware, software, telecommunications, networks and broadcasting. It seeks to create an enabling environment for the local assembly and manufacturing of devices. The policy will strengthen payments and logistics infrastructure and stimulate growth and adoption of local e-commerce platforms with global reach. It creates a provision of trusted security and certification infrastructure for all electronic communication and transactions. The policy also promotes accessible news and media platforms both off and online, and affordable marketing and advertising platforms.

Market: The policy aims to increase the overall size of ICT contribution to the digital and traditional economy to 10% of GDP by 2030. In doing so, the policy will provide a blueprint for creating *things* - infrastructure platforms for sellers and buyers; *rules* - carefully crafted rules that ensure that there is fairness in the market place, that transactions are honored, contracts and agreements are enforced, and that that scarce national resources such as spectrum and rights-of-way are fairly allocated; *money* - use of ICT to enable more people to make more money faster. Money, technology and people are the drivers of the digital economy. By mirroring the physical entities used in business, such as bank notes, land titles, certificates and so on with digital equivalents, business can be assisted to move much faster since it is no longer limited by the time it physically takes to move a business item from one geographic location to another. It is the GOK's goal to give every Kenyan the opportunity to earn a good living by utilizing the digital infrastructure in which the government is investing.

***Skills and Innovation*:** The policy outlines a careful plan designed to jump-start a self-supporting ecosystem that will produce world-class research, technology products and industries. The technology environment is changing fast and Kenya needs to not just keep up but to lead the charge. In order to ensure that Kenya is on the right track, the MoICT will every two years reassess research and development priorities and set five new technology goals. The government will fund investment in the selected new technologies, encourage the private sector to focus on the identified research and investment priority areas and help create skills in those technologies by funding scholarships, grants, challenges and innovation awards.

Public Service Delivery: The policy states that all government will be efficient and open, and all government services must be available online, and that every Kenyan has online access and that government services are delivered quickly. In order to achieve this the policy requires that: service charters be published by the public sector and citizens sensitized about them; all government services be easily accessible to all citizens using their mobile devices anywhere and anytime; procurement and tender processes be electronically published and open to all; revenue collection to be transparent and accountable; all arms of government implement and manage locally built back-end and front-end systems to deliver services; E-services are provided on platforms that are secure from fraud and breach of privacy of personal information; all government systems currently developed and all future systems be integrated with each other; Kenyan data remains in Kenya, and that it's stored safely and in a manner that protects the privacy of citizens.

The Digital Economy Blueprint

The Digital Economy Blueprint, presents a framework to improve Kenya's (and Africa's) ability to leapfrog economic growth. The blueprint is based on the national priorities as articulated by Kenya Vision 2030 (Vision) and the Big Four Agenda. The Vision aspires to make Kenya a globally competitive and informed society that effectively participates in the knowledge-based economy, and it also identifies ICT as a key enabler in the achievement of economic pillars and a critical factor in driving the economic, social and political development in our country.

The blueprint identifies five key pillars as foundations for the growth of a digital economy. These pillars are: Digital Government; Digital Business; Infrastructure; Innovation-Driven Entrepreneurship and Digital Skills and Values. The Blueprint also highlights the cross-cutting issues that need to be considered for the success of a digital economy. According to Kenya President Kenyatta, the Blueprint serves as one of Kenya's contributions in championing the growth of an African-wide digital economy for all of Smart Africa Alliance members.

Leading Sub-Sectors

Computer Hardware: Computer hardware accounts for nearly 60% of the IT market in Kenya. Total computer hardware sales were at $409mn at the end of 2019. With the global pandemic forcing millions of Kenyan students and employees to study and work remotely, the demand for personal computers is expected to continue to rise.

Consumer Electronics and Smart Devices: The consumer electronics market is expected to register double digit growth by the end of 2020. With the COVID-19 pandemic, the use of smart devices such as tables and smart phones continues to grow. U.S. mobile devices are available and competing for the middle to upper income brackets, with U.S. brands like Apple now being used widely in the market. However, the lower- to middle-end of the market is price sensitive, resulting in wide use of cheap and often counterfeit mobile devices that are easily available and often sold as original devices to unsuspecting customers. In a move to fight the growing counterfeit problem in the sector, the GOK switched off all counterfeit phones from the GSM network crating market for genuine phones. ADSL equipment will continue to have a market as homeowners and apartment owners continue to install Internet services in existing buildings to build their attractiveness to potential tenants. Smart phones and smart devices are also expected to have significant sales as the largest internet population consists of teenagers and young adults who have adapted to accessing the Internet on handheld devices.

Software: Software solutions are expected to rise with the huge demand for computer hardware and computer systems for various industry verticals. Cybersecurity software will also be required to secure data and online applications for both the government and its citizens. Banks and service providers will also continue to invest in various cyber solutions to address cybercrime and cyber security vulnerabilities.

Fixed Data and Mobile Data: Growth in Kenya's fixed and mobile data segments sector is strong and will continue to grow demand for telecommunication technologies, especially 3G/4G or mobile data enabled devices that support machine to machine solutions. Cellular telephony remains the fastest growing telecommunications sub-sector.

Services: The IT services market has been on an upward trajectory as more small and medium size businesses are entering the online space via creative company websites. A recent report from the Communications Authority of Kenya puts the number of total registered domain names at 62,215 with ". co.ke" (companies) holding the highest share of 92.83%. The adoption of e-commerce has driven revenues for most businesses with some only holding virtual offices as they conduct their trade through online and mobile platforms. The disruptive use of social media in marketing has driven the uptake of data services, both fixed and mobile.

Mobile payments: Mobile money continues to be a huge market in Kenya with nearly 95% of mobile users having access to one or more mobile payment platforms. More public sector and state agencies, utility companies, and various service providers have integrated mobile money platforms with their core banking applications making it convenient for end users to make payments.

Applications: In addition to mobile money, services that rely on 4-digit SMS short codes and GSM USSD (simple, menu-driven interfaces that allow users to work through multiple options along a decision tree on basic mobile phones) are now ubiquitous in Kenya. These mobile interfaces, combined with open source technology platforms such as

RapidSMS and Ushahidi that facilitate bulk information distribution and crowdsourcing, provide simple and effective tools for innovation across a variety of products and services. Other USSD products are in Agribusiness, Healthcare, Public Information Sharing, to connect users (e.g. farmers to traders, mothers to community workers etc.).

Cybersecurity platforms: Online crime in Kenya has increased significantly in the last few years due to the rapid digitization of the financial sector and more online payment transactions by Kenya citizens. Organized crime has been quick to take advantage of the opportunities offered by the Internet, particularly the growth in e-commerce and online banking. Online criminal groups target individuals, government institution networks to steal personal information in bulk to profit from the compromised data available to them.

Opportunities

ICT has been a critical enabler in the achievement of Kenya's Vision 2030 and will play a central role in supporting the country's "Big Four "agenda and other sectors. We see opportunities for U.S. firms in various cross-cutting sectors.

COVID-19 ICT solutions: The Government of Kenya has identified ICT as a key enabler and economic driver. In the wake of the pandemic, the Ministry of ICT appointed a COVID-19 ICT Advisory Committee was through Gazette Notice No. 3236 on April 21, 2020 to co-ordinate ICT specific responses to the effects of the COVID-19 pandemic and beyond in Kenya. The Committee chaired by the CA's Director General continues to seek private sector partnerships in providing innovative solutions for the following: Health, the Economy, Food, Livelihoods, Logistics/Transport and Security.

Digital Economy: According to the 2019 Kenya National Economic Survey report, the value of the ICT sector expanded by 12.9% from $345.6mn in 2017 to $390.2mn in 2018, driven by growth in the digital economy. Kenya's Digital Economy Blueprint (see above) highlights various key pillars that present commercial opportunities for U.S. companies.

Education sector: The Digital Literacy Program (DLP) commonly referred to as DigiSchool is a program that was borne out of the Government of Kenya's vision to make sure every pupil is prepared for today's digital world. The program introduces primary school children, beginning with those in lower primary, to the use of digital technology and communications in learning. DLP is targeted at learners in all public primary schools in Kenya and will cover all the 23,951 primary schools, and nearly one million Class One pupils, with a combination of the use of technology, content and teaching, to transform learning in Kenya into a 21st century education system. *The Education Broadband Connectivity* project is another holistic, multi-faceted and national approach to internet connectivity for the nation's and tertiary college institutions below university level is recommended. This is envisaged to include: the identification or creation of internet ready ("e-ready") schools and institutions in each county. In particular, a focus will be secondary schools that are already teaching the computer studies curriculum that will be examinable at the end of their four-year studies. the provision of necessary ICT training to the teachers in participating institutions to ensure that they are well prepared to make use of connectivity; provision of broadband connection and support to the education cloud and learning management system that established by the Kenya Institute of Curriculum Development (KICD). This will facilitate ready access to digital content developed by KICD as well as to other approved local or international education content and resources; and technical support to ensure that the connected schools are not hindered by technical problems from the full benefit of broadband connectivity. Both hardware and software components will be needed to support this ambitious project.

Healthcare sector: Health IT continues to gain momentum as the government of Kenya rolls out it's eHealth strategy. The Ministry of Health (MoH) has a well-defined eHealth strategy (2016-2030) that identifies five main areas of focus and implementation: Telemedicine; Health Information Systems; Information for Citizens; mHealth, and eLearning. With the COVID-19 pandemic posing major challenges in Kenya's healthcare systems solutions for logistics and transportation of critical drugs and tests, contact tracing applications, patient monitoring and others will be required by the public health facilities as well as private hospitals.

Cybersecurity: A new Interpol report released in August 2020, on online organized crime in Africa shows how digitization is making it easier for criminals. In Africa, Interpol ranks Kenya among the countries where transnational criminal organizations operate. The report estimates that Kenyans lost $210Mn to cyber and cyber-enabled crimes in 2017. Kenya has been in the spotlight of the U.S Federal Bureau of Investigation as a source of scams and destination of funds obtained from cyber financial fraud.

The National Kenya Computer Incident Response Team/Coordination Centre (KE-CIRT/CC) is mandated to offer technical advice on cybersecurity matters nationally and coordinate response to cyber incidents in collaboration with relevant stakeholders. The National KE-CIRT/CC detected 33,747,678 malware threat events at the end of March 2020 as compared to 34,854,959 at the end of December 2019 over a quarterly reporting period. In response, the National KE-CIRT/CC issued 1,559 cyber threat advisories. The increase in the number of advisories given on botnet/DDoS attacks, online impersonation, online abuse, website application attacks, and other vulnerabilities provides opportunities to U.S. companies.

Key Government Institutions in the ICT Sector:

- Communications Authority of Kenya (CA) is a regulatory body for the Communications sector responsible for regulating Telecommunications, Postal and Radio Communication Services.
- Information Communication Technology Authority (ICTA) is responsible for developing and positioning Kenya as the preferred ICT destination in Africa, promote competitive ICT industries, develop world class ICT institutions and increase access and utilization of ICT
- National Communications Secretariat (NCS) is responsible for advising the government on info-communications policies.
- Konza Technopolis Development Authority (KoTDA) is responsible for coordination of the planning and development of the SMART city.
- Kenya Broadcasting Corporation (KBC) is responsible for public broadcasting services to inform, educate and entertain the public through radio and television.
- Kenya Films Classification Board (KFCB) is responsible for regulating exhibitions of film content by examining and classifying films for public exhibition.
- Kenya Film Commission (KFC) is responsible for developing and marketing Kenya as a filming destination.
- Postal Corporation of Kenya (PCK) is responsible for provision of communications, distribution and postal services.
- National KE-CIRT/CC is responsible for coordinating responses to cyber security matters at the national level in collaboration with relevant actors locally and internationally
- Kenya Music Copyright Society is responsible for supporting the Musical fraternity within Kenya through enhancing their earning for their works.
- Media Council of Kenya is responsible for regulating media, conducts and disciplines journalists.
- Communications Appeal Tribunal (CAT) under the MoICT is responsible for arbitration of disputes between parties in the Communications sector.

Web Resources

Communications Authority of Kenya
Business Monitor International
Kenya National Bureau of Statistics Economic Survey 2020
ICT Authority (ICTA)
Ministry of Information Communication and Technology
Kenya Cybersecurity Incidence Report Team

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Aircraft & Parts

Overview

	2017	2018	2019	2020
Total Local Production	0	0	0	0
Total Exports	n/a	n/a	n/a	3.14
Total Imports	169.90	181.7	195.8	302.48
Imports from the US	93.03	107.17	130.29	119.79
Total Market Size	169.90	181.7	195.8	299.34
Exchange Rates	103	99	101.5	105

NB: All figures in millions of USD with exception of exchange rate in Kenya shillings (Kshs
Applicable HS Codes: 401130; 840710; 840910; 840991; 840999; 8411; 8802; 8803; 880510; 940110
Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
Data Sources:
Total Market Size: Global Trade Atlas
Total Local Production: N/A
Total Exports: N/A
Total Imports: Global Trade Atlas
Imports from U.S: Global Trade Atlas
Exchange Rate: Central Bank of Kenya

Kenya is the largest and most developed transport and logistics hub in East & Central Africa with JKIA being East Africa's largest aviation hub and host to various airlines, both local and international, that use Nairobi as the primary entry point into Africa. Kenya has eleven airports, four of which are international and another 468 aerodromes and airstrips. The Ministry of Transport & Infrastructure has the policy oversight and the Kenya Civil Aviation Authority (KCAA) is the industry regulator. Kenya Airports Authority (KAA) operates all airports and aerodromes and manages the assets including overseeing the security.

Large aircraft and aircraft parts sales have continued to register decline in market size over the last three years owing to the multi-year massive losses incurred by national carrier Kenya Airways (KQ), which resulted in reduction in investments in aircraft and parts. Under its restructuring plan, the carrier has leased out and sold off some of its more expensive planes in a cost-cutting and cash raising plan that brought an end to an earlier ambitious fleet expansion plan. The massive losses at the national carrier seem to have slowed down and new management appears to have checkered success in bringing the situation under control. The national carrier has reached out to the government for a second bailout package following a $50m package availed to Kenya Airways in 2019.

Private operators, both corporate and individuals, continue to invest in new and used imported mid-sized and light aircraft (both fixed wing and rotor aircraft) for the domestic and regional market. Kenya has no domestic production of aircraft or aircraft parts.

The key drivers for the aircraft and aircraft parts industry in Kenya over the last several years have been tourism and a growing cargo business resulting from increased exports in horticultural produce and imports of high value goods. In 2019, the sector experienced a 4% increase in revenues at $1.63bn and recorded a marginal growth in tourist numbers from the previous year to stand at 2.1million visitors. The U.S. continued to be the leading source market with about 245,000 visitors. Overall, Kenya's airports recorded an 16.8% growth in passenger traffic in 2018 to stand at a record 11.8m passengers. This growth was expected to continue into 2019. However, owing to the CoVid-19 pandemic, numbers over the next couple of years are expected to be greatly depressed.

With respect to air cargo, according to Business Monitor International (BMI), Kenya's air freight sector has enjoyed a fantastic level of growth over recent years, a trend that is expected to continue in 2020. Kenya's horticultural exports, together with surging imports, are ensuring full cargo loads for airlines on both outbound and inbound flights respectively.

Further, Kenya's low-cost carrier segment is on course to record improved performance owing to the growing middle class in Kenya. KQ currently flies to close to 60 destinations, with the vast majority being routes in Africa, and is a full member of the Sky Team Alliance comprised of Delta, Air France, and KLM among others since June 2010. KQ's low cost carrier, Jambo Jet, flies domestically and recently added routes to several African countries. There are almost 50 local airlines flying in Kenya, majority of them handling domestic and regional travel.

Illinois-based firm, AAR, a global aerospace, government and defense contractor, became the first aviation company to land a multi-year deal after it won a five-year multi-million-dollar agreement with KQ to provide power-by-the-hour component support for its fleet of 737NG aircraft. U.S. aircraft part suppliers are encouraged to maintain their marketing presence, since it takes long before a purchase contract is signed for big-ticket items.

Following the granting of Category 1 status to JKIA in 2017 and the further introduction of 7th freedom rights for cargo, there exists opportunity for growth in both passenger and cargo especially exports of cut flowers and apparel under the AGOA duty free status. KQ currently has a direct flight between Nairobi and New York. In mid-2020, the direct flight numbers were decreased due to COVID-19. KQ plans to increase frequency once the travel industry improves.

In 2017, Boeing opened an office in Nairobi to position itself for the anticipated aircraft demand in Africa. Boeing says it expects air traffic to, from, and in Africa to grow by about 6.1% a year over the next 20 years as airplane technology continues to increase fuel efficiency. This will drive sales of aircraft in the region in addition to replacement of aging aircraft.

Kenya is by far the biggest military spender in the region and commands one of the best equipped and trained military forces in Africa. However, it was deemed necessary to further increase military spending on hardware and personnel to address emerging security threats. This was underlined when the U.S. Congress approved the acquisition of weapons for the Kenya Defense Forces (KDF) from various U.S. military hardware suppliers. Key amongst these included 12 MD530F Cayuse Warrior helicopters for the Kenya Air Force to replace their legacy MD500 aircraft, the first fleet of 6 MD 530 were delivered to KDF in a symbolic ceremony in January 2020, with the next batch of the fleet in the pipeline. These were in addition to an acquisition of six Bell UH-1Y helicopters that the KDF had acquired from the U.S. military. The Kenyan military is estimated to have about 150 air units comprised of Fighters, Transporters, Helicopters, Special Missions and Trainer aircraft (Source: WDMMA - World Directory of Modern Military Aircraft ; Global Firepower).

Enhancement of intelligence gathering capabilities is also a key driver and to bolster those capabilities, Kenya agreed to acquire at lease aircraft from the U.S. to provide low-cost intelligence, surveillance and reconnaissance (ISR) for the KDF as well as provide assistance to Kenyan ground forces in Somalia.

Leading Sub-Sectors

Air Travel: Domestic travel grew by 7.5% in 2018 while international travel grew by 2.8% in the same period. Kenya's business magnates, politicians and new millionaires are fast taking to the skies as the preferred mode of transport – expanding the market for leasing and private ownership of aircraft. Registration of new aircraft owned by wealthy Kenyans and private aviation firms nearly doubled in 2019, an indication of growing demand for private air travel. KCAA registered 87 new aircraft last year, up from 48 in 2018, pushing the number of planes in the country to 1,548, excluding those owned by the National Police Service and the KDF.

Helicopter sales are on an upward trend and are favored by politicians for movement within the country. The number of registered helicopters in Kenya crossed the 100 mark in 2019 and the growing numbers has led to an increase in demand for quality and reliable maintenance support facilities. The most common types of helicopters are Bell Textron and Airbus (formerly Eurocopter), with MD Helicopters, Robinson, AgustaWestland (now Leonardo) and Enstrom all having a presence.

Cargo: JKIA was ranked as the second fastest growing airport in the 2018 world cargo ranking for airports that handled more than 250,000 metric tons of air cargo. This growth is attributed to substantial increase in air cargo traffic to and from Europe, Asia, America as well as recent additions China and Australia. JKIA has been positioning itself to become the premier cargo distribution center for the region and has steadily been increasing capacity. Local firm Astral Aviation acquired 3 Boeing 747-400 cargo aircraft to boost its freight capacity and increase its network.

According to KCAA, the volume of commercial cargo traffic handled increased by 23.3% from 290,800 tons in 2017 to 358,700 tons in 2018. Cargo handled at JKIA increased by 24.8% to 340,800 tons while that handled at Mombasa International Airport (MIA) increased by 11.1% to 4000 tons in 2018. However, the volume of cargo handled in other airports decreased by 2.1% in 2018. The total volume of mail traffic increased by 35.8% from 617.0 tons in 2017 to 837.6 tons in 2018, largely on account of a 36.2% increase in the volume of mail traffic handled at JKIA.

Direct investments and joint ventures in aircraft parts, repair and maintenance, and equipment for the domestic and regional markets include medium and heavy aircraft assembly, fabrication of components, parts and sub-assemblies for aircraft communications, navigation and surveillance equipment. Aircraft, aircraft spare parts, and jet fuel imports are duty free.

Nairobi's Wilson Airport is the busiest general aviation airport in Africa and serves as the regional small aircraft maintenance center. The Defense sector also provides opportunities as the GOK seeks to add latest military aircraft to existing fleet.

Opportunities

The COVID-19 pandemic dealt a major blow to the aviation and tourism sectors bringing them to a complete halt as countries shut down air travel for months. This led to multiple layoffs in Kenya as well as having aircraft grounded due to inactivity. The most active segment has been cargo as KQ repurposes some of its passenger aircraft to cargo freighters. The perishable goods market seems to be picking up as horticultural produce is delivered to markets in Europe and Asia. While passenger numbers will remain depressed, cargo movements will take center stage in the region in the quarters ahead; however, this will not be sufficient to compensate for the loss in passenger revenue.

Of the 1,548 Kenyan aircraft officially registered with the KCAA, only 51% have valid airworthiness certificates. Out of these, over 80% were classified as small aircraft (those with a certified maximum take-off weight of less than 10,000 kilograms). The remainder is large aircraft (with a certified maximum take-off weight exceeding 9,000 kilograms). In the small aircraft category, popular aircraft types such as Cessna, Piper, and Beechcraft dominate the category with over a 70% market share. Large aircraft are dominated by Boeing, Embraer, de Havilland Canada (DHC 5- Dash 8 series) and Fokkers. Kenya presents a major replacement market for general aviation aircraft: over 400 aircraft have expired certificates of airworthiness and an additional, significant group have valid certificates for aircraft that are more than 25 years old. The oldest registered aircraft with a valid airworthiness certificate is between 56-60 years old. Additionally, there is an ongoing opportunity for replacement aircraft sales, as well as refurbishment and replacement of outdated cabin spaces in line with current passenger demands for comfort.

Once the tourism sector resumes, there will likely be expansion of the Jomo Kenyatta International Airport in Nairobi to accommodate increased flight movements, and it is reasonable to expect that as tourist and business visitor numbers increase, so will the demand for additional aircraft and aircraft spare parts.

While the U.S. Commercial Service in Kenya anticipates a slump in this this sector, it remains a best prospect pending further developments in the medium term.

Web Resources

Aero Club of East Africa
The Business Daily Newspaper
Global Firepower
IATA
Ministry of Transport and Infrastructure
Kenya Airports Authority
Kenya Airways
Kenya Civil Aviation Authority
World Directory of Modern Military Aircraft

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Education

Overview

Kenyans place a high importance on education, and it has continued to play a pivotal in the country's development, with its demand steadily increasing. Due to the importance of education in the country, the Government of Kenya (GOK) spends 20% of the National Budget on education. Kenyan President Uhuru Kenyatta recently declared that the GOK would set aside an additional 10%, increasing the government's investment to 30% of the 2019-2020 National Budget for education: the highest budgetary allocation for education in Africa.

After several education commissions in recent years, the Ministry of Education, Science and Technology has identified that a number of local and foreign investors are establishing various levels of learning from kindergarten to secondary, including those offering British, American and other curriculum. With this private investment, the GOK reallocated resources towards the expansion of public secondary schools and identified centers of academic excellence in every Kenyan county (note: a country being similar to a U.S. state). Therefore, funds are now being channeled to existing public high schools for expansion rather than initiating new learning institutions. Consequently, schools that had three groups of 20-25 students per class are now being expanded to accommodate an extra class grouping and dormitories are being expanded to accommodate more students to meet the high demand for secondary education.

However, the GOK lacks the financial capacity and technical expertise to implement the initiatives previously listed. Therefore, aid agencies like UNICEF, USAID, World Vision, JICA, among others, have contributed significantly to the expansion and development of education in the country, especially in public institutions.

At the tertiary level, for the first time in 21 years, undergraduate enrollment in Kenyan public universities has dropped by 56,988 in 2019. This is likely due to a combination of factors from choices in private education, study abroad options, as well as a crackdown on illicit exam testing schemes. Conversely, enrollment for postgraduate courses in Kenyan public universities has rebounded and grown by 33%, up from 32,977 in 2018 to 43,988 students who are currently pursuing a masters or PhD in 2019. Kenyan students who do not attend public universities are able to attend either private local universities or elect to study abroad.

In fact, Kenyans are once again studying abroad for college/university at a greater rate after years of declining numbers. In total, there are over 14,983 Kenyan students studying abroad. During 2018/2019, the number of Kenyans studying in the United States reached over 3,450 students: a four % increase from the previous year. For more information, visit: https://www.trade.gov/education-industry

Government Education Initiatives: The GOK recognizes education as the primary means of sustainable economic development, social mobility, national cohesion, and social development. This has led to the implementation of programs that rapidly expanded the education sector. Examples include tertiary and satellite campuses to reach out to the county audience outside of Nairobi.

Challenges and Gaps: The two major barriers preventing students from studying in the United States are high tuition fees and securing a visa. For a comparison, tuition from a Kenyan public university is approximately $1,500 - $5,000 per year.

Major Field of Specialization in 2018/2019

- Business and Management: 13%
- Education: 2%
- Engineering: 21.3%
- Fine and Applied Arts: 2%
- Health Professions: 14%
- Humanities: 2%

- Intensive English: 2.4%
- Math/Computer Science: 17%
- Physical and Life Sciences: 13%
- Social Sciences: 6%
- Undeclared or Other Fields of Study: 7.3%

Leading Sub-Sectors

Most opportunities are found in recruiting for undergraduate and graduate programs in the United States. There is a high interest in U.S. education, particularly in fields of engineering, healthcare, and sciences. Further, many U.S. colleges and universities offer degrees in additional areas that are not offered by local universities. Kenyan students are especially interested in programs that allow them to work while studying. The benefits of community colleges are steadily becoming understood within Kenya, though the numbers of Kenyan students choosing to study at a community college is still relatively low. Lastly, other opportunities include establishing primary and secondary schools in Kenya, as Kenyan parents typically do not send their younger children abroad for education.

The best months of the year to recruit students at educational fairs are January through March, May, and September through November.

Events

- Nairobi International Education Exhibition - January 16-19, 2020
- International Schools and Education Fair (ISEF Africa) - February 29 – 2 March 2, 2020
- International Student Fairs Africa Mombasa - March 3, 2020
- QS World MBA Tour Nairobi - May 11, 2020
- QS World Grad School Tour Nairobi - May 11, 2020
- KCSE (Local) - January - March & May - July
- International - September - November & January - April

Web Resources

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Customs, Regulations & Standards

Trade Barriers

Non-tariff barriers include: slow customs services, packaging and labeling requirements, the requirement to obtain a Certificate of Conformity (CoC) from a Kenya Bureau of Standards (KEBS) appointed pre-export verification of conformity (PVoC) partner and the obligation to obtain an Import Standards Mark (ISM) for a list of sensitive products imported into Kenya. The companies Intertek, Bureau Veritas, Cotecna, China Certification & Inspection (Group) Inspection Co. Ltd, SGS and QISJ continues to be subcontracted by KEBS to operate the PVoC program on KEBS behalf in regions such as parts of Europe including the UK, North America, Latin America, China, Australasia, Western Africa, Indian subcontinent, and the UAE. Some U.S. firms may find packaging and labeling requirements difficult to meet. The lack of enforcement of intellectual property rights protection on videos, music, and computer software makes some U.S. firms reluctant to export these goods and services to Kenya.

Kenya's twelve tax treaties generally follow the Organization for Economic Cooperation and Development model for the prevention of double taxation of income. There is no double tax treaty between Kenya and the United States.

Import Tariffs

Kenya applies tariffs based on the international harmonized system (HS) of product classification and applies duties and tariffs of the East African Community (EAC) Common External Tariff. In general, Customs duty is levied at rates between 0% and 100%, with an average rate of 25%. However, Sensitive items Attract duty higher than 25% (the sensitive items are listed in the schedule 2 of the EAC Common External tariff). Excise Duty depends on whether the imported item is excisable or not. The rates are prescribed under the Excise Duty Act 2015. Imports into Kenya are subject to a standard VAT rate of 16%, levied on the sum of the CIF value, duty, and other applicable taxes. An import declaration fee of 2% and railway development levy of 1.5%. Tariff rates can be estimated by visiting Kenya Revenue Authority.

Import Requirements & Documentation

To import any commodity into Kenya, an importer will have to enlist the services of a clearing agent who will process the import documentation through Kenya Customs electronically on the Simba 2005 system and clear the goods on your behalf.

An import declaration fee (IDF) of 2.25% of the CIF Value subject to a minimum of 5,000.00 Kenyan Shillings is payable. Customs will assess duty payable depending on the value of the item(s) and the duty rate applicable. The East African Community Common External Tariff laying out the duty rates of imported items is available.

Kenya has a pre-shipment inspection requirement (the Pre-Shipment Verification of Conformity, or PVoC) for exports destined for Kenya. Exports to Kenya must also obtain an additional ISM, which is mandatory for all imported products sold in Kenya to help consumers identify in the local market, imported products that have been certified by KEBS.

For a small number of health, environment, and security imports, import licenses are required. Imports of machinery and equipment classified as equity capital or loan purchases must be received prior to exchange approval; local banks will not issue shipping guarantees for clearance of imports in the absence of such approval. All imports procured by Kenyan-based importers must be insured with companies licensed to conduct business in Kenya. Importation of animals, plants, and seeds are subject to quarantine regulations.

All Kenyan imports are required to have the following documents: Import Declaration Forms (IDF); a CoC from the PVoC agent for regulated products; an ISM when applicable; and valid pro forma invoices from the exporting firm.

Labeling/Marking Requirements

Special labeling is required for certain goods including condensed milk, paints, varnishes, vegetables, tobacco products and butter. In addition, imports of pre-packaged paints and related or similar products must be sold by metric weight or metric fluid measure. Weights and measure indicators must be in metric form or display both metric and imperial units, (the U.S. standard).

All labeling of packaging of imports shall include English and/or Kiswahili. Packaged goods (e.g. foodstuffs, chemicals, cosmetics, and similar) shall indicate the batch numbers and dates of expiration and/or date of production. All imports with a limited shelf life shall have more than seventy-five per cent (75%) shelf life from the date of expected landing in Kenya.

Manufacturers are required to indicate the date of manufacture and expiry on the labels of consumable products. Labeling for pharmaceutical products must include therapeutically active substances, inactive ingredients, name, and percentage of any bactericidal or bacteriostatic agent, expiry date, and batch number, registration number of the product, and warnings or precautions, and the official name and business address of manufacture.

For more information, visit the Kenya Bureau of Standards (KEBS) website.

U.S. Export Controls

U.S. companies exporting to Kenya must adhere to the requirements of the U.S. Department of Commerce's Bureau of Industry and Security (BIS) and Department of Treasury's Office of Foreign Asset Control (OFAC).

The United States imposes export controls to protect national security interests and promote foreign policy objectives related to dual-use goods through implementation of the Export Administration Regulations (EAR). The Bureau of Industry and Security (BIS) is comprised of two elements: Export Administration (EA), which is responsible for processing license applications, counselling exporters, and drafting and publishing changes to the Export Administration Regulations; and Export Enforcement (EE), which is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure and comply with the EAR. BIS officials conduct site visits, known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR to verify compliance.

An EUC is an on-site verification of a non-U.S. party to a transaction to determine whether the party is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of transactions subject to the EAR, to include: confirming the legitimacy and reliability of the end use and end user; monitoring compliance with license conditions; and ensuring items are used, re-exported or transferred (in-country) in accordance with the EAR. These checks might be completed prior to the export of items pursuant to a BIS export license in the form of a Pre-License Check (PLC), or following an export from the U.S. during a Post-Shipment Verification (PSV).

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license application reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "red flags", or warning signs, , and compiled "Know Your Customer" guidance intended to aid exporters in identifying possible violations of the EAR. Both of these resources are publicly available, and their dissemination to industry members is highly encouraged to help promote EAR compliance.

BIS also provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars that focus on the basics of exporting to coverage of more advanced, industry specific topics. Interested parties can check a list of upcoming seminars and webinars or reference BIS provided online training.

BIS and the EAR regulate transactions involving the export of "dual-use" U.S. goods, services, and technologies. For advice and regulatory requirements, exporters should consult the other U.S. Government agencies which regulate more specialized items. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services, or munitions. A list of other agencies involved in export control can be found on the BIS website or in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the BIS website and on the e-CFR (Electronic Code of Federal Regulations) and is updated as needed.

The Consolidated Screening List (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of parties to regulated transactions. Exporters are encouraged to classify their items prior to export, as well as consult the CSL to determine if any parties to the transaction may be subject to specific license requirements.

Temporary Entry

Kenya allows duty-free entry into the country of goods destined for neighboring countries or for transshipment; however, bonds must be executed. Such goods must be held in bonded warehouses designated by the Kenyan Customs Department. Release of the bonded goods into the Kenyan market is prohibited unless statutory customs payments are made.

Samples and exhibits/displays for trade fairs may be imported into the country duty free. It is a Customs Department requirement, however, that such items are re-exported or are certified destroyed by a customs certification officer after use. An importing firm that fails to meet these requirements will be charged import duties and value added taxes on the presumed value of the items.

Prohibited & Restricted Imports

The following is a non-exhaustive list of items that are prohibited for import into Kenya:

- A wide variety of hazardous materials and chemicals
- Beauty and cosmetic products that contains mercury
- Controlled narcotics
- Counterfeit currency
- Matches made with white phosphorous
- Pornographic and obscene materials
- Used tires for commercial vehicles

Other items are restricted, requiring permits. Examples include:

- Bows, arrows, and fencing equipment
- Firearm parts, ammunition, and explosives
- Genetically modified items
- Historical artefacts
- Ivory of all descriptions

For more information on prohibited and restricted imports, please refer to the Second and Third Schedule of the East Africa Customs Management Act

Customs Regulations

The Customs Services Department (CSD) under the Kenya Revenue Authority (KRA) has the primary function of collecting and accounting for import duty and VAT on imports. Other taxes collected by the Customs Services Department on an agency basis include the Petroleum Development Levy, Sugar Levy, Road Maintenance Levy, Import Declaration Fee, Road Transit Toll, Directorate of Civil Aviation fees, Air Passenger Service Charge, Kenya Airport Authority Concession fees, and various fees associated with motor vehicle permits.

Apart from its strictly fiscal responsibilities, the CSD has responsibility for the collection of trade statistics, facilitation of trade and protection of society from illegal entry and exit of prohibited goods (e.g. drugs of abuse, hazardous chemicals, pornography, and weapons/explosives).

The CSD implements bilateral, regional, and international trade arrangements. The department also supports global enforcement efforts against smuggling, the illegal importation, and exportation of arms, and drugs of abuse, as mandated through various international legal instruments. For example, Kenya is a member of both the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA). Membership in these two regional blocs entails extending preferential tariffs to goods imported from EAC and COMESA member states subject to pre-agreed conditions (the Rules of Origin). Goods originating in Kenya also enter into member countries on preferential rates.

The CSD, as the agency of government entrusted with the responsibility to monitor and control imports and exports, is responsible for the implementation of the trade and customs clauses of regional trade agreements. This also applies to trade preferences that may not be reciprocal – such as the preferences extended to Kenya under the African Growth and Opportunity Act (AGOA) of the U.S. and the Africa, Caribbean and Pacific/European Union Cotonou Partnership Agreement. The CSD is a member of the World Customs Organization (WCO).

Customs & Border Control
Kenya Revenue Authority,
Times Tower, 12th Floor,
P.O. Box 40160 – 00100 GPO Nairobi, Kenya
Tel: +254-20-2817104 / 341218; Fax: +254-20-318204
Contact: Mrs. Pamela Ahago, Acting Commissioner for Customs & Border Control
Email: Pamela.Ahago@kra.go.ke (cc: Christine.Ilahalwa@kra.go.ke)

Standards for Trade Overview

KEBS is the government regulatory body under Kenya's Ministry of Trade mandated to prepare standards relating to products, measurements, materials, processes, etc., and promote these at national, regional and international levels. The National Environment Management Authority, under the Ministry of Environment and Natural Resources, the Department of Public Health, and the Ministry of Health are all government organizations that develop environmental and public health standards in partnership with KEBS. KEBS conducts product testing for individual product categories and undertakes certification. KEBS has a semi-annual standards development plan and is now reviewing all standards with particular attention to those that are ten or more years old. A large number of the standards have been already reviewed and harmonized within the Eastern Africa region.

KEBS operate on a more flexible market-driven approach whereby they offer the general public as well as the market drivers (companies, manufacturers, associations) to take part in the standards formulation process through technical committees and publication of Standards for public review.

The Technical Committees are usually responsible for preparing and maintaining standards covering Standardization in a defined scope. The principal responsibilities of the Technical Committee representative are: (i) Providing professional support to technical committees on matters of quality, safety, risk management and assessment, (ii) Collection and analysis of technical information for the drafting of the relevant standard, (iii) Attending and actively participating in committee meetings, (iv) Commenting on Public Review Drafts and balloting on Draft Kenya Standards, (v) Keeping their respective organizations/institutions well informed about current standards development projects and expressing their organization's views, (vi) Participating in regional and international standardization work by attending meetings, commenting and voting on regional and international draft standards.

KEBS also works together with different standards organizations as well as has an open-door policy for international associations that. The government through its different entities/parastatals regulates everything and makes all standards mandatory.

KEBS prepares a National Standardization Plan which should be understood as a call for action to all stakeholders to participate and contribute towards addressing the current and future standardization needs and priorities. This plan is developed to respond to the changing situation and new demands arising out of liberalization of world economies and new developments.

Standards

A Kenyan Standard is a document established by consensus and approved by KEBS that provides, for common and repeated use, rules, guidelines, or characteristics for products and services and related processes or production methods, aimed at the achievement of the optimum degree of order in a given context.

Kenya applies a comparative 'standard' to all products or services. Kenya standards are classified into six categories: glossaries or definitions of terminology; dimensional standards; performance standards; standard methods of test; codes of practice; and measurement standards. These standards are developed by technical committees whose membership includes representatives of various interest groups such as producers, consumers, technologists, research organizations, and testing organizations, in both the private and public sectors.

Some of the departments include the Food and Agriculture Department which is responsible for the development of standards covering food technologies, food safety, fertilizers, agricultural produce, livestock and livestock products, poultry and poultry products, etc.

The Chemical Department is responsible for the development of standards covering soaps, detergents, paints, pesticides, stationery, and related equipment and all products based on chemical formulations. Others include the services standards department, and the engineering department.

Service Standards Department: Develops standards in the service industry such as tourism, hotels, transport, education, social activities, etc. These standards are aimed at addressing the evolving needs in the service sector and represent a growth area.

Engineering Department: Develops standards covering civil engineering, electro-technology, information technology, renewable energy, textile engineering and mechanical engineering.

Standards Information and Resource Section: This section is responsible for the maintenance and availability of standards information, library, WTO NEP and sales of standards.

Publishing Section: This section is responsible for the editing and publishing of all Kenya Standards and related documents.

The Standards Information and Resource Section are responsible for the maintenance and availability of standards information, library, World Trade Organization, National Enquiry Point (NEP), and sales of standards while the Publishing Section is responsible for the editing and publishing of all Kenya Standards and related documents.

KEBS does consult standards developed by global domiciled standards developing organizations like ISO, EAC SQMT, U.S. FDA food facility registration, ASTM International- standards international, The British Standards Institute, CODEX, The African Organization standardization (ARSO), etc.

Testing, Inspection and Certification

Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. **Notify U.S**. (www.nist.gov/notifyus) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country or countries and industry sector(s) of interest and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

Conformity Assessment: All consignments of regulated products must now obtain a Certificate of Conformity (CoC) issued by authorized PVoC country offices (programs managed by partners such as Intertek Services) and an import standards mark (ISM) prior to shipment.

The CoC and ISM are mandatory customs clearance documents in Kenya; consignments of products arriving at points of entry without these documents are subject to delays and possibly denial of admission into the country.

The ISM is consignment specific. The mark must be applied to all products which have impact on health and safety, environment such as food and foodstuffs, electrical fittings, electrical appliances and accessories, infant ware and toys. Informal arrangements with customs officials are widely believed to be responsible for the large volume of fake and counterfeit products present in the market, despite these regulatory requirements.

For consignments shipped without inspection, importers may apply for a destination inspection subject to KEBS acceptance and pay a penalty of 15 % and a 15 % bond of the CIF value, plus the costs of the test. It is the seller's responsibility to ensure that shipments to Kenya happen only after issuance of a CoC and ISM. In November 2007, KEBS removed a significant non-tariff trade barrier by agreeing to waive the CoC requirement on bulk agricultural commodities inspected and certified by U.S. government inspection agencies, (i.e., the U.S. Department of Agriculture Federal Grain Inspection Service and Animal and Plant Health Inspection Service).

In addition to KEBS, other national testing bodies include:

- The Government Chemist (forensic testing for law enforcement agencies);
- The National Quality Control Laboratories (medical and pharmaceutical testing);
- The National Public Health Laboratories (testing of microbiological reagents);

- The Kenya Plant Health Inspectorate Service (KEPHIS) (certification of all imported plant materials as well as implementing sanitary & phytosanitary requirements);
- Materials Testing Department, Ministry of Roads & Public Works (testing of materials used in the building and construction industries).

Private conformity assessment bodies in Kenya include SGS Kenya, Bureau Veritas, and InterTek Services, all of which provide private consumer product-testing services. With the exception of Intertek Services, these organizations also undertake systems and services certification.

Product Certification: Certification can improve reputation, open up new markets, or simply enable the company to operate. It also enables companies to manage risk and drive performance, by tracking a number of key variables over a period of time.

The certification process typically includes on-site audits and standardized testing and inspections. Once a certificate has been delivered, it is maintained through regular audits.

Product certification is voluntary, but essential for marketing purposes. There are no mandatory requirements for product certification, but companies are encouraged to have their export products certified. National organizations such as the Radiation Protection Board, NEMA, the Dairy Board of Kenya, and the Communications Authority of Kenya (CA) have specific product and system requirements that must be met prior to issuance of licenses or permits.

The importation of any form of plant material, (e.g., seeds, cuttings, bud wood plantlets, fresh fruit, flowers, and timber) into Kenya is subject to strict conditions as outlined in the import permit issued by the Kenya Plant Health Inspectorate Service (KEPHIS) prior to shipment of such plants from the origin regardless of whether they are duty free, gifts or for commercial or experimental purposes. Seed certification is mandatory before seeds can be sold locally; the process can take up to three years. Kenya has been a member of the International Union for the Protection of New Varieties of Plants (UPOV) since 1999. Note: Seeds are the number one good counterfeited in Kenya.

The Pest Control Products Board (PCPB) registers all agricultural chemicals imported or distributed in Kenya following local testing by an appointed research agency. It also inspects and licenses all premises involved in the production, distribution, and sale of the chemicals. The board has the right to test chemicals sold locally to assure their compliance with originally certified specifications. No agricultural chemicals can be imported into Kenya without prior PCPB authorization, and chemicals can only be sold for the specific use granted by the board. For the most part, major horticulture producers and exporters also adhere to strict European Union and U.S. standards in the application and use of agricultural chemicals.

All organizations involved in the manufacture, distribution, and sale of agricultural chemicals in Kenya are members of the Agro Chemical Association of Kenya (ACAK). Members must sign a "Code of Conduct" based on the U.N.'s Food and Agriculture Organization Code. This document requires rigid controls in the manufacturing, packaging, labeling, and distribution of agrochemicals. It also mandates an ethics code.

Kenya’s Pharmacy and Poisons Board (PPB) and the Ministry of Health are responsible for the certification and registration of all pharmaceutical drugs manufactured or imported into the country.

To indicate conformity with mandatory product requirements, manufacturers can voluntarily place a KEBS mark of quality on the certified product. KEBS has the legal authority to stop the sale of substandard products and to prosecute offending parties. KEBS may inspect the product to ensure it conforms to KEBS or any other KEBS-approved standards; products that do not meet the standards are to be withdrawn from the market and the importer/manufacturer may be prosecuted.

Accreditation: Accreditation bodies in Kenya include KEBS, SGS, and Bureau Veritas; however, no mandatory accreditation for laboratories is required for any sector. The Kenya Accreditation Services (KENAS) is a quasigovernment body with both public and private sector membership to develop a national accreditation system. KENAS is recognized by the GOK as the sole national accreditation body that provides format recognition for Certification Bodies (CBs), Inspection Bodies (IBs) and Laboratories throughout the country. This ensures that testing and calibration, proficiency testing scheme providers are competent to carry out specific conformity assessment tasks.

KENAS also registers assessors, auditors, and inspectors, and regulates training providers of management systems. KENAS is responsible for the Accreditation of Certification Bodies to ISO/IEC Guide 62 66 (replaced by ISO/IEC 17021:2006 in September 2007) and 65 (including adherence to the IAF interpretation of the same and laboratory certification to ISO/IEC 17025). All inspection bodies are accredited to ISO/IEC 17020 standards.

Publication of Technical Regulations

Proposed technical regulations under the Standards Act do not normally require notification via the official government publication, the *Kenya Gazette*; however, final regulations are published in the *Kenya Gazette* as legal notices. By enrolling in a corporate membership with KEBS, U.S. companies can, upon a written request to the Managing Director of KEBS, receive proposed technical regulations that affect their industry. They can also submit their comments on the proposed regulations for consideration by the relevant technical committee.

To obtain the list of proposed KEBS standards, U.S. exporters can contact:

Kenya Bureau of Standards,
Off Mombasa Road, Nairobi South C,
P.O. Box 54974 -00200, Nairobi, Kenya;
Tel: +254 (20) 6948201/401; Fax: +254 (20) 60403;
Contact: LT. Col (Rtd) Bernard N. Njiraini , Managing Director,
Email: info@kebs.org

For more information, contact
Judy Magondu
U.S. Commercial Service – Kenya
Standards Specialist
+254 (20) 363-6400; Judy.Magondu@trade.gov

Trade Agreements

Multilateral Trade System (MTS): The World Trade Organization (WTO) is the only international organization dealing with the global rules of trade between nations. Kenya has been a member of the WTO since its inception in January 1995. The WTO's 10th Ministerial Conference was held in Nairobi, Kenya, in December 2015. The Conference culminated in the adoption of the "Nairobi Package", a series of six Ministerial Decisions on agriculture, cotton, and issues related to least-developed countries (LDCs). The latest EAC Trade Policy Review by WTO was scheduled for March 2019.

African Continental Free Trade Area (AfCFTA): Kenya was among nearly 50 African nations signed a deal to create the AfCFTA in Kigali, Rwanda, on 21 March 2018, marking a historic milestone in the economic integration of the continent. The formation of a free trade area spanning Africa creates a single market of 1.2 bn people with a combined gross domestic product of more than $2 trillion (UNCTAD). Kenya has been ranked third among African countries that stand to gain most from the continental free-trade zone according to the World Bank.

U.S. – EAC Trade and Investment Framework Agreement (TIFA): The United States signed Trade and Investment Framework Agreements (TIFA) with the East African Community (EAC) in 2008, and with the Common Market for Eastern and Southern Africa (COMESA) in 2001. Kenya is a member of both regional organizations.

USTR's Africa Office is also leading U.S. efforts to forge a new trade and investment partnership with the East African Community.

Regional Markets: Kenya is a member of the East African Community (EAC) with a population of approximately 177 million across the countries of Burundi, Kenya, Rwanda, South Sudan and Tanzania. It is also a member of the Common Market for Eastern and Southern Africa (COMESA) with a population of approximately 540 million. Exports and imports within member countries enjoy preferential tariff rates. EAC Member States have signed a Protocol to establish a common Customs Union.

ACP/Cotonou Partnership Agreement: Exports from Kenya entering the European Union are entitled to duty reductions and freedom from all quota restrictions. Trade preferences include duty-free entry of all industrial products as well as a wide range of agricultural products including beef, fish, dairy products, cereals, fresh and processed fruits, and vegetables. Additional information is available at African, Caribbean, and Pacific Group of States.

African Growth and Opportunity Act (AGOA): Kenya qualifies for duty free access until 2025 to the U.S. market under the African Growth and Opportunity Act. Some of Kenya's major products that qualify for export under AGOA include textiles, apparels, and handicrafts.

Generalized System of Preferences (GSP): Under the Generalized System of Preferences, a wide range of Kenya's manufactured products are entitled to preferential duty treatment in the Australia, Austria, Canada, Finland, Japan, New Zealand, Norway, Sweden, Switzerland, other European countries and the United States. In addition, no quantitative restrictions are applicable to Kenyan exports on any of the 3,000-plus items currently eligible for GSP treatment. Additional information is available at United Nations Conference on Trade and Development.

Bilateral Trade Agreements: Kenya has signed bilateral trade agreements with several countries: Argentina, Bangladesh, Bulgaria, China, Comoros, Congo (DRC), Djibouti, Egypt, Hungary, India, Iraq, Lesotho, Liberia, Netherlands, Nigeria, Pakistan, Poland, Romania, Russia, Rwanda, Somalia, South Korea, Swaziland, Tanzania, Thailand, Zambia, and Zimbabwe.

U.S - Kenya Free Trade Agreement: Announced in 2020, the United States and Kenya agreed to enter into FTA negotiations to seek a high standard agreement that will also complement regional integration efforts within the EAC and AfCFTA. In addition to the launch of trade negotiations, the United States and Kenya agreed on a Strategic Cooperation Framework to provide technical assistance and trade capacity building in Kenya with the aim of maximizing Kenya's utilization of the AGOA trade benefits for the remaining years of the preference program, which is scheduled to expire in 2025. The Framework will also support the development and competitiveness of key agricultural value chains in Kenya. (www.ustr.gov)

U.S.- Kenya Commercial Memorandum of Understanding (MoU): In parallel to FTA negotiations, the United States and Kenya intend to intensify efforts to bolster commercial cooperation under the bilateral commercial Memorandum of Understanding signed in June 2018, and to work together to identify and prioritize trade and investment opportunities in strategic sectors including energy, health, digital economy, infrastructure, manufacturing, and agriculture.

Additional agreements are under negotiation with several additional countries: Belarus, Czech Republic, Ethiopia, Eritrea, Iran, Kazakhstan, Mauritius, Mozambique, and South Africa.

Licensing Requirements for Professional Services

U.S Professional Services providers keen on the Kenyan market need to be aware of the legal statutes governing their profession. Engineering and Accounting firms have to be members of good standing in the Engineering Authority of

Kenya (EAK) and Institute of Certified Public Accountants (ICPAK) respectively. Legal service providers have to be registered members of the Law Society of Kenya (LSK), in order to practice.

Selling U.S. Products & Services

Distribution & Sales Channels

Kenya requires both pre-shipment verification of conformity (PVoC) with Kenyan standards in the country of origin prior to shipment, and since March 1, 2009 also requires an import standards mark (ISM).

Companies usually engage the services of distributors or agents to cut on costs related to staffing, logistics, and infrastructure and also to leverage on the expertise of the dealers it contracts within particular markets or geographical segmentation.

A distributor, depending on the nature and magnitude of the business, may also sub-contract other distributors to deal in the areas that they feel are under served or have high demand. Distributors reduce the costs of market transactions by taking advantage of economies of scale. In addition, the distributors reduce information costs that a company might incur. Distributors in different areas are therefore used to gain information and relay the same to the companies for appropriate strategy formulation. Further, logistics functions can prove complicated for less experienced companies.

Using an Agent to Sell U.S. Products and Services

Kenya has no laws or policies requiring the retention of a local agent or distributor by a U.S. or other foreign company exporting to Kenya. However, it is highly advisable for a U.S. company to retain an agent or distributor who is resident in Kenya. If the product to be exported requires servicing, qualified service personnel and a reasonable supply of spare parts must be provided. To locate an agent, distributor, or partner, U.S. business representatives may contact the nearest U.S. Department of Commerce Export Assistance Center (USEAC) and request an International Partner Search (IPS) or a Gold Key Service (GKS). The Commercial Service charges fees for these services to cover costs. The Commercial Service in Nairobi also provides extensive counseling services for U.S. businesses and their partners and representatives. In addition, the American Chamber Of Commerce Kenya (AmCham) helps U.S foreign and local enterprises do business in Kenya.

Establishing an Office

To establish a legal presence in Kenya, U.S. firms may need to register with the Kenyan Registrar of Companies as a foreign company. Incorporation of a company in Kenya as a subsidiary of a U.S. corporation, as opposed to the registration of a U.S. firm, is a more complicated and expensive process.

The Registrar of Companies issues a "Certificate of Compliance" that certifies that the requirements of the Kenyan Companies Act have been fulfilled. This allows the company to obtain trading licenses from local authorities and the Ministry of Industry, Trade and Cooperatives.

The U.S. Commercial Service Kenya recommends that U.S. firms obtain the services of a local attorney to undertake registration. A list of law firms present in Kenya is found here.

Franchising

Franchising is growing in popularity with brands such as Cold Stone Creamery, Domino’s Pizza, KFC, Pizza Hut, Pretzels and Subway present in Kenya. Currently, there are no McDonald’s, Wendy’s, or other well-known U.S. franchise restaurants in Kenya. While franchising is most common in the hospitality industry, other franchising industries in Kenya include the clothing industry and real estate.

Key impediments to franchising include lack of support by the judicial system in terms of intellectual property protection and timely resolution of IPR cases. The lack of available local supply that meet required quality standards, frequent infringement of the franchise agreement and a lack of commitment by the franchisees, a limited customer base, and a lack of understanding of the franchising concept in general also present challenges to introducing more U.S. franchises to Kenya.

There are no specific franchise laws in Kenya; therefore, investors must rely heavily on existing commercial laws and various applicable business laws. Despite these challenges, increased local inquiries about U.S. fast food and auto rental franchises clearly indicate that local interest in franchising exists. Consumer Lifestyle Reports in Kenya have also reported an increase in consumer expenditure, on eating, drinking habits and shopping especially among the urban population, as a result of growing disposable income.

Direct Marketing

There is some penetration by direct marketers of personal care, home, and cosmetics products, but sales volumes in these categories by individual importers and trading companies are larger. Some of the major companies that have had a success are GNLD, Tianshi, Forever Living, Tiens, and Oriflame. Direct marketing of U.S. products in Kenya today is mostly limited to major-purchase items. This includes major tender (bid) items and/or single sale items.

Joint Ventures/Licensing

There is no specific regulation on commercial joint ventures in Kenya. It is advisable to obtain local counsel for guidance when creating a new entity.

Express Delivery

Express delivery is earning popularity amongst Kenyans. This is as a result of increased/ growing international e-market. The two most common modes of shipping from the United States are air and ocean shipping.

Air shipping is considered by importers looking to have their goods delivered within days. Many companies offer air shipping from the United States to Kenya. Some examples include DHL, FedEx, and UPS. With air shipping, volume and weight are crucial factors that will determine the price.

Ocean freight is the most common transport mode used by Kenyan importers. Companies that offer sea shipping from USA to Kenya include Kentex Cargo, States Duka, and Kenfreight Group, among many others. Unlike other modes, sea freight is ideal for shipping items as large as 500 Kgs. Ocean freight is cheaper and has fewer restrictions.

Customers are also advised to visit the Kenya Revenue Authority website for information on import procedures and requirements, and for download of any of the documents required in the import process. Currently Kenya doesn't have the De-minimis level/value.

Due Diligence

The U.S. Commercial Service in Kenya can assist U.S. companies or their partners with researching the bona fides, credit worthiness, and business history of companies based in Eastern Africa. From a simple email verification request on the existence or reputation of locally based companies to the more comprehensive and detailed International Company Profile (ICP) service, the U.S. Commercial Service in Nairobi can provide U.S. firms with information from a variety of sources as they decide whether a proposed agent, distributor, buyer, or joint venture partner is a good business counterparty.

The ICP due diligence process involves an assessment of a local company's registration, analysis of corporate history, corporate structure, company background, executive information, financial profiles, banking and auditing information, operating situation, staff size, range of products, facilities, profiles of subsidiaries and affiliates, current challenges, market capabilities, and more.

For more information on this service, email: Office.Nairobi@trade.gov

eCommerce

Electronic U.S. companies interested in establishing or improving their digital strategy are able to explore the following resources:

- **eCommerce is a sales channel** that crosses all industries that sell or promote brand awareness online. eCommerce as a sales channel is part of a businesses' B2B and/or B2C digital strategy;
- **A digital strategy** addresses the basic needs of a business required to succeed in cross-border ecommerce sales channels. Our counseling process focuses on identifying these needs;
- **eCommerce Key Performance Indicators** allows businesses to understand where their digital efforts are paying off;
- **eCommerce Business Service Provider Directory (BSP)** provides the much-needed follow-up to our digital strategy recommendations that will help the client to succeed in overseas markets.

Assessment of Current Buyer Behavior in Market

The use of e-commerce in Kenya has grown significantly over the last few years, especially among small and medium enterprises. Kenya recently adopted a digital economy blueprint meant to further develop the ICT sector and e-commerce activity.

The Kenya Communications (Amendment) Act of 2008 is Kenya's adoption of the United Nation's Model Law on Electronic Commerce of 1996. The highlights of the law include: promotion of e-government and e-commerce by increasing public confidence in electronic transactions; legal recognition of electronic records and electronic (digital) signatures; imposition of new offenses with respect to cybercrimes involving electronic records and transactions and the use of computing and telecommunications equipment; and clarification of legal uncertainties about the admissibility of electronic records as evidence in court proceedings. According to the Kenyan Communications Authority first quarterly report of 2019/2020 financial year, the number of wireless broadband subscriptions grew by 4.1% in 2019 to reach 52.1 million subscriptions, marking a penetration level of 89.7%. Mobile broadband subscriptions account for 94.3% of the total broadband subscriptions. Available data indicates that at least 2G and 3G covers 96 % and 93 % of the population respectively.

There are several factors that fuel e-commerce growth in Kenya. UNCTAD estimates the proportion of Kenyans aged 15 and above with a financial, (mobile or bank) account which enables them to transact online was second only to Mauritius, particularly because of the high usage of the mobile money system of M-Pesa.

According to BMI, consumer demand for e-commerce is increasing rapidly and will be accelerated by consumers using the service as a way to limit their exposure to crowded stores, given the COVID-19 pandemic. In 2018, Kenya scored 82 out of 100 on the online payment methods indicator -- one of the four measures the UNCTAD uses to measure the readiness of a country to support an e-commerce explosion. The government's ambition for universal 4G coverage alongside accelerated smartphone ownership further places Kenya as one of the fastest growing e-commerce markets.

Local eCommerce Sales Rules & Regulations: Online trade platforms in Kenya have not traditionally been regulated under the Kenya Information and Communications Act (KICA) as they do not constitute electronic services as envisaged under the act and are therefore not licensable. This means consumers cannot enjoy protection under the Consumer Protection Regulations, 2010, which apply in instances where the Authority's licensees offer services.

This regulatory environment is changing. In June 30, 2020, President Kenyatta assented to the Finance Act 2020, the Act has introduced a Digital Service Tax (DST) at a rate of 1.5% of the gross transaction value and shall be payable by a person whose income from services is derived from or accrues in Kenya through a digital market place. The tax shall be due at the time of the transfer of the payment for the service to the service provider. Residents and non-residents with a permanent establishment will be entitled to offset the digital tax paid against their income tax payable for that year of income (Source – Kenya Revenue Authority). The DST tax will be effective from January 1, 2021, subject to the adoption of implementing regulations by the KRA.

Despite the robust growth of the digital economy, Kenya's recently enacted DST poses significant uncertainty and concern. It is unclear on how the tax will affect resident and non-resident firms respectively. The U.S. Commercial Service is following this development.

Additional challenges for companies interested in e - commerce include: Logistics and infrastructure, physical addressing, cost of technology, as well as cybersecurity. Currently, many African countries, including Kenya, have very poor fraud detection and prevention mechanisms. Even when the medium involved is mobile money and m-commerce, cases of fraud are common. In many cases, this makes it difficult to build trust within African online marketplaces, resulting in a delay in e-commerce adoption.

Local eCommerce Business Service Provider Ecosystem: Kenya ranked number 88 according to the 2019 UNCTAD B2C Commerce Index, and also ranked 4th in the fastest growing and transitioning e-commerce economies in Sub Saharan Africa (behind Mauritius, South Africa, Nigeria). Nine percent of Kenyans, which is approximately 24% of its internet users, are regular users in e-commerce.

This growth of e-commerce is highlighted by the number and size of new players in the market. Safaricom launched "Masoko", an e-commerce platform, joining other dominant players in the market such as NYSE listed Jumia, Jiji, Glovo as well as U.S-affiliated Copia which provides e-commerce solution for low income consumers. Growth in hospitality has also led to the entry of platforms such as UBER Eats.

Selling Factors & Techniques

Catalogs, exhibitions and electronic product brochures serve as convenient starting points for both sellers and end-users. The Kenyan market prefers visual representation for most products, particularly technically detailed goods. Technical details are important in product brochures as they may also serve as references for maintenance. Written materials should supply both end-users and importers with up-to-date product information, including prices and the latest technological developments. U.S. firms should, where practical, use Kiswahili as a second language on flyers, with English as the primary (and official) business language. With mobile phone penetration at 114% (an increase of 14.7% per the Communications Authority / KNBS Economic Survey 2019), most telemarketing is focused on mobile phone users.

Trade Promotion & Advertising

Traditional forms of advertising via print, radio, and television remain the most widely used in the country. Most companies and organizations including the government are now adopting new ways of advertising over the internet and through social media platforms. Product complaints are now easily reported via various social media. Companies are increasingly setting up online pages and opening Facebook, Instagram, and Twitter accounts to more easily access their customers. Kenya has several daily newspapers, with Daily Nation and The Standard being the main papers. Most newspaper companies also have online versions of their product.

Many leading international advertising agencies including Ogilvy & Mather, McCann Erickson, Publicis and Omnicom, and Young & Rubicam have local offices or affiliates in Kenya. Although there are no restrictions on importing ready-to-use advertising materials, U.S. firms should consult closely with locally-based advertising firms to obtain leads on accepted advertising norms and adapt material to fit local preferences and values, including translation into target languages such as Kiswahili.

Kenya has 42 different ethnic groups, and radio and TV stations have vernacular sub-stations and programs that cater for these groups. Advertising on radio is often translated to fit some of the major tribes.

The U.S. Commercial Service in Kenya assists U.S. companies in conducting market promotion through organizing workshops or technical seminars.

Pricing

Pricing formulas will vary from one product to another based on supply, demand, landed cost, margin expectations, and competitive alternatives. Typically, gross margin expectations range between 15-30%, though others believe this to be true of expected net margin. Landed product costs are arrived at by applying cost formula and the sum total of: Free on Board (FOB) costs, as per bill of lading; net sea/airfreight charges; insurance; shipping agents fee; port charges; and clearing and forwarding charges - generally up to 0.5% of FOB and land transport costs. Kenyan importer preference for price quotations is Cost-Insurance-Freight (CIF) in U.S. dollar to Mombasa or Nairobi rather than FOB at a U.S. port.

Whether quotes are made FOB United States or CIF Kenya, the exchange of title may take place in either location. For example, a U.S. exporter may quote CIF Kenya (including the cost of sea freight and insurance in the invoice) but pass title at the U.S. port in exchange for payment at that time. This offers several benefits to the U.S. seller: the transaction takes place in the U.S. and under U.S. law; the U.S. company won't find itself owner of merchandise stranded at the Kenyan port of entry; and the importer of record is the Kenyan counterpart, who is always better positioned to manage local customs formalities.

Kenya remains a price sensitive market where individuals may compromise on the quality as long as they can get it cheap. This means that U.S. firms will need to pay attention to the price competitiveness of their products vis a vis existing suppliers from the east (e.g., China, India, and parts of the Middle East) who have gained a dominant share in various sectors on lowly priced goods and services.

Sales Service/Customer Support

U.S. firms exporting products to Kenya should fully train local staff and establish a strong liaison with end-users for continuous equipment performance assessment. Manufacturers, in conjunction with a local representative, should provide detailed product information including set-up and operating instructions. Good local availability of spare parts and strong, integrated back-up service is vital.

Kenyan buyers increasingly demand strong after-sale service and customer support, including warranties, especially for electronics items. Buyers increasingly demand guarantees from retailers to ensure that products remain functional. After-sales repair, technical service, and customer support is particularly crucial given Kenya's challenging physical infrastructure environment. Products in Kenya often suffer damage from transit, improper installation, and constant power fluctuations. Training and support remain an integral part of the sales cycle and provide an added advantage to one supplier over another.

Local Professional Services

Many U.S. and multinational professional service companies (accountants, consultants, lawyers, etc.) are located in Kenya. A list can be found on the American Chamber of Commerce site here.

Regarding legal services, one should note that the Kenyan legal system is based on British law and Kenyan legal practices and procedures often require the services of either a Kenya-based attorney or an attorney licensed to practice in Kenya. It is advisable that U.S. firms seek the services of such attorneys whenever legal services are required. Though not common, a minor contravention of Kenyan legal practices and procedures (including using the services of a non-Commonwealth attorney), can result in serious repercussions such as company de-registration and nullification of legal agreements, contracts, charges, etc.

Particular attention should be made to visa and immigrant issues, as expatriates can be legally liable for administrative mistakes made by their Kenyan staff. U.S. firms are also advised to seek clarification of all legal terminology, as legal terms in Kenyan English may mean something different in American English.

Principal Business Associations

The U.S. Chamber of Commerce (U.S. Africa Business Center) - Key priorities include working with the U.S. and Eastern and Southern African governments and regional bodies to develop trade agreements, encouraging policies that foster innovation and the growth of the digital economy, and promoting greater U.S. business and investment linkages in these critical markets.

American Chamber of Commerce Kenya (AmCham) - AmCham is the principal business member organization representing the American Private Sector ecosystem in Kenya. Their mandate is to promote trade and investment between Kenya and the United States.

Corporate Council on Africa (CCA) - Corporate Council on Africa (CCA) is the leading U.S. business association focused solely on connecting business interests in Africa.

Kenya Association of Manufacturers (KAM) - Established in 1959 as a private sector body, KAM has evolved into a prominent business association that unites industrialists and offers a common voice for businesses in manufacturing.

Business Council of International Understanding (BCIU) - The Business Council for International Understanding facilitates mutually beneficial, person-to-person relationships between business and government leaders worldwide.

Kenya Private Sector Alliance (KEPSA) - KEPSA is the private sector apex and umbrella body set up in 2003, to bring together business community in a single voice to engage and influence public policy for an enabling business environment. KEPSA is a key player in championing the interests of the Kenyan business community in trade, investment and industrial relations.

ASIS Kenya Chapter (ASIS) - ASIS Kenya Chapter is comprised of security professionals specializing in the private and public sectors in security, law enforcement, security-safety related disciplines from the emergency response services. Limitations on Selling U.S. Products and Services

Limitations on Selling U.S. Products and Services

There are few restrictions for U.S. companies to operate in Kenya. According to TripleOK Law Advocates in Kenya, the following sectors have some limitations:

Architecture: In order for architects to practice as limited liability companies, they must be registered in Kenya and have met certain requirements including having had a minimum of one year of professional experience in Kenya to the satisfaction of the Board of Registration of Architects and Quantity Surveyors, or have satisfied the Board that they have otherwise acquired an adequate knowledge of Kenya building contract procedures.

Aviation Sector: 51% of the voting rights of a body corporate or partnership must be held by the state or a citizen of Kenya or both.

Engineering: A foreign firm may only be registered as an engineering consulting firm if the firm is incorporated in Kenya and a minimum of 51% of its shares are held by Kenyan citizens. Individuals may only be registered as professional engineers if they are resident in Kenya and hold a valid working permit.

Financial institutions: Only banks, financial institutions, the Government of Kenya, foreign governments, state corporations, foreign companies licensed to operate as financial institutions, and non-operating holding companies approved by the Central Bank, may hold more than 25% of the share capital of a financial institution.

Insurance Sector: For insurers, the Insurance Act provides that a minimum of one third of the paid-up capital of an insurer should be owned by Kenyan citizens, or partnerships whose partners are all citizens of Kenya, or wholly owned by citizens of Kenya or wholly owned by the Government.

Land Titles: According to the Land Control Act, any transaction to sell, transfer, mortgage or dispose of agricultural land, or deal with any shares of a private company which for the time being owns such land, can only be conducted by Kenyan citizens or a private company, all of whose members are citizens of, it is worth noting that there are currently no restrictions on the ownership of non-agricultural properties by foreign citizens or entities, except that foreigners can only have a maximum of 99 years of leasehold in such land.

Mining: The new Kenya Mining Act 2016 provides for the Cabinet Secretary to prescribe limits on local equity participation.

Telecommunications Sector: In order to be licensed in Kenya in this sector, a company is required to issue at least 30% of its shares to Kenyans on or before the expiry of three years after issuance of a license.

(Source: TripleOK LawAdvocates)

Trade Financing

Methods of Payment: The most common methods of payment within the Kenyan market are typically cash-based, mobile payments such as mPESA, or by credit cards such as Visa and Mastercard. Prior to exporting, U.S. firms are strongly advised to discuss best practices and transaction details with an experienced international bank familiar with Kenya. U.S. firms are also strongly advised to determine the range of financing offered by competitors.

There are several basic methods of receiving payment for products sold in Kenya, the selection of which is usually determined by the degree of trust in the buyer's ability to pay. Payment alternatives that U.S. exporters might consider, in order of the most secure to the least secure include:

1. Cash in advance (confirmed wire transfer or check after depositing and clearing);
2. Confirmed irrevocable letter of credit (if concerned about the importer and international standing of his/her bank);
3. Irrevocable letter of credit (if concerned only about the reliability of the importer);
4. Documentary drafts for collection (checks drawn on the importer's bank);
5. Open account; and
6. Consignment sales

As a general rule, U.S. exporters selling to Kenya for the first time are advised to transact business only on the basis of cash-in-advance or an irrevocable letter of credit confirmed by a recognized international bank. Any other form of payment carries a high level of risk. The establishment of the African Trade Insurance Agency (ATI) in 2001 strengthened and increased foreign trade by providing cover against non-commercial risks such as war, trade embargoes, expropriation, and seizure of goods. ATI has support from the International Development Association (an arm of World Bank), and offers insurance at lower costs than most private, commercial insurers. Since 2003 ATI has supported over $ 13 bn worth of trade and investments across the continent, secured an investment grade rating of 'A' from Standard & Poor's, and expanded membership to more than a dozen African countries. With Standard & Poor's "A/Stable" credit rating, U.S. exporters can take cover from ATI for their sales to Kenyan and other African countries.

The U.S. Commercial Service in Kenya can provide background and credit-risk information on Kenyan individual or firm. The section can also recommend local companies that provide U.S. exporters with credit information and the bona fides of potential Kenyan importers on a commercial basis.

In order increase competitiveness, U.S. companies are encouraged to explore financing options provided by the U.S. Export-Import Bank. Often times by ensuring the sale, U.S. companies are able to provide better payment terms to their Kenyan partners while mitigating risk.

Methods For in-depth review of methods of payment or other trade finance options, please read the Trade Finance Guide available at https://www.trade.gov/trade-finance-guide-quick-reference-us-exporters.

Banking Systems: The Central Bank of Kenya (CBK) is the primary regulator of the banking industry. The primary classification of banks in Kenya is by ownership. Some banks belong to local individuals or companies while others belong to foreign individuals or organizations. Another general classification of banks is by nature, that is, microfinance banks and commercial banks. The CBK which governs banks further classifies commercial banks based on their assets. Tier 1 banks are large banks that have hundreds of billions in assets and are not likely to collapse financially. They are the top banks in Kenya. Tier 2 banks are medium-sized banks while Tier 3 consists of small banks.

Currently there are 28 domestic and 14 foreign commercial banks with branches, agencies, and other outlets throughout the country; one mortgage finance company; eight representative offices of foreign banks; eleven licensed deposit taking microfinance institutions; 49 insurance companies; the Post Office Savings Bank with a large network of branches around the country; 79 foreign exchange (forex) bureaus; three licensed credit reference bureaus, 18 money remittance providers and 174 deposit-taking licensed savings and credit cooperative organizations (SACCOs) with a membership of about 4.73 million persons (www.sasra.go.ke). However, the banking sector is essentially dominated by seven Tier 1 commercial banks, namely Equity Bank, Kenya Commercial Bank, ABSA Bank Kenya (formerly Barclays), Diamond Trust Bank, Cooperative Bank, NCBA Bank and Standard Chartered. In addition, smaller banks have emerged and experienced tremendous growth in recent years.

Several Kenyan banks, including Kenya Commercial Bank, NCBA Bank and Equity Bank, have subsidiaries operating in the East Africa Community and South Sudan. Increasing access to finance has been abridged with the use of innovation such as agent banking, which allows commercial banks and Deposit-Taking Microfinance (DTM) institutions to engage the services of third party outlets to deliver specified financial services on their behalf.

With the advent of mobile money and integration with the formal banking systems, the number of Kenyans with access to electronic financial services has grown rapidly. Customers have also increased the use of bank platforms through a wide array of services. Mobile money platforms (most notably mPESA) have been used to offer medical insurance, microloans, transfer money to a pre-paid credit card, and even to pay parking, electricity, and water bills. Short term loans are also provided on mobile money platforms with a minimum repayment period of thirty days.

Kenya's capital markets have also continued to expand. While treasury bills and bonds dominate the market for short-term securities there is only light trading in commercial paper. However, the sector has seen increased activity via issuances of corporate bonds and the establishment of collective investment schemes (unit trust, investment clubs, mutual funds and employer share ownership plans), asset-backed securities and venture capital funds.

U.S. investors, who consider extending short term financing to Kenyan businesses, should exercise caution in evaluating repayment risk. Possession of an audited financial statement and an attractive credit rating does not necessarily mean that debt will be repaid.

Foreign Exchange Controls:

Kenya repealed all exchange control laws in 1993 and has moved to a fully market-determined exchange rate system. There are no restrictions on converting or transferring funds associated with investment. *For more information, see Investment Climate Statement.*

The Central Bank of Kenya (CBK) licenses foreign exchange bureaus, which were introduced in 1995 to enhance efficiency in the forex market. However, the following capital transactions have foreign exchange restriction:

1. Investment by foreigners in shares (set in July 2002 at not more than 75 % for both companies and individuals on shares traded on the NSE); and
2. Investments by Kenya residents outside Kenya exceeding $500,000 must be approved by the Central Bank through the facilitating bank.

Residents and non-residents are permitted to buy or sell foreign exchange, without restriction, to and from authorized dealers up to the equivalent of $10,000. Amounts exceeding this limit require documentation to show the purpose for the transaction. This is, however, primarily only for administrative recording by the CBK. In December 2009, the GOK assented to the Anti-Money Laundering (AML) Bill, which came into effect in June 2010. The enactment of this AML law has been lauded as a positive move by Kenya's bankers and financial representatives, who see it as a major step in the fight against money laundering in the country and region given Kenya's unfortunate position as a base or transit point for money laundering activities.

Exporters may retain all their export proceeds in foreign currency accounts with local banks or sell such proceeds to obtain local currency. Residents may borrow abroad with no limit on the amount; however, the government will not guarantee any borrowing by the private sector. Although payments under technical, management, royalty, and patent fees are freely remittable, relevant agreements and renewals are subject to approval.

In relation to currency movement, according to the Legal Notice of 1998 issued under the CBK Act (Cap 491), persons leaving or entering Kenya are permitted to take out or bring into the country currency up to five hundred thousand Kenya Shillings (Kes 500,000) or the equivalent of five thousand United States Dollars (US$ 5,000) in foreign currency. Any amounts beyond these limits may be taken out or brought into this country provided they are declared at the point of entry or exit. (CBK Foreign Exchange Guidelines)

The foreign exchange market has remained stable even as the global markets were volatile due to narrowing current account deficit with improved exports, strong diaspora remittances, and a lower oil import bill.

U.S. Banks and Local Correspondent Banks: Almost all major commercial banks in Kenya have either direct or indirect correspondent offices in London and the U.S. They include the following:

- ABSA Bank Kenya Plc (Formerly Barclays Bank of Kenya)
- Bank of Africa
- Bank of Baroda
- Bank of India
- Citibank
- Dubai Bank
- Ecobank
- Equity Bank
- Family Bank
- Guaranty Trust (GT) Bank (formerly Fina Bank)
- Habib Bank A.G. Zurich
- Kenya Commercial Bank
- National Bank of Kenya

- NCBA
- Stanbic Bank
- Standard Chartered Bank
- United Bank of Africa (UBA) Kenya

Additional information can be found on the CBK website.

Protecting Intellectual Property

Kenya is a member the World Intellectual Property Organization and the World Trade Organization. Kenya is a signatory to the TRIPS Agreement and several other major international and regional intellectual property conventions as noted below. Kenya also is a member of the African Regional Industrial Property Organization (ARIPO) based in Harare, Zimbabwe and is empowered by the Harare protocol on patents and industrial designs to grant patents and to register utility models and industrial designs on behalf of contracting states.

However, enforcement of IPR continues to pose a challenge to rights holders. Pirated and counterfeit products in Kenya present a major impediment to U.S. businesses operating in the country. Industry estimates that piracy and counterfeiting of business software, records, music, consumer goods, and electronics such as mobile phones, and pharmaceuticals in Kenya costs firms over $300mn in lost sales annually.

The Government of Kenya's Intellectual Property Bill 2020 seeks to tighten policy control around IP enforcement. Specifically, the bill will result in the combination of parallel IP related acts resulting into the combination of all IP related agencies, namely, the Kenya Copyright Board (KECOBO), Kenya Intellectual Property Institute (KIPI) and the Anti-Counterfeiting Agency (ACA) so as to form one Intellectual Property Office of Kenya (IPOK).

In any foreign market companies should consider several general principles for effective protection of their intellectual property. For background, please see Protecting Intellectual Property and Stopfakes.gov for more resources. For more information, contact ITA's Office of Intellectual Property Rights Director, Stevan Mitchell at Stevan.Mitchell@trade.gov.

Selling to the Public Sector

Kenya is not a signatory of the WTO Agreement on Government Procurement. U.S. firms have had checkered success bidding on government tenders in Kenya. There are widespread reports that corruption often influences the outcome of public tenders. Therefore, it is advisable that U.S. firms bidding on government tenders to engage the U.S. Commercial Service for advocacy support.

In January 2016, a new procurement law, the Public Procurement and Asset Disposal Act, came into force, operationalizing Article 227 of the 2010 Constitution and reserving preferences to firms owned by Kenyan citizens and to goods manufactured or mined in Kenya. For tenders funded entirely by the government with a value of less than kshs 50million (approx $500,000), the preference for Kenyan firms and goods is exclusive. Where not possible, the Act requires a report detailing evidence of an inability to procure locally. The Act also calls for at least 30% of government procurement contracts to go to firms owned by women, youth, and persons with disabilities. The Act further reserves 20% of procurement contracts tendered at the county level to residents of that county. Additional regulations enacted in 2020 stipulate that:

a) Exemption of bilateral/multilateral agreements (otherwise known as government to government or G2G) from the Act. These must however prove to be fair, transparent, competitive and cost-effective;

b) A company that violates provisions of the Act may be blacklisted/debarred for a period not less than three years. This extends to directors and partners of the said company. Any successor entity is also debarred;

c) Mandatory requirement for successful bidder transfer technology / skills through training and mentorship to Kenyans; must reserve 75% employment for Kenyan citizens of which 20% must be reserved for Kenyans at professional/management level; and must include a local content plan.

In May 2015, President Kenyatta announced an initiative, dubbed “Buy Kenyan Build Kenya,” to increase competitiveness and consumption of locally produced goods and services thus contributing to job creation, value addition, product diversification and growth of local industries. This requires state ministries and agencies to procure at least 40% of all inputs locally. Implementation has remained a challenge as legal guidelines are yet to be implemented. However, National Treasury announced it will be providing a list of products/services that must be procured locally. In addition, in the 2020/2021 Finance Bill, there was introduction of 35% duty on various items such as leather goods, metal and electrical parts, etc. so as to cushion the local industry.

Foreign contractors planning to participate in construction/infrastructure projects are required to register with the National Construction Authority, (the industry regulator) before signing contracts or starting any construction works. Foreign firms are also required to subcontract or enter into a joint venture with a local firm for not less than 30% of the value of the contract work. The local firm should be an NCA registered contractor. In addition, foreign firms are required to transfer technical skills to locals.

The Public Procurement Regulatory Authority acts as a regulator and monitors, assesses and reviews the public procurement and asset disposal system to ensure procuring entities respect the provisions of Article 227 of the constitution on public procurement. The Act also established the Public Procurement Administrative Review Board (PPARB), an independent procurement appeals review board that is to hear and determine tendering and asset disposal disputes. The Board has the capacity to overturn contract awards that are deemed to have flouted procurement regulations and companies with complaints are encouraged to appeal with this entity.

The Public Procurement and Disposal Act is intended to make procurement more transparent and accountable. Open competitive tendering is the most preferred method of tendering however the Act stipulates six alternatives for procurement:

1) Restricted Tendering
2) Direct Procurement
3) Request for Proposals
4) Request for Quotations
5) Procedure for Low Value Procurements
6) Specially Permitted Procurement Procedure

The Act gives guidelines on when each of the options is applicable. In most cases for large budget items, open tendering is the standard practice as it is seen to be the most transparent and least controversial process; however, it has been prone to abuse in some cases and frivolous law suits in others.

The World Bank, IMF, European Union, and other donors have conditioned some of their official assistance programs, including direct budget support, on reform of public procurement. The donor community is hopeful that the revised public procurement laws will improve Kenya’s public procurement performance, which has frequently been marred by flawed contracts, awards to noncompetitive firms, and awards to firms in which government officials have a significant interest. Kenya’s relatively meager conflict-of-interest regulations are rarely enforced.

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department's International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Consult Advocacy for Foreign Government Contracts for additional information.

Multilateral Development Banks and Financing Government Sales.

In 2020/2021 financial year, Kenya plans to raise 40% of its $8bn budget deficit externally from bilateral and multilateral financial institutions through concessional loans as well as issuance of a green bond and potentially another Eurobond. Part of these funds will go towards funding development projects. Some of the institutions Kenya has borrowed from in the past include the World Bank, African Development Bank, IFC, AFD of France, EIB of Europe, JICA and various others. Unless a project is deemed a G2G project, foreign funded projects are held to the WB procurement guidelines for competitive bidding. Government agencies will advertise ongoing procurements in the local press, on their websites, on DG markets as well as the newly launched www.tenders.go.ke. It is imperative that a company bidding on any government tender adhere to all the requirements stipulated in the tender documents no matter how mundane the requirement seems. In Kenya, MDBs have funded projects such as roads, electrification programs, ICT projects, etc.

Price, payment terms, and financing can be a significant factor in winning a government contract. Many governments finance public works projects through borrowing from the Multilateral Development Banks (MDB). A helpful guide for working with the MDBs is the Guide to Doing Business with the Multilateral Development Banks. The U.S. Department of Commerce's (USDOC) International Trade Administration (ITA) has a Foreign Commercial Service Officer stationed at each of the five different Multilateral Development Banks (MDBs): the African Development Bank; the Asian Development Bank; the European Bank for Reconstruction and Development; the Inter-American Development Bank; and the World Bank.

Learn more by contacting the:

- Commercial Liaison Office to the African Development Bank
- Commercial Liaison Office to the World Bank

Financing of Projects

Kenya relies heavily on financing assistance from donors and has historically focused more on capacity building than commercial projects. This has somewhat shifted with the announcement of President Kenyatta's "Big Four" agenda.

In June 2018, the Government of Kenya (GOK) signed a Memorandum of Understanding (MOU) with the United States Government. Under this MOU the Governments agreed that private companies that implement strategic infrastructure and Big Four priority projects are responsible for securing appropriate financing for such projects. In 2019, the U.S. Export-Import Bank approved a $400mn line of credit to the GOK for projects that involve U.S. exports.

There are three sources of external assistance: multilateral, bilateral, and Private Voluntary Organizations (PVOs). The first category can further be divided into United Nations Organizations and non-United Nations multilateral institutions. Bilateral donors lead in provision of project financing, followed by multilaterals and PVOs.

Business Travel

COVID-19 Requirements for Travel to Kenya: Prior to traveling to Kenya, please review the following check list.

- Traveler must have a medical certificate with a negative COVID-19 PCR test result, issued no more than 96 hours before departure
- Traveler must complete a "Travelers Health Surveillance Form" online
- Travelers will receive a health screening on arrival
- Depending on the country of origin, some travelers may be required to quarantine upon arrival. A list of exemptions can be found on the Kenya Civil Aviation Authority website.
- Anyone who shows symptoms of COVID-19 on arrival will be required to quarantine in their accommodation for the first 14 days. Additionally, passengers seated on two rows surrounding anyone on a flight displaying symptoms will be traced and required to quarantine for 14 days.
- Additional information and FAQs on travel during COVID-19 are found on the Kenya Civil Aviation Authority website as well as the Kenya Airways website.

Travel Advisory: The U.S. maintains a Travel Warning on Kenya due to the threat of terrorism and violent crime. For information on the travel advisory, which keeps most recent advice concerning a country, please visit US Passports & International Travel.

Business Customs: Within the context of Kenya's political and business culture, which differs in many respects from those of the United States, the two countries have enjoyed a stable relationship for many decades. The principles of customary business courtesy, especially replying promptly to requests for price quotations and orders, are a prerequisite for exporting success. In general, Kenyan business executives are sophisticated, informal, and open. The use of first names at an early stage of a business relationship is acceptable. Friendship and mutual trust are highly valued, and once an American has earned this trust, a productive working relationship can usually be obtained.

Kenyan firms have significant expertise in international business due to the competitive market, an increasing international experience and a growing prevalence of expatriated Kenyans doing business in the United States who then return to Kenya to live and work. Kenyan buyers appreciate quality and service, and, if justified, are willing to pay a premium if they are convinced of a product's overall superiority. The market, however, remains very price sensitive. It is not common to receive an inquiry to compare prices among suppliers. Care must be taken to ensure that delivery dates are closely adhered to and that after-sales service is promptly honored. While it is natural to assume the client understands the product well, it is important to communicate any known limitations or variations from similar products in the market to reduce the chances of misunderstandings, or failed business relationship.

As there are numerous factors that may interfere with prompt shipment, U.S. exporters should allow for additional shipping time to Kenya and ensure the Kenyan buyer is continuously updated on changes in shipping schedules and routing. Since Kenyan wholesalers and retailers generally do a lower volume of business than their American counterparts, U.S. firms should be prepared to sell smaller quantities than is normal in the United States. It is recommended to have on your contact list, consolidators who could potentially fulfill shipment of smaller orders by consolidating them with other shipments destined for Kenya. Experience in shipping to Kenya would be necessary when selecting such firms.

U.S. firms should maintain close contact with distributors and customers to exchange information and ideas. Local distributors/representatives can serve as an excellent source of local market information and as appraisers of product market acceptance. In most instances, mail, fax, or telephone communications are sufficient, but the understanding developed through periodic personal visits is the best way to keep distributors apprised of new developments and to resolve problems quickly. Prompt acknowledgment of correspondence by fax or e-mail is expected.

If the market size and demand warrants, U.S. marketers should consider warehousing in Kenya for speedy supply and service of customers. Local assembly of complete knock down kits, especially for electrical and electronic goods has an import duty advantage. As would be the case in most markets, vigorous and sustained promotion is often needed to launch products. Products must be adapted to both technical requirements and to consumer preferences, as well as to meet Government of Kenya (GOK) regulations.

The GOK wants to ensure that all imports conform to the stipulated technical specifications; any flaws detected could result in the withdrawal of the product from the market, prosecution of the manufacturer and the retailer/importer, or both. It is not sufficient to merely label a product in conformity with national requirements to achieve successful market penetration. Consumers must be attracted to the product by the label and packaging as well as ease of use. Where possible, a website detailing product value, features, dimensions and shipping weight would be an added advantage. It is common for Kenyan buyers to undertake a due diligence or search online for more information on products.

Visa requirements: As of 2011, the fee is $50 for single-entry visas, and $100 for multiple-entry visas, $20 for transit visas and an administrative fee for referred visa of $10. This applies to each applicant regardless of age, and whether obtained in advance or at the airport. Single-entry visas are available online and upon arrival at Kenyan airports; however, Kenyan Immigration plans to end visas upon arrival in the future. Multiple-entry visas must be applied for prior to traveling to Kenya.

Evidence of yellow fever immunization may be requested, and some travelers have been turned around at immigration for not having sufficient proof of immunization. Travelers to Kenya and neighboring African countries should ensure that the validity of their passports is at least six months beyond the end of their intended stay. Kenyan immigration authorities require a minimum of two blank (unstamped) visa pages in the passport to enter the country; some travelers have experienced difficulties when they arrive without the requisite blank pages. Travelers should make sure there are sufficient pages for visas and immigration stamps to enter into Kenya and other countries to be visited en route to Kenya or elsewhere in the region.

Travelers may obtain the latest information on visas as well as any additional details regarding entry requirements from the Embassy of Kenya, 2249 R Street NW, Washington, DC 20008, telephone (202) 387-6101, or the Kenyan Consulates General in Los Angeles and New York City. Persons outside the United States should contact the nearest Kenyan embassy or consulate.

If you are going to live in or travel to Kenya, please take the time to tell us about your trip by enrolling in the Smart Traveler Enrollment Program.

U.S. Companies that require travel of foreign businesspersons to the United States are advised that security evaluations are handled via an interagency process. Visa applicants should go to the following link(s): State Department Visa Website

Currency: The Kenyan Shilling is the currency of Kenya. Currency rankings show that the most popular Kenya Shilling exchange rate is the USD to KES rate. The currency code for Shillings is KES, and the currency symbol is KSh. The Central Bank of Kenya lists official exchange rates, with the average rate being between $1 USD to K101-106 KSH.

ATMs are widely available at hotels, major shopping centers and some petrol stations. Travelers Checks are difficult to use. The few banks that will accept them typically do not offer favorable exchange rates. Travelers are instead advised to carry some cash and a major credit card such as a Visa or Mastercard. Depending on the length of stay, many elect to establish an mPESA account for mobile payments, a practice accepted by most vendors.

Telecommunications/Electronics: Kenya has a well-developed telecommunications infrastructure that is reliable and affordable. Cell phone penetration is high across the country. The three primary mobile networks in Kenya are Safaricom, Airtel, and Telkom Kenya. Roaming and international calling charges in East Africa are generally higher than those in Asia and Europe. Wi-Fi service in the country is readily available with Wi-Fi hotspots available in major shopping malls, restaurants, salons, and even in some public transport vehicles.

The power sockets in Kenya are of type G, and the standard voltage is 240 V and the standard frequency is 50 Hz.

Transportation: Kenya has two major international airports: Jomo Kenyatta International Airport (JKIA) in Nairobi and Moi in Mombasa. While there are limited direct flights from the U.S., there are multiple daily flights that are routed through Europe, the Middle East and some from other African countries.

Taxis are available at the airport, and we would recommend getting a taxi from the various Taxi companies with an office outside the arrivals. These services are also available for daily hire in most large towns and cities. Ride sharing services such as Uber are available in major cities.

Traffic moves on the left-hand side of the road. For safety reasons, visiting American business executives should not use the informal "matatu" bus system or trains. If possible, taxis should be hired via concierge services at hotels or through reputable travel agents.

Language: The official languages of Kenya are English and Kiswahili. However, many different languages and dialects are spoken throughout the country. The commercial language is English. Language barriers pose few problems, but in legal documents it is important to have lawyers who can interpret distinctions between American English and Kenyan English.

Health: Useful information on medical emergencies abroad, including overseas insurance programs, is provided in the Department of State's Bureau of Consular Affairs brochure, Medical Information for Americans Traveling Abroad, available via the Bureau of Consular Affairs.

Information on vaccinations and other health precautions may be obtained from the Centers for Disease Control and Prevention's international travelers hotline at telephone: 1-877-FYI-TRIP (1-877-394-8747); fax: 1-888-CDC-FAXX (1-888-232-3299), or by visiting the CDC website.

The U.S. Embassy's Consular Section can provide visitors with a list of qualified local physicians and pharmacies. U.S. medical insurance is not always valid outside the United States. U.S. Medicare and Medicaid programs in particular do not provide payment for medical services outside the United States. Physicians and hospitals expect immediate cash payment for health services. You must pay for your hospital or clinic bill before you leave the facility. Uninsured travelers who require medical care overseas may face serious financial difficulties.

Visitors should check with insurance companies to confirm whether their policies apply overseas and include medical evacuation for adequacy of coverage. Serious medical problems requiring hospitalization or medical evacuation to the U.S. can cost thousands of dollars. Visitors should ascertain whether payment will be made to the overseas hospital or doctor, or whether they will be reimbursed later for expenses they incur.

Local time, business hours, and holidays: Most of the year, Kenya is UTC/GMT +3, or three hours ahead of London and eight hours ahead of Eastern Standard Time.

A 40-hour workweek is the norm for offices and factories. Typical office working hours are 8:00 a.m. to 5:00 p.m. with lunch from 1:00 p.m. to 2:00 p.m. Banking hours are from 9:00 a.m. to 3:00 p.m. Most retail stores are open from 9:00 a.m. to 6:00 p.m. There are several supermarkets that are open 24hrs, and most shopping malls will have some shops open till 8:00 p.m.

The following are the official statutory holidays when most commercial offices are closed:

- January 1 - New Year’s Day
- March 30 - Good Friday
- April 2 - Easter Monday
- May 1 - Labor Day
- June 1 - Madaraka Day
- June 15 - Id-Ul-Fitr
- October 20 - Mashujaa Day
- December 12 - Jamhuri Day
- December 25 - Christmas Day
- December 26 - Boxing Day

Temporary Entry of Materials or Personal Belongings

Kenyan law limits the period of temporary importation to be consistent with the purposes for which goods have been imported. For instance, the temporary importation period for goods imported for exhibition purposes shall be limited to the period of the exhibition. However, the Minister for Finance may extend the period of temporary importation beyond twelve months upon application depending on the merit of each case. Such extensions are best requested before the expiry date to avoid inconvenience.

Investment Climate Statement

The U.S. Department of State's Investment Climate Statements, prepared annually by U.S. embassies and diplomatic missions abroad, provide country-specific information and assessments of the investment climate in foreign markets. Topics include: Market barriers, business risk, legal and regulatory system, dispute resolution, corruption, political violence, labor issues, and intellectual property rights. To access the ICS, visit the U.S. Department of Department of State's Investment Climate Statement website.

Political Environment

For background information on the political and economic environment of the country, please click on the link to the U.S. Department of State Countries & Areas website. Direct link: https://www.state.gov/countries-areas/kenya/