



Polish Investment
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INTRODUCTION TO KENYA. PRESIDENT KENYATTA'S BIG FOUR STRATEGY AGENDA

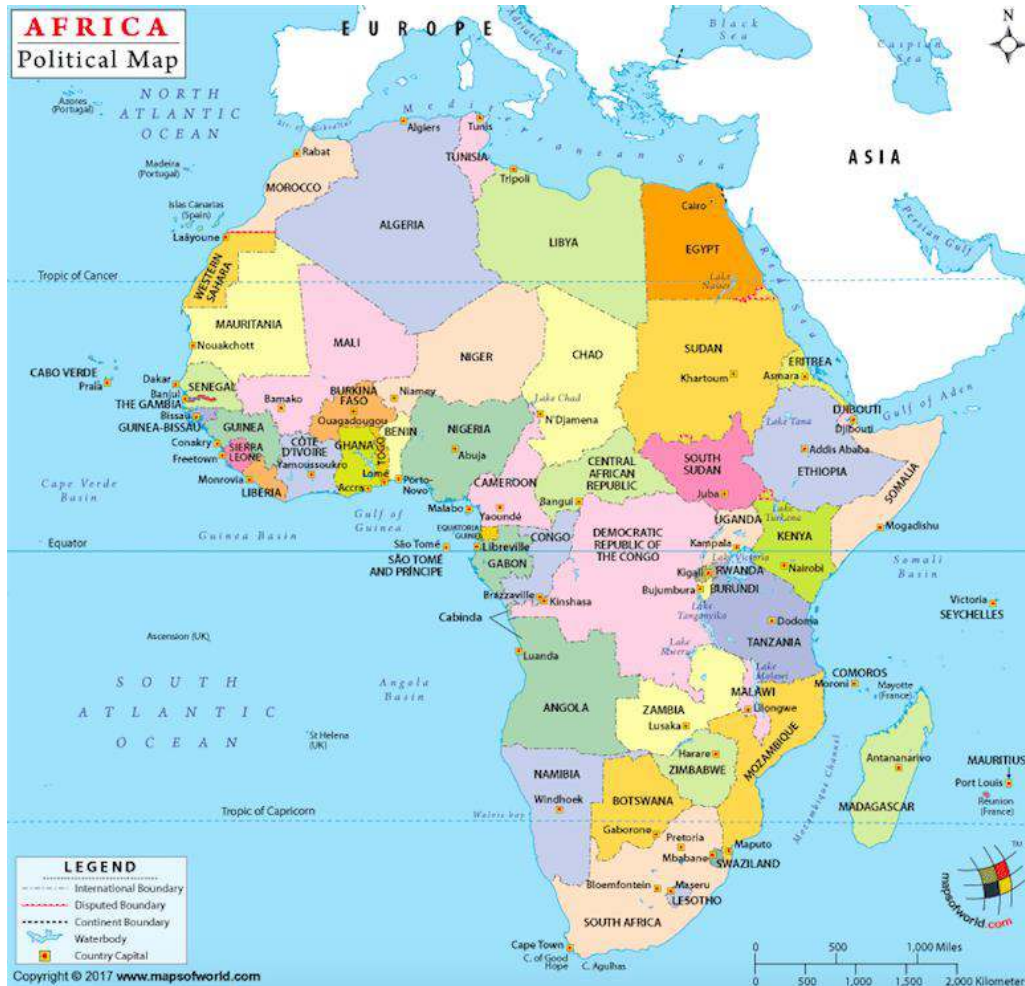
Polish Investment and Trade Agency
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AFRICA

A CONTINENT? A COUNTRY?



- Africa has 54 sovereign states; each with its own political, legal and economic system
- Africa is a story of unprecedented growth in the last decade!
- Population: 1.2 billion people
- Population growth – expected 2.5 billion people by 2050



AFRICAN CONTINENTAL FREE TRADE AREA

KENYA SIGNS THE AGREEMENT – 21 March 2018



- Kenya is actively pushing its African neighbours to agree to an open, common market
- Kenyans believe in an open and fair market



His Excellency Honorable Uhuru Muigai Kenyatta, the President of Kenya signing the Africa Continental Free Trade Area Agreement at the summit held in Kigali, Rwanda



- Union of 6 countries (Kenya, Tanzania, Uganda, Rwanda, Burundi, South Sudan)
- The fastest growing region in Africa!
- Politically stable region
- The most economically sustainable regional markets in Africa
- Dynamically growing middle class; a fast growing consumption market
- Area with comfortable language communication – business language: English and lingua franca: Kiswahili
- Strong presence of investors from China, Japan, South Korea, USA, Arab-Gulf countries, Turkey and Europe: British, German, Scandinavian, Dutch, Italian and French. **Polish?**



Population

50 mln

59 mln

41 mln

12 mln

162 milionów

Annual GDP Growth
(2004-2014)

5%

7%

7%

8%

6.75%



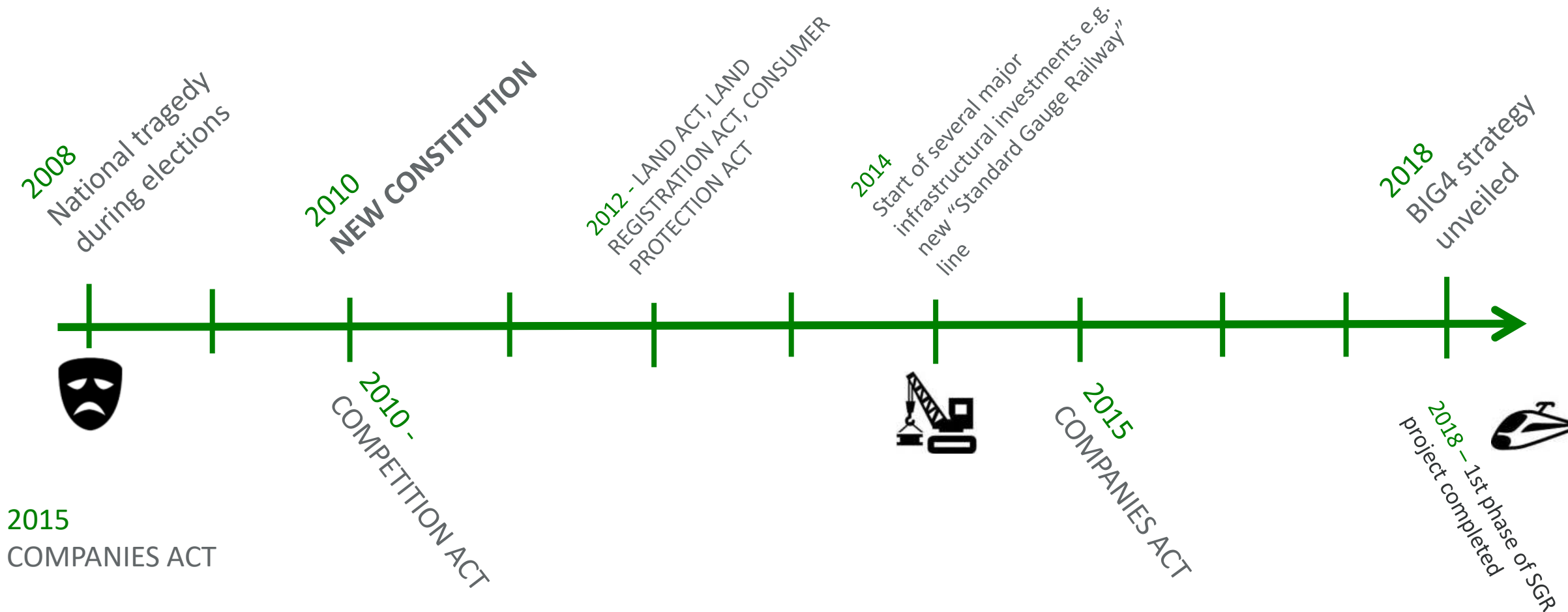
KENYA

INTRODUCTION

- Population (2018) – est. 50 million
- **Interesting fact:** Kenya is adding 1 million to its population each year
- Diversified culture – 47 different tribes, each tribe with different language, tradition and customs; majority of Kenyan has a strong developed Kenyan identity.
- Young, educated population with a strong enthusiasm for technology and modernity
- GDP growth – economy more than tripled since 2005.
- Sustainable economy
- “Ease of Doing Business” ranking: 80th (2018) from 113th (2016)
- An African leader in URBANISATION



A decade of building a functioning state



MASSIVE PROGRESS IN DEVELOPMENT



Kenya is currently observing the largest infrastructure development in its history – new railroads, sea port, airports, highways, rural and urban roads. Real Estate private sector booming in cities like Nairobi, Nakuru, Naivasha, Eldoret.



1. Upgrade of Mombasa Port – new berths and LPG terminal
2. New port in Lamu (start of the LAPPSET corridor project)



The largest single infrastructure project in the history of Africa to date – completed 1st phase of the new railroad between Mombasa and Nairobi.



Kenya is a global pioneer and leader in mobile banking – MPESA technology



Dynamic energy sector development – mainly in renewable energy technologies e.g. Turkana wind farm, Olkaria IV geothermal plant, KOSA-P project.





„Satellite” Smart City concept – the solution to Kenya’s rapid urbanisation?

- Konza Technology City
- Tatu City
- Ndarugu Metropolis



New major infrastructural developments

1. LAPPSET Corridor investment
2. By 2025 – 200 billion USD to be spent for developing country roads, 7 billion USD for developing airport infrastructure (source: Deloitte)



Crude oil discovery in Turkana (now part of the LAPSSET project)



Housing backlog of 2 million housing units. Pressure to house a fast growing population.

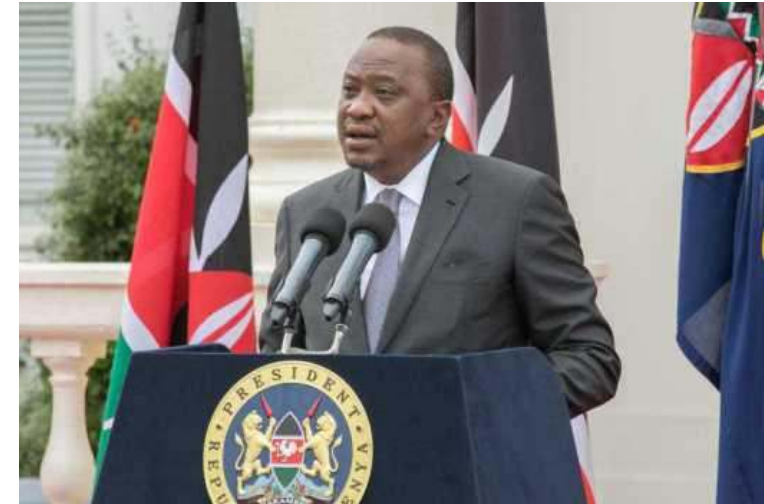


Food security and food processing sectors are regarded as the most under-utilised potential of the country.

- Kenya has very favourable climatic, soil and water conditions – it is a natural heaven for farmers
- **Challenges:** low technology utilisation, limited know-how, mechanisation, farm management

President Uhuru Kenyatta's BIG 4 PLAN

- A Kenyan Government “STIMULANT PACKAGE” to drive 4 crucial economic sectors in Kenya
- Government will continue to increase financial resources for Ministries and Government Agencies directly engaged in BIG4 sectors, however its main focus is on establishing favourable legislation that could further drive the chosen sectors
- The identified BIG4 sectors are:
 1. MANUFACTURING
 2. FOOD SECURITY
 3. Affordable HEALTHCARE
 4. Affordable HOUSING



The BIG 4 agenda plan announced on 12th December 2017 – as the main blueprint for President Uhuru Kenyatta's second term in office.

Increase manufacturing to 20% of GDP

Manufacturing from 9.2% to 20% by 2022		Detailed targets by 2022	Priority 2018 specific initiatives	Target by FY 2018
	Textile/ apparel/ Cotton	\$350m → \$2bn 500,000 cotton jobs; New Apparel jobs 100,000	1 ▪ Policy reviews for sector & incentives ▪ 5m sq ft of Industrial Sheds ▪ 200,000 ha of BT Cotton ▪ Train 50,000 youth & women	▪ \$200M exports ▪ 10K apparel jobs ▪ 50,000 cotton jobs
	Leather	\$140M → \$500m exports 50,000 New jobs 20m shoes made	2 ▪ Train & set up 5,000 cottage industries ▪ Complete Machakos Leather park ▪ Change policies esp. in stopping imports ▪ Identify 3 other parks	▪ \$70M exports ▪ 5,000 new jobs
	Agro-processing	16% → 50% 1000 SME's 200,000 jobs	3 ▪ Map tea, coffee, sugar, meat, dairy, crops value chains ▪ Develop warehousing and cold chain sites ▪ Progress Mombasa food hub concept	▪ \$200M in value add ▪ 20,000 jobs
	Construction materials	\$ 470m → \$1bn 10,000 New jobs	4 ▪ Identify key housing components ▪ Identify manufacturers ▪ Buy Kenya policy (70% of total) for housing materials	▪ \$30M output ▪ 2,000 jobs
	Oil, Mining & Gas	Attract 1 global scale player in Mining value add	5 ▪ Agree policy direction & Identify options for value Addition ▪ Attract International investors ▪ Refine vs crude export decision for oil	▪ Attract International investors
	Iron & Steel	\$1bn in new investments	6 ▪ Develop Policy & incentive framework ▪ Establish coal & iron ore deposits ▪ Conclude JV with manufacturer ▪ Commit Govt share of at least 30%	▪ Sign agreement with 1 global JV investor



Increase manufacturing to 20% of GDP

		Detailed targets by 2022	Priority 2018 specific initiatives	Target by FY 2018
Manufacturing from 9.2% to 20 % by 2022	ICT	Phone, laptop, TV assembly plants 5 BPO players 10,000 jobs	7 <ul style="list-style-type: none"> Implement Kenya Industry & Entrepreneurship Project Computer, light electronics & IT related parts assembly/ manufacture Strengthen Innovation Ecosystem (Incubators & Accelerators) 	<ul style="list-style-type: none"> Attract 2 BPO players (jobs 1000) Sign at least 2 investors for electronics assembly
	Fish Processing	\$ 20m fish feed Mill investment 20,000 jobs	8 <ul style="list-style-type: none"> Identify 2 aquaculture investors Identify key local/ foreign investors to invest in fish feed mill Develop blue-ocean policy with MOLAF Designate aqua-culture SEZ in Lake victoria 	<ul style="list-style-type: none"> Attract 1 fish feed mill investor Attract 2 processors to invest in Marine and Fresh water fish processing
Overall enablers	Doing Business	\$ 350m → \$4bn DB rank 80- 50	1 <ul style="list-style-type: none"> Operationalize investment council under HE Doing Business rank to 50th from 80th globally 	<ul style="list-style-type: none"> \$ 300m investments secured
	Industrial parks/ Zones	\$ 0m → \$3.5bn 50,000 New jobs	2 <ul style="list-style-type: none"> Start Naivasha park or Dongo Kundu SEZ's infrastructure Identify and procure 3 parks along SGR 	<ul style="list-style-type: none"> Break ground Naivasha or Dongo Kundu
	SME's	11.8% → 20%	3 <ul style="list-style-type: none"> Policy change finalized along USA SBA Act & national policies Enhance SME's Development funds by \$500m + guarantee schemes Merge various govt funds to form Biashara bank 	<ul style="list-style-type: none"> Alignment with SBA Act National SME master-plan Biashara Bank formed



Legislation support required

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



BIG4 – AFFORDABLE HEALTHCARE

Priority 2018 initiatives

Target by Dec 2018

New financing

- | | |
|--|---|
| <ul style="list-style-type: none"> ▪ Gradual increment of budgetary allocation to health (from 7% in 2017 to 10% 2022) ▪ Introduce Robin-Hood taxes on high value RTGS, mobile money transfers, and airfares ▪ Dedicate a percentage of Excise duty and Sin tax to health | <ul style="list-style-type: none"> ▪ Increased budgetary allocation for health to 8% in 2018/19 FY ▪ Fully operational Robin-Hood tax on the select items and KES 4B collected by Dec 2018 ▪ KES 8.085B from excise tax <ul style="list-style-type: none"> – Tobacco 12.23B X 30% → 3.6B – Alcohol 25.7B X 15% → 3.85B – Gambling 3.5B X 15% → 0.5B – Jewelry, cosmetics & locally assembled cars 903M X15% → 135M |
|--|---|

Adopt new low cost service delivery models

- | | |
|---|--|
| <ul style="list-style-type: none"> ▪ eHealth- for telemedicine ▪ mHealth ▪ eHubs collection and dissemination of information | <ul style="list-style-type: none"> ▪ Two National Data Centres (NDC)/ Radiology Hub (KNH, MTRH) established ▪ Paperless referrals system, improved access, increased efficiency, reduced cost, bridged HRH gap, and standardized quality |
|---|--|

Universal healthcare coverage target:

Gov't discussing plans on increasing current 36% coverage to achieve 100% universal health coverage by 2022.



The 1 M homes program combines innovative ideas on all dimensions

1 Demand driven master plan

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

2 Land at right location

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

3 Low construction cost

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



6 Innovative developer financing

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

5 Supportive ecosystem

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

4 Affordable home buyer financing

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



AGRO & FOOD PROCESSING:

- Food-processing machines (dairy, crops, meat, fish industry)
- Packaging machines (PET bottles, yoghurt packaging, aluminium cans, cartons, doypacks, etc.)
- Food storage solutions (silos, animal feed storage, coldroom storage, warehousing)
- Logistics, transportation (special-purpose vehicles)



CONSTRUCTION FINISHING:

- Solutions needed to lower housing unit costs (affordable housing)
- Finishing materials (doors, windows, flooring solutions, tiles, facade, sanitation, etc.)
- Construction know-how – increase in construction knowledge and practical, vocational training



MEDICAL SECTOR:

- Medical solutions that can bring cost down and increase efficiency (HIS, smart medical instruments, smart hospital solutions, e-Health, mHealth)
- Doctors and medical specialists needed



AUTOMOTIVE SECTOR:

- Car parts (OEM, Tier 1, Tier 2 and substitutes) – mainly Japanese cars
- Know-how to producing special-purpose vehicles (rescue, communal, police, military, tourist, etc.)
- Trainers, automotive specialists and mechanics!



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