

# Kenya

**Best Business Opportunities,  
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Project, Thrust Areas for Investment,  
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# Introduction

Kenya is a country in Africa and a founding member of the East African Community (EAC). Its **capital and largest city is Nairobi**. Kenya's territory lies on the equator and overlies the East African Rift covering a diverse and expansive terrain that extends roughly from Lake Victoria to Lake Turkana (formerly called Lake Rudolph) and further south-east to the Indian Ocean. It is bordered by Tanzania to the south, Uganda to the west, South Sudan to the north-west, Ethiopia to the north and Somalia to the north-east. Kenya covers 581,309 km<sup>2</sup> (224,445 sq mi), and had a population of approximately 45 million people in July 2014.

Kenya is a beautiful country, with stunning beaches and a large number of wildlife parks and reserves. Visitors also come to experience the unique cultures of Kenya's people. But we have problems to overcome. Poor Kenyans live in terrible conditions and natural habitats such as Lake Naivasha need better protection. In the present day, Kenya's ethnic diversity has produced a vibrant culture but is also a source of conflict. Kenya is one of the most popular travel destinations in Africa, largely due to its naturally beautiful landscape and wildlife. The capital, Nairobi, is a regional commercial hub. The economy of Kenya is the largest by GDP in East and Central Africa. Agriculture is a major employer; the country traditionally exports tea and coffee and has more recently begun to export fresh flowers to Europe. The service industry is also a major economic driver. Additionally, Kenya is a member of the East African Community trading bloc.

# Land & Natural Resources

Land and natural resources such as biodiversity, forests, wetlands, water, dry lands, fisheries and minerals are the mainstay of livelihoods in many developing countries, particularly in Africa. Natural resources that are found in Kenya include: limestone, soda ash, salt, gemstones, fluorspar, zinc, diatomite, oil, gas, gypsum, wildlife and hydropower. Securing Rights to Land and Natural Resources for Biodiversity and Livelihoods (SECURE) supported the Kenya Ministry of Lands and the Kenya Wildlife Service to strengthen land and resource rights of indigenous coastal communities,

improve livelihoods, promote sustainable natural resource management, and support biodiversity conservation in and around three national reserves on the northeast coast of Kenya. Natural resources play an essential role in supporting the livelihoods of the majority of the world's poor, improvements in managing and extracting natural resources and practices can have huge repercussion on ecosystems, the environment they rely on, as well as a country's potential to meet the MDGs.

# Economy

Kenya's economy is market-based with a few state-owned infrastructure enterprises and maintains a liberalised external trade system. The country is generally perceived as Eastern and central Africa's hub for Financial, Communication and Transportation services. Major industries include: agriculture, forestry and fishing, mining and minerals, industrial manufacturing, energy, tourism and financial services. As of 2015 estimates, Kenya had a [GDP] of \$69.977 making it the 72nd largest economy in the world. Per capita GDP was estimated at \$1,587.

Kenya is the regional hub for trade and finance in East Africa and the natural entry point to the region. The country has a market-based economy with a liberalized foreign trade policy. Kenya's economy is the largest in the region and is much more dynamic than those of other member countries. The country's economy is much better linked to the other economies in terms of investment flows and trade. Kenya's economic dominance in the region is based on a strong private sector that has evolved under relatively market-friendly policies for most of the post-independence era. The economy has seen much expansion, seen by strong performance in tourism, higher education and telecommunications, and acceptable post-drought results in agriculture, especially the vital tea sector.



# Climatic Condition

Kenya has a tropical climate. Kenya's climate is warm all year round, with plenty of sunshine, cools nights and mornings. Kenya's climate varies from tropical along the coast to temperate inland to arid in the north and northeast parts of the country. The area receives a great deal of sunshine every month, and summer clothes are worn throughout the year. It is usually cool at night and early in the morning inland at higher elevations. In most parts of the country, the coolest season falls between July and August with temperatures dropping to the low 50's (°F).

In as much as Kenya does not have summer in particular, the months between February and March are known to be the hottest season with temperatures going as high as 93°F. Most parts of the country experience two rainy seasons: The "long rains" season occurs from March/April to May/June. The "short rains" season occurs from October to November/December. The rainfall is sometimes heavy and often falls in the afternoons and evenings. The temperature remains high throughout these months of tropical rain. The hottest period is February and March, leading into the season of the long rains, and the coldest is in July, until mid August.

# Wildlife

Kenya has considerable land area devoted to wildlife habitats, including the Masai Mara, where Blue Wildebeest and other bovids participate in a large scale annual migration. Up to 250,000 blue wildebeest perish each year in the long and arduous movement to find forage in the dry season. Kenya is blessed with many different environments, from snow-capped mountain ranges with cool wooded slopes, to flat savannah plains and deserts, lowland equatorial forests, coasts with mangrove swamps and sandy beaches sheltered by coral reefs. With this variety of natural habitats, it is hardly any wonder that Kenya boasts over a hundred species of mammals, 12 different types of primate, a range of reptiles and more than 1,000 species of birds, including

over 75 birds of prey and more than ten different woodpeckers. The wildlife of Kenya refers to its fauna. In a manner of speaking, wildlife tourism is the proverbial goose that lays the golden egg in the Kenyan economy-it's the lifeline. Indeed, Kenya owes its global reputation as a leading safari destination to its magnificent wildlife and the memorable visitor experiences it provides for tourists. Wildlife conservation is thus inextricably linked to Kenya's economic development and the livelihood of its people. In this context, the Kenya Wildlife Service (KWS) is a key player in the national economy as a custodian of its natural resources.

## **Agriculture Sector**

Kenya has the largest, most diversified economy in East Africa. Agriculture is the backbone of Kenya's economy and central to the Government of Kenya's development strategy. More than 75 percent of Kenyans make some part of their living in agriculture, and the sector accounts for more than a fourth of Kenya's gross domestic product (GDP). Agriculture is the second largest contributor to Kenya's gross domestic product (GDP), after the service sector. In 2005 agriculture, including forestry and fishing, accounted for 24% of GDP, as well as for 18% of wage employment

and 50% of revenue from exports. The principal cash crops are tea, horticultural produce, and coffee. Horticultural produce and tea are the main growth sectors and the two most valuable of all of Kenya's exports. The production of major food staples such as corn is subject to sharp weather-related fluctuations. Tea, coffee, sisal, pyrethrum, corn, and wheat are grown in the fertile highlands, one of the most successful agricultural production regions in Africa. Livestock predominates in the semi-arid savanna to the north and east. Coconuts, pineapples, cashew nuts, cotton, sugarcane, sisal, and corn are grown in the lower-lying areas.

Invest and start a business in Agriculture in Kenya. Produce and sell vegetables, fruits, soya beans, maize, cassava, rice, etc.

# FOCUS SECTOR OF DEVELOPMENT

## Manufacturing

Although Manufacturing Companies in Kenya are small; they are the most sophisticated in East Africa. The Industries in Kenya have been growing since the late 1990s and into the new century. The manufacturing companies in Kenya are relatively diverse. Kenya is a favourite destination for investors willing to put their money in manufacturing. While the country is not endowed with the mineral wealth most of its neighbours flaunt,

it more than makes up for it, thanks to the following: one of the best workforces in Africa, a productive agricultural sector and hence a dependable source of raw materials for agro-based manufacturing, a fairly versatile financial services sector, bankable telecommunications and proximity to port facilities. Expanding the manufacturing sector is a major part of the government's Vision 2030 economic development plan to transform Kenya into a middle-income country. Kenya's inclusion among the beneficiaries of the US Government's African Growth and Opportunity Act (AGOA) has given a boost to manufacturing in recent years. Investment opportunities exist in development of Industrial Parks including Small and Medium Enterprises (SME) Parks and Export Processing Zones (EPZs), which offer a range of fiscal incentives that help in reducing start-up and operational costs, thereby making exporters internationally price-competitive.



# Tourism Sector

Kenya's services sector, which contributes 61% of GDP, is dominated by tourism. The tourism sector has exhibited steady growth in most years since independence and by the late 1980s had become the country's principal source of foreign exchange. Kenya's rich biodiversity attracts over 1.4 million tourists each year. Tourism is the second highest source of foreign exchange revenue, earning roughly \$1 billion annually. Conservation and sustainable management of Kenya's natural capital is therefore an important strategy for the country's economic growth.

The Tourism industry is one of the largest foreign exchange earners in Kenya with its total contribution to the gross domestic product (GDP) pegged at 10 percent in 2011 (GoK, 2011). The ability of this industry to attract and retain skilled employees is critical for the industry's growth (GoK, 2013). This can only be achieved through appropriate industry-driven training and education. Tourism has seen a substantial revival over the past several years and is the major contributor to the pick-up in the country's economic growth. Tourism is now Kenya's largest foreign exchange earning sector, followed by flowers, tea, and coffee. Kenya Tourist Development Corporation is mandated to develop and diversify the Kenya's Tourism industry by financing and offering advisory services to new investors and businesses in the tourism industry.

# Horticulture

The horticultural sector is one of the fastest growing sectors in the economy and is the second largest foreign exchange earner after tea. Opportunities exist in production and export of products such as cut-flowers, French beans, pineapples, mushrooms, asparagus, mangoes, macadamia nuts, avocados, passion fruits, melons, and carrots. Work within Kenya during 2005 and beyond is expected to focus on support to a horticultural sector working group that has been formed by the Ministry of Agriculture. The objective of this work is to help shape specific infrastructural and programmatic investments by

the Kenyan government and donors in Kenya to improve the functioning of traditional market channels, with the goal of increasing the earnings of farmers while reducing the cost and improving the quality of fresh produce for consumers. Horticulture farming in Kenya refers to an intensive cultivation of vegetables, fruits and flowers for sale. At times the term has been confused with market gardening which is an intensive cultivation of vegetables and fruits for sale in the nearest urban centre. Kenya has a long history of growing horticultural crops for both domestic and export markets. Kenya's ideal tropical and temperate climatic condition makes it favourable for horticulture production and development.

# Energy Sector

The energy sector in Kenya is largely dominated by petroleum and electricity, with wood fuel providing the basic energy needs of the rural communities, urban poor, and the informal sector. Energy in Kenya describes energy and electricity production, consumption, import and export in Kenya. Kenya's current effective installed (grid connected) electricity capacity is 2,294 MW.

Electricity supply is predominantly sourced from hydro and fossil fuel (thermal) sources. In Kenya, energy is identified as one of the infrastructural enablers of the three pillars of Vision 2030, with an expected surge in energy use within the commercial sector on the road to 2030. As a result, the government has identified the need for generation of additional energy and efficiency in energy consumption as priorities in Vision 2030. In order to promote renewable energy projects like wind and solar energy development programme on a commercial scale, the Government of Kenya (GoK) has also introduced Feed-In Tariff (FIT) policy to attract private investments.

# **Information & Communication Technology**

The Information and Communication Technology Authority (ICTA) of Kenya is a Government Owned Corporation tasked with rationalising and streamlining the management of all the Information and Communication Technology (ICT) functions of the Government of Kenya. Kenya intends to have a well-developed communications network by 2015. Therefore, great opportunities exist for provision of IT and related services, development for incoming and outgoing call centres and software.

Kenya being keen on attracting reputable educational institutions, there are opportunities in expansion of science and technology centres, IT centres of excellence and training centres for the hospitality industry. Realizing that ICT is a primary instrument for realizing economic growth, Kenya offers attractive incentives and presents various investment opportunities for potential investors as it prepares to leverage ICT in its national priorities of growth and poverty reduction. As an entry point to the regional market and a communications and financial hub for the region, Kenya also offers potential investors a wide market for their products and services in the utilisation of ICT.



# FEW PROJECTS FOR INVESTMENT

## Agriculture:

Modern Soyabean Production

Modern Vegetables Production

Modern Fruits Production

Modern Maize Production

Modern Cassava Production

Seed production

Manufacture of sprayers and pesticides

Wine production

Coffee: packaging, roasting, blending, decaffeination, gourmet

Tea packaging for direct sales to consuming markets

Leather & leather products

Milk and meat processing

# **Construction and Real Estate:**

**Cement Blocks making  
Stabilized Earth Bricks Making  
Unit  
Hardware Shop  
Cement Blocks making Plant  
Clay Brick Manufacturing Plant  
Concrete Pipes Making**

# **Small Projects:**

**Sewing and Tailoring  
Workshop**

**Printing and Typesetting  
Services**

**Furniture making**

**Soap Making**

# Power Projects:

**Wind Power Project**  
**Hydro Power**  
**Coal Power Plant**  
**Natural Gas based Power**  
**Plant**

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