

KENYA

Golden gateway to East Africa boasts social, fiscal and political stability and is a magnet for Japanese investment

Japan’s key ally for African development

Blending an advanced economy with stability, transparency and a highly favorable investment climate, Kenya is one of Japan’s most successful African partners and a regional hotspot for major FDI

Long regarded as one of the most developed countries in Africa, Kenya’s prominence on the global stage reached a new high in 2016 when the cosmopolitan capital, Nairobi, hosted the sixth Tokyo International Conference on African Development (TICAD VI).

The organizing of the first-ever TICAD outside of Japan underlined the importance Japan places on its relationship with its East African partner and marked a new chapter in the Kenya-Japan bilateral relationship.

Against the backdrop of a 65 percent leap in foreign direct investment (FDI), many heads of state and government from Africa, Japanese Prime Minister Shinzo Abe, and 18,000 participants attended the summit in the “Green City in the Sun.”

Also present to create synergies that promote sustainable economic growth on both sides were more than 300 top business executives, over 1,700 business representatives from Japan and more than 2,000 participants from across Africa.

Popular with tourists seeking a safari adventure, Kenya is eager to diversify its economy and its market-based economic approach has seen the country of 45 million people become the economic and investment hub of Central and East Africa.

Abundant investment opportunities can be found throughout its flourishing economy, supported by robust legal frameworks and



James W. Macharia
CS in the Ministry of Transport, Infrastructure, Housing and Urban Development



Catherine N. Mturi-Wairi
Managing Director
Kenya Ports Authority

“Kenya Ports Authority moves this country and the economy forward. Our activity has a domino effect.”

Catherine N. Mturi-Wairi, Managing Director, Kenya Ports Authority

procedures that encourage FDI across all industrial and commercial sectors.

The transport and logistics, information, communications and technology (ICT), tourism, manufacturing and industry, agriculture, mining and energy sectors are rich in potential and ripe for development.

Such openings represent massive opportunities for foreign partners to participate in a profitable and secure investment environment, with Japanese businesses ideally positioned to take advantage.

As part of the comprehensive socioeconomic development plan

Vision 2030, Kenya is spearheading the development of the Lamu Port-South Sudan-Ethiopia Transport Corridor Project.

The multi-billion dollar development will further facilitate trade and promote economic integration and interconnectivity between countries on the continent.

At TICAD VI, Kenya was one of the nations that agreed to lucrative memorandums of understanding with Japan.

The pledges will act as a conduit for Japanese investment in major infrastructure projects such as those in the energy sector.

James W. Macharia, cabinet secretary in the Ministry of Transport, Infrastructure, Housing and Urban Development, was delighted to see the investment accord signed. His ministry plays a pivotal role in the development of new infrastructure and facilitating the flow of foreign investors and businesses.

“The key driver of our economy are infrastructure projects,” he stated. “In the past three years, we have been fast-tracking our projects, collaborating with our partners like Japan, to make sure that these projects are meant for development.”

“Kenya has a very stable economic model and a geostrategic position along the eastern coast of Africa.”

Spearheading the facilitation and promotion of global maritime trade through the provision of competitive port services, Kenya Ports Authority (KPA) is an efficient state corporation with responsibility for all scheduled seaports on the country’s Indian Ocean coastline.

As the main maritime entry and exit point for most of East Africa, the Port of Mombasa is the key focus for KPA and the organization is working tirelessly to build cargo-handling capacity ahead of demand.

“By 2030, we expect 54 million tons of cargo to arrive, including 3.5 million tons by 2018,” said KPA Managing Director, Catherine N. Mturi-Wairi.

“Because African countries are developing, we need imports to grow. Manufacturing material needs purchasing, agricultural products need exporting; many infrastructure projects are



Blending modern infrastructure with centuries of tradition, Nairobi is East Africa’s most cosmopolitan city and main gateway.

underway, so there is a lot of construction industry growth too.

“KPA moves this country and the economy forward, because what happens in the Port of Mombasa translates into reduced or increased costs. Our activity has a domino effect on the economy.”

The senior executive is overseeing a significant expansion of activities in Mombasa, including yard capacity for 550,000 twenty foot equivalent units capacity per year and work to enable larger vessels to berth.

“With the new facilities we’re becoming more productive and efficient,” Mturi-Wairi added. “The Japanese are helping construct a second port terminal and similar investment opportunities can also be found in the Special Economic Zone, as well as at projects along the coast.”

The Japan International Cooperation Agency (JICA) has been involved with Kenya for more than half a century and has celebrated significant achievements in the last five decades.

“Kenya has real confidence

and the government clearly understands the importance of the industrialization strategy,” stated Keiko Sano, chief representative of JICA Kenya.

Meanwhile, the head of investment promotion organization the Japan External Trade Organization (JETRO) highlights the pace of economic growth on the continent.

“For the last 10 years, the African economy has been growing and the continent’s GDP is now three times bigger than 15 years ago,” said Atsuhiko Naoe,

executive director of JETRO Nairobi. “Hence, many foreign companies are interested in doing business in Africa now.”

The Kenya National Chamber of Commerce and Industry (KNCCI) is a trade support institution working to protect commercial and industrial interests of Kenyan businesses. “The government has invested heavily in infrastructure and the economy has opened up for the movement of goods and services, so there is a lot more mobility,” said KNCCI Chairman Kiprono Kittony.

Aviation sector soars

Commitment to world-class standards of air traffic management and airport security is boosting confidence of major airlines

Given its enviable reputation for incredible safaris and sun-kissed vacations, Kenya is very well served by many of the world’s largest airlines.

The development of the aviation sector is at the core of a comprehensive transport infrastructure development plan.

The jewel in the crown of the national aviation industry is Jomo Kenyatta International Airport (JKIA) at Nairobi — the region’s premier travel hub and a modern gateway into, and out of, East and Central Africa.

As the flagship airport of industry regulator Kenya Civil Aviation Authority (KCAA), the airport connects cities and continents through a network of routes operated by more than 40 passenger airlines and 25 cargo airlines. Under the careful guidance of Director General Capt. Gilbert M. Kibe, KCAA has invested in modern technology and equipment to increase the capacity of aircraft able to utilize the republic’s various airports.

This approach has paid handsome dividends, as the state-owned body is now one of the top entities in Africa for air traffic management.

“We are investing in human



Capt. Gilbert M. Kibe
Director General
Kenya Civil Aviation Authority

resources and ensuring that the air navigation service equipment is more modernized to support the current and forecasted traffic in compliance with the International Civil Aviation Organization requirements, Kibe said.

“Our organization is responsible for assisting Kenya achieve Category 1 status, which would mean being allowed to handle flights to and from the U.S.

“We underwent the U.S. Federal Aviation Administration technical review recently to obtain this status.

“This could be a very lucrative business market for Kenya. We

know Americans are very interested in visiting Africa; this is why we want to offer routes such as Washington D.C. to Nairobi, or New York to Nairobi, and then connect to elsewhere in Africa.”

Meanwhile, another hugely important player in the rapidly-expanding industry is Kenya Airports Authority.

The agency is the owner and operator of nine civilian airports and airstrips across the country, meaning it has a huge role to play in the sector’s development.

The joint work for the Airport Master Plan memorandum of understanding has come at a time when JKIA is undergoing a major upgrade and expansion.

Two new arrivals terminals are

now operational, tripling the airport’s annual passenger capacity to 7.5 million.

In addition, Terminal 1A has greatly improved customers’ experience at the airport by guaranteeing operational efficiency and boosting security while improving the quality of service at the transport hub.

The JKIA Master Plan project will encompass construction of a four-floor terminal building comprising a central processing area, a transit hotel, landside retail center, arrivals and departures plazas.

Other facilities will include an access road, car parking, access taxiways, ground service equipment and bus parking area.

The ambitious expansion project is geared toward enhancing capacity and increasing efficiency with the expansion program.



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Kenya Ports Authority Growing Business, Enriching Lives

The Port of Mombasa has been a key entry and exit point for cargoes belonging to East and Central Africa since the 18th century. Kenya Ports Authority (KPA) offers world-class services to global traders at very competitive costs using modern technology. This has resulted in improved efficiency and handling of bigger cargo volumes.

Energy industry powers up for expansion

Vision 2030 has set energy as the backbone of Kenya's sustainable economic development through projects that increase the energy availability of the population, while protecting the environment

Blessed with abundant natural resources, Kenya has a significant head start over its neighbors when it comes to energy generation and the ambitious republic is taking full advantage of these indigenous assets to create hydroelectric, solar, wind, geothermal and biomass power.

With an installed capacity of more than 2.5 GW, Kenya's energy industry is a potent mix of hydro (around 60 percent) and thermal (about 30 percent) power, and the rest comprises geothermal, solar and wind power — although the contribution of the latter two is only very small.



Joshua K. Choge
Chairman, KenGen

Second Medium Plan 2013-2017 identify energy as one of the infrastructure enablers for transformation into “a newly-industrializing, middle-income country providing a high quality of life to all its citizens in a clean and secure environment.”

Energizing the economy
Access to competitively priced, reliable, quality, safe and sustainable energy is essential for achievement of Vision 2030.

International investors like Japan are playing a huge role in the development of this key sector through financial support and the supply of machinery, technology and knowledge.

MoEP Principal Secretary, Andrew N. Kamau, says: “The discovery of oil is a major catalyst for the development of Lamu Port-South Sudan-Ethiopia Transport Corridor Project.

“As a standalone project, it is probably our most important given its rich economic benefits.

“We will build the pipeline,

start using the Port of Lamu, and many others things will come after that. That is a key goal and contribution.

“The main thing is that we will not be using the oil to produce any power. Kenya in the next year or two will be 100 percent renewables.

“Show me another country anywhere in the world that only uses 100 percent renewable energies. We will only export the oil.”

According to the senior official, the government is eager for the energy industry to be shaped by the private sector, rather than public enterprises.

“We want to be private sector led as much as possible; the government is not in business,” he stated. “We want entrepreneurs, people who want to invest in it to come and do it; we are asking companies that do this internationally, to come and collaborate with local people.

“With that, we will have transfer of skills and technology. Our job is to facilitate. We are not in the business of business. We are policy people.”

An industry pioneer and the prominent player in the country's energy sector, Kenya Electricity Generating Company Limited (KenGen), operates in a liberalized environment.

The firm sells all electric power generated in bulk to Kenya Power — from which it was separated 21 years ago as part of sectoral reforms—which then distributes the power to consumers.

At present, KenGen owns 31 power generating plants with



Kenya is determined to optimize the rich potential of the country's vast natural resources.

a combined installed capacity of 1,337 MW from diverse generation modes comprising hydro, thermal, geothermal and wind technologies as follows.

The company efficiently generates competitively priced electric energy using state-of-the-art technology, skilled and motivated personnel, with success anchored on the ingrained core values of professionalism, integrity, safety, culture and team spirit.

This formidable combination of forward-thinking strategies entwined with major investment in technology and staff has reaped handsome rewards, with this success not going unnoticed by Japanese officials or businesses.

In 2016, the Japan International Cooperation Agency (JICA) named KenGen as the winner of its coveted 12th President Award for strong partnership and outstanding contribution toward the development of the Olkaria I Unit 4 & 5 Geothermal Power Project — it was the first time a Kenyan firm scooped the award.

Keiko Sano from JICA's Kenya Office presented the award to KenGen Managing Director and CEO, Albert Mugo, at a colorful ceremony at the firm's headquarters in Nairobi.

Every year, JICA selects individuals, groups and projects as recipient of the JICA President Award to honor them for their outstanding contribution to the development of human

“KenGen is one of the most important drivers of growth and development in the country.”

Joshua K. Choge, Chairman, KenGen

resources, society and the economy of developing countries through JICA activities.

KenGen Chairman, Joshua K. Choge, highlights the vital role his enterprise has to play in national socioeconomic development and underlines some of the investment opportunities that exist in the power sector as a whole.

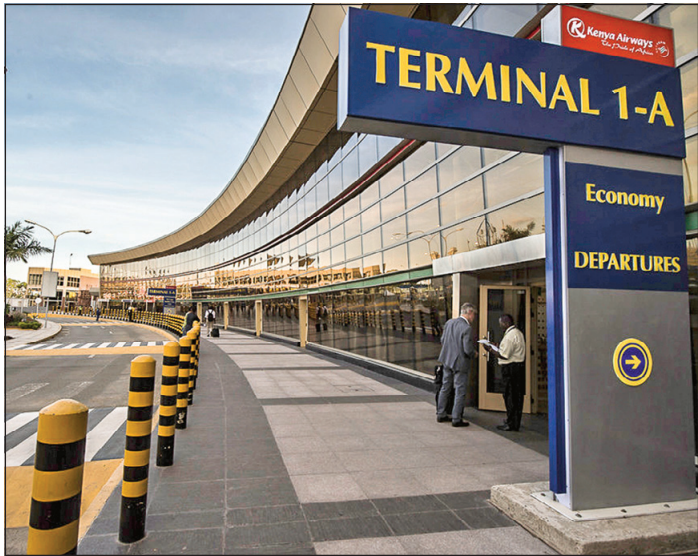
“KenGen is one of the most

important drivers of growth and development in Kenya,” he said.

“We have to play our role effectively to industrialize and develop the economy: Energy drives economic growth.

“If we can actually provide cheap, reliable and clean energy, then industries will be attracted to our country and that will result in economic growth.

“The objective is for everybody



Kenya Airports Authority www.kaa.go.ke

development partners and the government.”

With environmentally friendly power generation increasingly used throughout the world, the executive is conspicuous of KenGen's responsibility to natural habitats close to its existing, and future project portfolio.

“We take the necessary precautions in our operations to ensure conservation of our flora and fauna,” he confirmed.

“Prior to starting any project, we conduct an elaborate Environment and Social Impact Assessment to gather views from various stakeholders, including the Kenya Wildlife Service, to ascertain that our projects are environmentally friendly.

“For instance, at one of our major industrial geothermal parks we have gone an extra mile to color our tin-gathering pipes to blend with the environment.

“On areas where the pipes cross wildlife pathways, we have made provisions to allow the animals to move freely.

“We are also trying to limit the disruption of the environment

by minimizing the construction process.

“We are really committed to the respect of the animals and having them not perceive our pipelines in the park.”

Turning his attention to the challenging targets of Vision 2030, he continued: “The worst-case scenario for Kenya will see a demand of about 5,200 MW, and the best-case scenario is about 9,000 MW.

“For KenGen, we are looking at a contribution of 2,500 MW, of which 400 MW will come from other sources, but 2,100 MW will come from geothermal energy.

“We see a lot of potential in geothermal energy and are focusing our investments and strategic drive toward developing this important resource.

“Once, only the elite had access to electricity. Today, almost 100 percent of all public schools here have access to power.

“An old lady can now sit at home and buy a small television and watch the news — it's transforming lives by having a very positive impact.”

Silicon savannah flourishes

Kenya is making giant strides in the provision of hi-tech telecom services that enhance the lives of millions of people of all ages

With a huge rural population living in diverse landscapes, one of the challenges facing Kenya's government is how to digitally connect all the towns and cities via reliable and highly-advanced information and communications technology (ICT) networks and systems.

Despite major investment in state-of-the-art infrastructure in recent years and subsequent strong growth for mobile phone and digital services, the sector's full economic and commercial potential has yet to be achieved.

Enhanced connectivity helps in communication and collaboration within government bodies at national and county levels and the government is engaged in a series of initiatives to enhance connectivity.

ICT Cabinet Secretary, Joe Mucheru, recognizes the importance of delivering digital services to individuals and businesses throughout the republic, not just in urban areas.

The official is particularly keen to utilize Japan's world-class technology and unmatched experience, and expertise to develop these digital projects.

“We have to provide services



Joe Mucheru,
Cabinet Secretary of Information,
Communications and Technology

across Kenya and this can't be achieved without technology,” he stated. “Communication, information and education are what makes it possible to provide infrastructure, and Japan has a great experience in the knowhow of building infrastructure.

“We are a part of ‘Smart Africa’ as we're creating a single digital market that is going to have a billion people.

“We have about 40 million mobile subscribers and we are importing about 20-40 million devices a year.

“We should just have our own

manufacturing plants here, we could also serve the rest of Africa, and Japan could partner with us for this.”

Sammy Itemere, principal secretary of the Ministry of ICT, echoes this view and highlights some of the many benefits technology has brought to Kenya.

“The validation and amount of operators we have been able to bring is helping improve users' health, while in agriculture, the solutions include the monitoring of weather patterns. All of these are mobile-technology driven.

“We see ICT as an enabler so we want to make the government services more efficient, using e-government/e-citizens, which is obviously enabling people to access the government services online, without necessarily having to leave their homes.

“Then there's the digital learning device that we are giving to children in classrooms, so we are working toward building a digital and knowledgeable economy.”

The Postal Corporation of Kenya (PCK) was established in

1998 and operates as a commercial public enterprise. The corporation's mandate includes the provision of accessible, affordable and reliable postal services to all parts of Kenya. The entity's innovative showcase service is “Mobile Post Office,” known as MPost. The hugely successful initiative enables any mobile phone to act like a mobile post office, as if it has a formal postal address.

Dan Kagwe, acting postmaster general and CEO of PCK, is proud of his organization's contribution to socioeconomic progress.

“MPost helps promote the development of the economy in terms of speed and convenience,” he said. “This is a strong sign, that Kenya could easily become an e-commerce hub for Africa.

“I see Kenya, from the technology side at least, becoming an e-commerce hub for Africa.”

The executive then turns his attention to the horizon and other exciting ICT services likely to emerge in the next decade.

“Eventually, the postal office has to be a one-stop shop where you can get the entire range of government services in one place; driver's license, passport and so on,” he concluded.

This report was produced by Global Insight and can also be read online at: www.japantimes.co.jp/international-reports

Powering Kenya Empowering our people



Dynamic power provider Kenya Electricity Generating Company Limited (KenGen) has created a sturdy platform for socioeconomic development in Kenya by transforming the country's precious natural resources into usable energy for millions of people in East Africa.

Responsible for producing over 70 percent of the national electricity, the forward-thinking enterprise utilizes the latest technology and equipment to generate hydro, geothermal, thermal and wind power for residential and business users.

Corporate Social Responsibility | Water And Sanitation
Education | Environmental Conservation
Disaster Response | Peace Building
Sports | Health



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