



**Ministry of Investments, Trade
and Industry**
State Department for Investment Promotion

SUB-SECTOR REPORT

MTEF 2025/26 - 2027/28

SEPTEMBER, 2024

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ABBREVIATIONS

A

African Continental Free Trade Area
AfCFTA · 11
Appropriation-In-Aid
AIA · 13

E

Export Processing Zones Authority
(EPZA) · 4

G

General Economic and Commercial Affairs
GECA · 4
Government of Kenya
GoK · 14
Gross Domestic Product
GDP · 3

I

Information Communication Technology
ICT · 28

K

Kenya Development Corporation

KDC · 2

Kenya Export Promotion and Branding
Agency
Kenya Investment Authority
KenInvest · 4
Kenya National Multi- commodities
Exchange

M

Ministries, Departments, and Agencies
MDAs · 11

O

One Stop Center
OSC · 2

S

Small and Medium Enterprises
SMEs · 2
Special Economic Zones
SEZ · 2
Special Economic Zones Authority
SEZA · 4

EXECUTIVE SUMMARY

The Sub-sector is part of the General Economic and Commercial Affairs (GECA) Sector that comprises of eight sub-sectors: Investment Promotion, Trade, Industry, Tourism, East Africa Community, ASALS and Regional Development, Cooperatives and MSME Development. The sector's goal is to raise the investment contribution to GDP from 20.3% in 2021 to 29% by 2027. The sub-sector seeks to contribute to the economic transformation through promotion and facilitation of domestic direct investment and foreign direct investments (DDI and FDI). It focuses on boosting value of investments and creation of jobs in the zones (EPZs and SEZs). Further, improve ease of doing business in Kenya in line with MTP IV, Vision 2030 and Bottom-up Economic Transformation Agenda (BETA).

Chapter One gives the background information including the vision, mission, objectives, the mandate and State Corporations under the State Department for Investment Promotion. The report maps out the key stakeholders and their roles in the Sub sector.

Chapter Two presents the programme performance review for the MTEF period FY 2022/23-2023/24 which shows the targets for the mentioned years and the actual achievements. The Sub - sector attracted investments worth **Kshs.480 Billion** in Domestic Direct Investment and **USD 1.504 Billion** in Foreign Direct Investments and created over **10,000** employment opportunities.

Chapter Three covers the prioritization of Programmes and Sub Programmes for MTEF period FY 2025/26 - 2027/28 and analysis of the targets set for the next three years. The Sub-Sector implements the Investment Development and Promotion programme through three Sub Programmes Namely; Business Environment and Investment Promotion; Investments Profiling and Development; General Administration, Planning and Support Services. In the MTEF period, the implementation of the planned Sub-sector programmes require **Kshs 88,880.61 million**.

Key projects planned for implementation include: Development of Naivasha SEZ ; Development of Athi River Textile Hub; Construction of EPZ Industrial sheds; Development of 6 flagship EPZ hubs in Delmonte (Murang'a County), Sagana (Kirinyaga County), Egerton (Nakuru County), Nasewa (Busia County), Eldoret (Uasin Gishu County) and Samburu(Kwale County); Central Repository and Complaint Handling Single Window; Establishment of One Stop Centre for

Investment; Kenya Jobs and Economic Transformation (KJET) Project and Export-Import (EXIM) Bank of India-KDC.

Chapter Four elaborates the inter-relationships and linkages that exist between the sub sector and other Sub-sectors and how these linkages cut across the Government Agenda and pillars of the Kenya Vision 2030 with a focus on promoting balanced and sustainable socio-economic growth and development. In addition, it highlights the challenges that limits investments attraction which include Technicalities in land acquisition for development of economic zones; Delayed compensation and resettlement of project affected persons; uncertainty in tax regimes; High cost of doing business; Budget cuts; Delayed exchequer; Inadequate Funding and under staffing and emerging issues.

Chapter Five and Six provide the conclusion and recommendation for implementation of the sub sector. The Sub sector requires increased budgetary allocation to implement strategic interventions to unlock in-flow of foreign direct investments and growth of domestic direct investments. Successful implementation of strategic areas of focus of the Sub-Sector will contribute to the attainment of National development aspirations under the Kenya Vision 2030 and the Bottom-up Economic Transformation Agenda (BETA).

CHAPTER ONE:

INTRODUCTION

1.1 Background

The Investment promotion function in Kenya dates back to early years of independence where the Government formulated various strategies and policies in an effort to boost investment growth in the country. In 1964, the Foreign Investment Protection Act was passed to provide basic investor protection. This Act was enacted as a statutory guarantee to the protection of certain approved investments in the country. In 1982, the Investment Advisory and Promotion Centre was set up under the then Ministry of Finance. It was later converted to the Investment Promotion Centre (IPC) in 1986 through the Investment Promotion Centre Act, Cap 485 of 1986, with the mandate of promoting private investments in Kenya by both local and foreign investors.

In the year, 1990 the Export Processing Zone Act was enacted to provide for the establishment of export processing zones and the Export Processing Zones Authority; to provide for the promotion and facilitation of export oriented investments and the development of enabling environment for such investment and for connected purposes. The Act was amended in 1992 to empower IPC to issue a Certificate of General Authority to investments that have no policy, planning, security, health or environmental implication, and are not on the restricted list, viz mining, forest products, Manufacturing under Bond (MUB), Export Processing Zones, excisable goods, petroleum operations, tourism, ferries, insurance, banks, financial institutions and mortgages.

Kenya enacted the Investment Promotion Act, 2004 to promote and facilitate investment by assisting investors in obtaining the licenses necessary to invest and by providing other assistance and incentives for related purposes. The Special Economic Zones Act was enacted in 2015 to provide for the establishment of Special Economic Zones (SEZs) in the Country, a flagship project under the Economic Pillar of the Vision 2030. The National Investment Policy 2019 was formulated to support and stimulate private sector development by attracting high value added and inclusive investment that contributes to the country's economic diversification and ultimately to sustainable development.

Investment Promotion in Kenya has remained a strategic priority for the government, aimed at attracting both domestic, diaspora and foreign investments to spur economic growth, create jobs, and enhance the country's global competitiveness. Hence the Executive Order No. 1 of 2023 on the organization of the Government of the Republic of Kenya established the State Department for Investment Promotion (SDIP) under the Ministry of Investments, Trade and Industry.

The State Department for Investment Promotion draws its mandate from the Executive Order No. 2 of 2023, placed under the Ministry of Investments, Trade and Industry, with one (1) autonomous

agency and three (3) SAGAs which are; Kenya Development Corporation (KDC), Special Economic Zones Authority (SEZA), Export Processing Zones Authority (EPZA), and Kenya Investment Authority (KENINVEST) respectively. The State Department is mandated to formulate and implement policies to promote, attract, develop and retain both domestic and foreign direct investments; and create an enabling business environment for investors for ease of doing business.

SDIP, as a sub-sector in the General Economic and Commercial Affairs (GECA) is implementing priority programmes under the Bottom-Up Economic Transformation Agenda (BETA) as is underlined in the Medium Term Plan IV of Kenya's Vision 2030. The sub sector acts as a catalyst for economic growth and development contributing to a stronger and more diversified economy. The sub sector has immense potential to:

- a. Increase capital inflow as it attracts domestic and foreign investors into specific priority areas
- b. Benefit wealth and employment creation alleviating poverty
- c. Bring advanced technology, knowledge transfers, innovation and skills development towards improved productivity and a more skilled workforce.
- d. Improve infrastructure and development due to increased investments
- e. Diversify the economy by opening or supporting growth in the underdeveloped or emerging areas
- f. Increase exports and foreign exchange enhancing the country's trade balance
- g. Improve competitiveness, both locally and internationally as firms adopt modern production techniques and business practices.
- h. Increase government tax revenues through corporate taxes, VAT and other forms of taxation.
- i. Promote regional development through investments in specific subsectors.
- j. Contribute to the average GDP growth rate of 10% per annum as envisioned to propel Kenya towards becoming an investment hub in Africa and a middle income country by 2030.

The sub sector priority projects currently under implementation are:

- 1) Development of Naivasha SEZ;
- 2) Development of Athi River Textile hub;

- 3) Development of Railway Siding and Related Infrastructure;
- 4) One Stop Shop Center (OSC);
- 5) Development of investor sheds in Athi River;
- 6) Development of flagship EPZ hubs (Sagana, Murang’a, Egerton, Nasewa, Eldoret ICDC, Samburu-Kwale);
- 7) Central Repository and Complaint Handling Single Window
- 8) Kenya Jobs and Economic Transformation (KJET) Project
- 9) Export-Import (EXIM) Bank of India; and
- 10) Provision of Credit to large enterprises to all sectors of the economy through Kenya Development Corporation (KDC).

1.2 Vision and Mission

1.2.1 Vision Statement

The Premier Investment Destination in Africa.

1.2.2 Mission Statement

To coordinate, promote, enable, and facilitate local, diaspora and foreign private investments through creation of a competitive investment climate and business environment for a sustainable transformed economy

1.3 Strategic Objectives

The Sub-sector has One Programme and Three Sub Programmes

	Programme	Objective	Sub-Programmes
1.	Investments Development and Promotion	To promote, attract and facilitate investments for economic growth	i) Business Environment and Investment Promotion ii) Investments Profiling and Development iii) General Administration, Planning and Support Services

1.4 Mandate

The State Department for Investment Promotion was established under the **Executive Order No. 1 of 2023**, placing it under the Ministry of Investments, Trade and Industry, with four (4) State Corporations and two (2) Directorates.

The mandate of the State Department as per the **Executive Order No. 2 of 2023** and includes:

1. Investment policy and strategy;
2. Promote, both locally and internationally, the opportunities for investment in Kenya;
3. Promotion and Oversight of the Development of Special Economic Zones;
4. Coordinating the transformation of the Eco-system supporting private sector development;
5. Development of a business reform agenda across the entirety of Government; and
6. Championing automation and re-engineering Government business and services processes

1.5 Autonomous and Semi-Autonomous Government Agencies

The sub sector has one (1) Autonomous and three (3) Semi-Autonomous agencies, of which three (3) receive transfers from the exchequer. The Agencies undertake various functions to support industrial development and investment promotion in the country.

The Autonomous Government Agency is:

i). Kenya Development Corporation (KDC)

Kenya Development Corporation Ltd is a Development Finance Institution mandated to promote sustainable socio-economic development by providing development finance, infrastructure finance, business support and advisory services to medium and large-scale industries, infrastructure projects and commercial undertakings in target sectors here and elsewhere.

The Semi-Autonomous Government Agencies are:

i). Export Processing Zones Authority (EPZA)

EPZA is mandated to promote and facilitate export-oriented investments and the development of an enabling environment. Development of all aspects of the export processing zones with particular emphasis on the provision of advice on the removal of impediments to, and creation of

incentives for, export-oriented production in areas designated as export processing zones; Regulation and administration of approved activities within the export processing zones and protection of government revenues and foreign currency earnings.

ii). Kenya Investment Authority (KenInvest)

Kenya Investment Authority (KenInvest) is mandated to promote and facilitate investments in Kenya with the core functions of; Policy Advocacy; Investment Promotion and Investment Facilitation. It is responsible for facilitating the implementation of new investment projects, providing after-care services for new and existing investments and organizing investment promotion activities both locally and internationally.

iii). Special Economic Zones Authority (SEZA)

The Special Economic Zones Authority is mandated as the regulator of both public and private SEZs in Kenya as well as development and management of public SEZs. It is responsible for attracting, facilitating and retaining domestic and foreign direct investments in Special Economic Zones by creating an enabling environment through development of integrated infrastructure facilities and creation of incentives that eliminate the barriers to doing business.

1.6 Role of Sub-Sector Stakeholders

The Investment Promotion sub-sector interacts with various stakeholders across the economy. They are either internal or external stakeholders whose involvement is key to the delivery of its mandate. They range from public sector institutions, private sector, civil society organizations, regional trading blocs, development partners and the general public.

The following table summarises the stakeholders and their roles.

S/No	Stakeholder	Role	Expectations of the Stakeholder	Expectations of SDIP
1	National Investment Council	To provide advice on investment promotion and resolution of investor concerns	Implementation of recommendations on investor concerns	Prompt resolution of investor concerns, provision of advice on investment promotion
2	Investors	To invest in Kenyan economy	Provide an enabling environment where there is inclusivity for all and information for investment opportunities	Comply with investment regulatory frameworks
3	SDIP staff	To implement the mandate of the State Department	Provide a conducive working environment for achieving SDIP mandate	Effective and efficient performance
4	Autonomous and Semi-Autonomous Government Agencies (SAGAs) under SDIP	To implement investment strategy	Provide policy direction; Timely transfers of funds	Effective implementation of their mandate
5	Local Business Membership Organizations (BMOs)	To represent their members and mobilize their participation	Provide an enabling environment for investment	Participation in investment policy formulation and legal review processes
6	Foreign Business Membership Organizations (BMOs)	To represent their members and mobilize their participation	Provide an enabling environment for investment	Support investment attraction initiatives;
7	Council of Governors (COG)	To represent County governments in National government policy development	Technical support to counties in investment promotion	Support county level investment initiatives
8	County Governments	To participate in the attraction and promotion of investments in Counties	Technical support to counties in investment promotion	Create enabling environment for investment in the Counties

S/No	Stakeholder	Role	Expectations of the Stakeholder	Expectations of SDIP
9	The National Treasury	To provide fiscal policy that promotes investment climate	Prudent utilization of resources	Allocation of adequate budget and timely release of exchequer
10	Judiciary	To provide guidance and settlement of investment disputes	Observe the law in implementing programs	Expeditious resolution of commercial disputes
11	Local and international Media	To promote investment opportunities at National and County levels	Provide access to investment information	Accurate reporting on investment issues
12	State Department for Trade and Industry	To establish policy direction for investments in trading activities and on the industrial and manufacturing sectors	Sharing of relevant information	Sharing of relevant information
13	Ministries, Departments, and Agencies	To establish policy direction	Sharing of relevant information	Sharing of relevant information
14	Ministry of Foreign Affairs	To provide a platform for promotion of investments in foreign countries	Provide Investment information	Widely disseminate investment information through embassies
15	Diplomatic Corps/ Foreign missions in Kenya	To promote local investments to their countries	Provide an enabling environment for foreign investors	Support investment promotion initiatives
16	Parliament	To make investment climate related laws	Prudent utilization of resources	Adequate budget allocation; Expeditious processing of legislative proposals
17	Office of Attorney General (OAG) and Department of Justice	To provide legal advise	Timely Submission of requests for legal advice	Timely legal advice

S/No	Stakeholder	Role	Expectations of the Stakeholder	Expectations of SDIP
18	International Bodies on Trade Investment and Industry	Development of standards and investment data	Domestication and implementation of investment best practice	Support investment promotion initiatives
19	Development Partners	Provide financial and technical support	Partnership in investment	Provide financial and technical support

CHAPTER TWO

PROGRAMME PERFORMANCE REVIEW 2021/22 – 2023/24

2.1. Review of Sub-sector programmes performance

The programme performance review for Investment Promotion sub-sector for the financial year 2021/22 -2023/24 is summarised as follows and is presented by programmes and sub programmes. The programme under review was:

Investment promotion and development: Some of the major achievements during the period under review include: attracted investments worth Kshs 480 billion in Domestic Direct Investment (DDI), USD 1.504B in Foreign Direct Investment (FDI) and a value of exports under the EPZ program amounting to Kshs 227.51 Billion during the FY 2022/2023 - 2023/24. To address Business Climate and Investor Concerns 6 multi-sector engagements and 2 Diaspora Conferences were held as well as There was the roll out of County Regulatory toolkit to 10 counties. 10 Reforms on ease of doing business in Kenya implemented. In addition, 15 business forums were held to market Kenya as the preferred investment destination in Africa. Notably, KIICO was held, hosting 2,779 delegates from 69 countries that included 100 top Pan African companies. 3 MoUs were signed to establish collaborations & partnerships with private sector and diaspora. Two (2) public Special Economic Zones (SEZs) were operationalized and eighteen (18) additional SEZs gazetted. Fifteen (15) Export Processing Zones (EPZs) were gazetted which included six (6) flagship EPZs. Over 10,000 employment opportunities were created. KDC de-risked Kshs 185.8 Million to private investments under BETA through own financing and mobilized resources. KenInvest facilitated a total of 580 projects amounting to Kshs 249 Billion worth of investments during the period 2021- 2023. The Authority finalized public participation on the Kenya Investment promotion Bill 2023. There was the roll out of County Regulatory toolkit to 10 counties. 10 Reforms on ease of doing business in Kenya implemented.

The analysis is presented in Tables 2.1 to 2.9 below

Table 2.1: Analysis of Programme Targets and Actual Targets

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Planned Target			Actual Achievement			Remarks
				2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	
VOTE 1177: STATE DEPARTMENT FOR INVESTMENTS PROMOTION										
PROGRAMME 1: Investment Development and Promotion										
SP 1: Business Environment and Investments Promotion										
Business environment and investments promotion	SEZA	Public Special Economic Zones	% completion of the Naivasha SEZ	-	20	20	-	6	9	Target not achieved due non release of exchequer in 2023/24 and no allocation in 2022/23
			% completion of the Dongo Kundu SEZ	-	10	10	-	8	8	Target was not achieved due to non-allocation in 2022/23 & 2023/24. Dongo Kundu SEZ Project was transferred to Kenya Ports Authority (KPA) in 2023.24

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Planned Target			Actual Achievement			Remarks
				2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	
		Investments both local and foreign attracted in SEZs	Value of investments attracted at SEZs (in Billions))	-	10	35	-	49.168	71.6	Target surpassed due to increase in enterprises
			No. of new SEZ zones Gazetted	-	6	10	-	9	9	Under achievement in the FY 2023/24 was due to non-compliance of some applicants
			Level of Operationalization of SEZA (%)	-	60	80	-	60	75	Limited Budget
		Jobs created at SEZs	No. of jobs created	-	2000	3000	-	2025	3696	Target surpassed.
	EPZA	EPZs Investments and exports	No. of operating Enterprises	-	172	184	-	165	177	Shortage of industrial sheds especially within Athi River Zone slowed investors entry into the program
			No. of newly Zones gazetted	-	12	11	-	9	6	Target exceeded due to increased applications

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Planned Target			Actual Achievement			Remarks
				2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	
			Value of Exports from the zones (Kshs. Billion)	-	108.0	118.0	-	111.8	115.71	Target not met due to scaling down on orders by the garment enterprises for global reasons
			Amount of new Investments into the zones (Kshs. Billion)		7.342	12.0		11.56	15.82	Over achievement attributed to new firms which entered the EPZ program.
			Value of backward linkages created (Kshs. Billion)		17.1	18.5		15.3	16.58	Target missed due to inadequate raw material supply to EPZ agro processing firms
		Jobs created at EPZs	No. of new jobs created	-	15,782	10,000	-	4,038	4,142	Target missed due to disruption in the EPZ apparel industry
		Basic infrastructure facilities	% Completion rate of Athi River Textile Hub	-	100	70	-	65.7	66	Non funding has led to delayed

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Planned Target			Actual Achievement			Remarks
				2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	
		(industrial warehouses) constructed	% completion rate of Railway Siding and related infrastructure	-	7.5	3	-	2.7	2.7	implementation of the projects.
			% Completion of construction of Industrial sheds	-	7.4	41.2	-	1.86	2.18	
			% completion of Murang'a Flagship EPZ – Phase 1.	-	-	100	-	-	45	Under-funding thus delayed completion of phase 1
			% completion of Busia Flagship EPZ – Phase 1.	-	-	100	-	-	69	Under-funding thus delayed completion of phase 1
			% completion of Uasin Gishu Flagship EPZ – Phase 1.	-	-	100	-	-	35	Under-funding thus delayed completion of phase 1
			% completion of Kirinyaga Flagship EPZ – Phase 1.	-	-	100	-	-	25	Under-funding thus delayed completion of phase 1

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Planned Target			Actual Achievement			Remarks
				2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	
			% completion of Nakuru Flagship EPZ – Phase 1.	-	-	100	-	-	5	Under-funding and delay in land transfer process
			% completion of Kwale Flagship EPZ – Phase 1.	-	-	100	-	-	10	Under-funding and delay in land transfer process
	Department of Business Reforms and Transformation (DBRT)	Business competitiveness and ease of doing business enhanced	No. of reforms on ease of doing business	-	20	10	-	10	10	Target met in 2023/24
No. of reform Action plans developed and shared with MDAs			-	10	1	-	10	1	This was on Business Reforms Action Plan	
No. of stakeholder fora to sensitize on the implemented business reforms			-	15	20	-	15	20	Target met	
No of County competitive indices report			-	-	1	-	-	0	TOR and consultant engaged, development process is ongoing	

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Planned Target			Actual Achievement			Remarks
				2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	
			No of counties covered by county regulatory Toolkits	-	-	10	-	-	10	Target met
			No of bills developed	-	-	5	-	-	0	Initial stakeholder engagements done, awaiting drafting the bill
	Business Environment and Private Sector Development	Investment opportunities marketed in local and international forums, exhibitions and conferences	No of Investment forums/exhibitions/conferences held	-	4	12	-	5	15	Missions conducted in USA, India, Japan, Ghana, Poland, Czech Republic, Egypt, Canada, second Homabay International Investment forum, Korea, China (Caete), Kakamega International Investment forum, and Indonesia

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Planned Target			Actual Achievement			Remarks
				2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	
		Regional and international investment engagements	No of joint commissions of cooperation	-	2	4	-	3	4	JCC participation in Ghana, Egypt, Ethiopia, Uganda
			No of MoUs signed	-	2	3	-	2	3	MoUs signed with MITI and US department of Commerce, MITI and Coca-Cola central east and west Africa ltd and Coca-Cola Beverage ltd, MITI and British Chamber of Commerce
		National Investment Strategy developed	National Investment Strategy	-	-	1	-	-	0	Final draft has been developed awaiting validation and launch
		Kenya Investment Policy reviewed	Reviewed KIP and implementation	-	-	1	-	-	0	It was awaiting final streamlining of internal arrangements

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Planned Target			Actual Achievement			Remarks
				2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	
SP 2: Investments Profiling and Development.										
Investments profiling and development.	KenInvest	Foreign and domestic Investments promotion and facilitation	Amount of investments attracted (in Kshs billions)	-	100	100	-	74.71	117.8	Target of 100 billion achieved and exceeded due to marketing campaigns, increased FDI inflows and information dissemination to investors
			No. of investments provided with aftercare services	-	200	220	-	207	238	Target Achieved as most investments visited were within Nairobi
		No of investment projects proposals registered and facilitated	-	-	200	-	-	207	Target surpassed due to ongoing digitization and automation of investor services	
		One Stop Shop Center	% Completion rate	-	40	50	-	34	38	This was due to budget cut

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Planned Target			Actual Achievement			Remarks
				2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	
			Investor establishment turnaround time(days)	-	-	7	-	-	7	Target met, supported by increased information dissemination on investment procedures via the eRegulations portal
		Investor ready projects developed	Proportion of projects with expression of interest/no of bankable projects developed	-	-	15	-	-	12	Target not met due to financial constraints
		State of Investment Report	State of Investment Report	-	-	1	-	-	1	On target. Conducted FDI survey in partnership with KNBS and CBK

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Planned Target			Actual Achievement			Remarks
				2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	
		Employment opportunities created	No. of Employment opportunities created	-	10,000	10,000	-	5,638	12,061	2022/23 target not achieved due to internal and global economic shocks affecting the investment environment 2023/24 target achieved as more new investments were registered creating more job opportunities
SP 3: General Administration, Planning And Support Services										
	CPPMD	Monitoring & Evaluation reports	No. of M&E reports	-	1	4	-	1	1	This was not achieved due to late disbursement of funds
		State Department Plans	Strategic plan developed	-	1	-	-	-	1	SDIP 2023-2027 developed awaiting launch

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Planned Target			Actual Achievement			Remarks	
				2021/22	2022/23	2023/24	2021/22	2022/23	2023/24		
	Finance	Budgets preparation and implementation reports	No. of MTEF reports	-	3	3	-	3	3	PPR, PBB and Subsector Reports prepared.	
			No. of budget implementation reports	-	2	2	-	2	2	Submissions done to relevant Agencies	
	Accounts	Annual accounts and Financial Statements	Annual Financial report	-	1	1	-	1	1	Submissions done to relevant Agencies	
	ICT	ICT policy prepared	ICT policy	-	1	1	-	0	1	Target met	
	Human Resource Management and Development	Human Resource Development Promoted	No. of officers/staff trained	-	5	81	-	0	0	Relevant approving committees not operationalized	
			Develop SDIP Organizational Structure	Organizational Structure	-	1	-	-	-	1	Structure developed and approved by PSC awaiting implementation
			Staff performance appraisal system implemented	% of staff under SPAS	-	100	100	-	0	0	Mapping on GHRIS was not complete.

2.2 Analysis of expenditure trends for the FY 2021/22 - 2023/24

The approved recurrent budget for the FY2023/24 was Kshs. 7.1B, while the actual expenditure was Ksh.2.7B. This represents absorption rates of 38% for the entire State Department budget. The low absorption is due to lack of exchequer release.

Table 2.2 Analysis of Recurrent Expenditure (Kshs. Million)

Sector: General Economic and Commercial Affairs (GECA)						
Vote: 1177 State Department for Investment Promotion						
Economic Classification	Approved Budget Allocation			Actual Expenditure		
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
Gross	0	926	1,672	0	899	1,489
A.I.A	0	502	507	0	494	562
Net	0	424	1,165	0	405	926
Compensation to Employees	0	0	89	0	0	70
Transfers	0	738	1,224	0	730	1,124
Other Recurrent	0	188	359	0	169	294
<i>Of which</i>						
<i>Utilities</i>	0	0	0	0	0	0
<i>Rent</i>	0	2.5	25	0	2.5	25
<i>Insurance</i>	0	0	0	0	0	0
<i>Subsidies</i>	0	0	0	0	0	0
<i>Gratuity</i>	0	0	0	0	0	0
<i>Contracted Guards & Cleaners Services</i>	0	0	5	0	0	5
<i>Others:</i>	0	186	329	0	167	269

The approved recurrent budget for the FY2023/24 was Kshs. 1.67B while the actual expenditure was Kshs.1.48B. This represents absorption rate of 90%.

Table 2.3: Analysis of Development Expenditure (Kshs. Million)

Vote & Vote Details	Description	Approved Budget Allocation			Actual Expenditure		
		2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
1177	Gross	0	1,238	5,517	0	0	1,256
	GOK	0	1,238	5,517	0	0	1,256
	Loans	0	0	0	0	0	0
	Grants	0	0	0	0	0	0
	Local A.I.A	0	0	0	0	0	0

The approved Development budget for the FY2023/24 was Kshs. 5.5B while the actual expenditure was Kshs.1.26B. This represents absorption rate of 23%. This low absorption was due to lack of exchequer release.

TABLE 2.4: Analysis of Programmes Expenditure (Kshs. Million)

Economic Classification	Approved Budget			Actual Expenditure		
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
Programme 1	Investment Development and Promotion					
Current Expenditure	0	926	1,672	0	899	1,488
Compensation of Employees	0	0	89	0	0	70
Use of Goods and Services	0	121	243	0	112	201
Grants and Other Transfers	0	738	1,224	0	730	1,124
Other Recurrent	0	67	116	0	60	93
Capital Expenditure	0	1,238	5,517	0	0	1,256
Acquisition of Non-Financial Assets	0	0	0	0	0	0
Capital Grants to Government agencies	0	1,238	5,517	0	0	1,256
Other Development	0	0	0	0	0	0
Total Programme	0	2,164	7,189	0	899	2,744
Sub Programme 1	Business Environment and Investment Promotion					
Current Expenditure	0	838	897	0	824	868
Compensation of Employees	0	0	26	0	0	25
Use of Goods and Services	0	60	48	0	58	34
Grants and Other Transfers	0	738	820	0	730	808
Other Recurrent	0	40	3	0	36	1
Capital Expenditure	0	1,238	5,415	0	0	1,194
Acquisition of Non-Financial Assets	0	0	0	0	0	0
Capital Grants to Government agencies	0	1,238	5,415	0	0	1,194
Other Development	0	0	0	0	0	0
Sub Programme 2	Investments Profiling and Development					
Current Expenditure	0	0	404	0	0	316
Compensation of Employees	0	0	0	0	0	0
Use of Goods and Services	0	0	0	0	0	0
Grants and Other Transfers	0	0	404	0	0	316
Other Recurrent	0	0	0	0	0	0
Capital Expenditure	0	0	102		0	62
Acquisition of Non-Financial Assets	0	0	0	0	0	0
Capital Grants to Government agencies	0	0	102	0	0	62
Other Development	0	0	0	0	0	0

Economic Classification	Approved Budget			Actual Expenditure		
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
Sub Programme 3	General Administration, Planning and Support Services					
Current Expenditure	0	88	371	0	75	304
Compensation of Employees	0	0	63	0	0	45
Use of Goods and Services	0	61	192	0	49	167
Grants and Other Transfers	0	0	0	0	0	0
Other Recurrent	0	27	113	0	26	87
Capital Expenditure	0	0	0	0	0	0
Acquisition of Non-Financial Assets	0	0	0	0	0	0
Capital Grants to Government agencies	0	0	0	0	0	0
Other Development	0	0	0	0	0	0
Total Vote	0	2,164	7,189	0	899	2,744

During FY 2022/23 the State Department was allocated Ksh.7,189M. This represents Ksh.1,672M as recurrent and 5,517M as development expenditure as summarized in table 2.5.

Table 2.5: Analysis by Category of Expenditure: Economic Classification (Ksh. Million)

Economic Classification	Approved Budget			Actual Expenditure		
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
Programme 1	Investment Development and Promotion					
Current Expenditure	0	926	1,672	0	899	1,488
Compensation of Employees	0	0	89	0	0	70
Use of Goods and Services	0	121	243	0	112	201
Grants and Other Transfers	0	738	1,224	0	730	1,124
Other Recurrent	0	67	116	0	60	93
Capital Expenditure	0	1,238	5,517	0	0	1,256
Acquisition of Non-Financial Assets	0	0	0	0	0	0
Capital Grants to Government agencies	0	1,238	5,517	0	0	1,256
Other Development	0	0	0	0	0	0
Total Programme	0	2,164	7,189	0	899	2,744
Total Vote	0	2,164	7,189	0	899	2,744

The under expenditure on recurrent budget was largely attributed to economic items Use of Goods and Grants and Other Transfers not fully funded.

TABLE 2.6: Analysis of SAGAs Recurrent Budget Vs Actual Expenditure (Ksh. Millions)

Economic Classification	Approved Budget			Actual Expenditure		
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
Kenya Investment Authority						
GROSS	0	439.29	404	0	439.04	317.9
A.I.A	0	2	2	0	1.75	2
Net Exchequer	0	437.29	402	0	437.29	315.9
Compensation to Employees	0	180.48	180.51	0	175.37	163.21
Transfers	0	0	0	0	0	0
Other Recurrent	0	258.81	223.49	0	261.92	154.69
Of Which						
<i>Utilities</i>	0	1	1	0	0.9	1
<i>Rent</i>	0	44.35	49	0	48.22	47.63
<i>Insurance</i>	0	0.88	3	0	1.68	1.96
<i>Subsidies</i>			0			0
<i>Gratuity</i>	0	0	0	0	0	0
<i>Contracted Professional (Guards & Cleaners Services)</i>	0	1.8	2.2	0	2.09	2.2
<i>Others Specify: General office supplies, O&M and KHICO conference</i>	0	210.78	168.29	0	210.78	101.9
Special Economic Zone Authority						
GROSS	0	28.9	245.37	0	21.5	138.15
A.I.A	0	25	30	0	17.6	47.78
Net Exchequer	0	3.9	215.37	0	3.9	90.37
Compensation to Employees	0	2.8	46.2	0	0.7	43.2
Transfers	0	0	0	0	0	0
Other Recurrent	0	26.1	199.17	0	20.8	94.95
Of Which						
<i>Utilities</i>	0	0	1	0	0	0.5
<i>Rent</i>	0	0	18.6	0	0	18.6
<i>Insurance</i>	0	0	9.5	0	0	9.24
<i>Subsidies</i>	0	0	0	0	0	0
<i>Gratuity</i>	0	0	0	0	0	0
<i>Contracted Professional (Guards & Cleaners Services)</i>	0	0	1.5	0	0	1.1
<i>Gratuity</i>	0		0	0	0	0
<i>Others Specify(board expenses and use of goods)</i>	0	26.1	168.57	0	20.8	65.51
Export Processing Zones Authority						
GROSS	0	564.46	575	0	559.1	667.72
A.I.A	0	475	475	0	474.96	514.00
Net Exchequer	0	89.46	100	0	84.14	153.72
Compensation to Employees	0	300.43	330.96	0	300.43	329.89

Economic Classification	Approved Budget			Actual Expenditure		
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24
Transfers	0	0	0	0	0	0
Other Recurrent	0	264.03	244.04	0	258.71	337.83
<i>Of Which</i>						
<i>Utilities</i>	0	7	9.15	0	7	9.08
<i>Rent</i>	0	10.1	11.9	0	10.1	11.82
<i>Insurance</i>	0	38.06	44.6	0	38.06	44.2
<i>Subsidies</i>	0	0	0	0	0	0
<i>Gratuity</i>	0	14.71	14.18	0	14.71	14.12
<i>Contracted Professional (Guards & Cleaners Services)</i>	0	48.9	49.2	0	48.9	49.05
<i>Others Specify (Investment Promotion Expenses, Administrative Expenses and O & M)</i>	0	145.26	115.01	0	139.94	209.56
TOTAL VOTE	0.00	1,032.65	1,224.37	0.00	1,019.64	1,123.77

The approved budgets for KenInvest, SEZA and EPZA were Ksh.404M, Ksh.245.4M and Ksh.575M while actual expenditures were Ksh.317.9M, Ksh.138.15M and Ksh.667.7M respectively. This represents absorption rates of 78.7%, 56.3% and 100% respectively.

2.3 Analysis of Performance of capital projects for the FY 2021/22-2023/24

Table 2.7: Analysis of Performance of Capital Projects FY 2021/22 - 2023/24

Annex VII: Submission on the Status of Programmes / Projects in the State Department for Investment Promotion											
Project code and title	Est. Cost of Project (a) (Million)	Financing (Million)		Timeline		Actual Cumulative Expenditure up to 30th June 2024 (b)	Outstanding Project Cost as at 30th June 2024 (c)	Project Completion % as at 30th June 2024	Baseline		Remark
		GoK	Foreign	Start Date	Expected End Date				Approved Budget FY 2024/25 (Million)		
									GoK	Foreign	
1.Develop a Freeport & Industrial Parks Special Economic Zones Mombasa (Dongo Kundu) SEZA	4,620.00	4,620.00	0.00	1/7/2019	30/06/2026	360.00	4,260.00	8%	0.00	0.00	Transfers to SAGAs
2.Development of SEZ Textile Park Naivasha SEZA	8,938.00	8,938.00	0.00	1/7/2019	30/06/2028	769.1	8,168.9	8.6%	0.00	0.00	Transfers to SAGAs
3.Development of Athi River Textile hub- EPZA	8,240.00	8,240.00	0.00	1/7/2014	30/06/2026	5413.82	2,826.18	66%	0.00	0.00	Transfer to SAGAs
4.Development of Railway Siding and Related Infrastructure - EPZA	3,750.00	3,750.00	0.00	7/1/2020	30/06/2026	101.35	3,648.65	3%	0.00	0.00	Transfers to SAGAs
5.Construction of Investors Sheds EPZA	12,900	12,900	0.00	1/7/2022	30/06/2026	345	12,555.00	3%	0.00	0.00	Transfers to SAGAs

Annex VII: Submission on the Status of Programmes / Projects in the State Department for Investment Promotion											
Project code and title	Est. Cost of Project (a) (Million)	Financing (Million)		Timeline		Actual Cumulative Expenditure up to 30th June 2024 (b)	Outstanding Project Cost as at 30th June 2024 (c)	Project Completion % as at 30th June 2024	Baseline		Remark
		GoK	Foreign	Start Date	Expected End Date				Approved Budget FY 2024/25 (Million)		
									GoK	Foreign	
6.Establishment of One stop shop centre for Investment - KENINVEST	500.00	500.00	0.00	1/7/2016	30/06/2027	192.00	308.00	38%	0.00	0.00	Transfers to SAGAs
7.Kenanie ETP - EPZA	1,210.00	1,210.00	0.00	1/7/2017	30/06/2026	490	720	40.5%	0.00	0.00	Transfers to SAGAs
8. EPZ flagship projects	30,000	30,000	0.00	1/7/2023	30/6/2027	300	29,700	1%	1,200	0.00	Transfers to SAGAs
9.Central Repository &complaint handling single window –PASHA KENINVEST	299.91	299.91	0.00	1/7/2023	30/6/2027	40	220.50	15%	0.00	0.00	Transfers to SAGAs
Total	70,457.91	70,457.91	0.00		-	8,011.27	62,407.23		1,200.00	0.00	

2.4 Analysis of Pending bills for FY2021/22-2023/24

Table 2.8: Summary of Pending Bills

Type/Nature	Due to lack of Exchequer (Ksh Million)			Due to Lack of Provision			Remarks
	2021/22	2022/23	2023/24	2021/22	2022/23	2023/24	
1. Recurrent	0	0	0	0	0	0	
Compensation of Employees	0	0	0	0	0	0	
Use of Goods and Services e.g. Utilities, domestic or Foreign travel etc	0	0	11	0	0	0	
Social Benefits e.g. NHIF, NSSF	0	0	0	0	0	0	
Other Expenses	0	0	0	0	0	0	
2. Development	0	0	0	0	0	0	
Acquisition of non- Financial assets	0	0	0	0	0	0	
Use of Goods and Services	0	0	0	0	0	0	
Others -	0	0	0	0	0	0	
Total Pending Bills	0	0	11	0	0	0	

2.5 Analysis of court awards

Table 2.9: Summary of Court Awards

Details of the Court Awards	Date of Award	Amount	Payment to date
N/A	N/A	N/A	N/A
TOTAL			

The State Department did not receive any court award

CHAPTER THREE

MEDIUM TERM PRIORITIES AND FINANCIAL PLAN 2025/26 – 2027/28

3.1 Prioritisation of Programmes and Sub-Programmes

3.1.1 Programmes and their objectives

S/No.	Programme	Objective	Sub-Programmes
1.	Investments Development and Promotion	To promote, attract and facilitate investments for economic growth	i) Business Environment and Investment Promotion ii) Investments Profiling and Development iii) General Administration, Planning and Support Services

3.1.2 Programmes, Sub Programmes, Expected Outcomes, Outputs and key performance Indicator for the sub-sector

Table 3.1: Programmes, Sub Programmes, Expected Outcomes, Outputs and Key Performance Indicators for the subsector

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2023/24	Actual Achievement 2023/24	Target (Baseline) 2024/25	Target 2025/26	Target 2026/27	Target 2027/28
S.P 1.1 Business Environment and Investments Promotion	EPZA	EPZ zones gazetted	No of newly Gazetted Zones	11	6	10	13	14	15
		EPZ enterprises licensed	No of newly licensed enterprises	-	-	20	25	28	30
		EPZs Investments, exports and local purchases	Value of Exports from the EPZs (Kshs. Billion)	118	115.71	125	135.44	145.64	155.65
			Value of new Direct Investments from the EPZs (Kshs. Billion)	12	15.8	12	13.44	15.053	20.859
			Value of local purchases (Kshs Billion)	18.5	16.58	21.5	25.12	29.91	35.13
		Jobs created at EPZs	No. of new jobs created	10,000	4,142	8,000	12,000	15,000	20,500

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2023/24	Actual Achievement 2023/24	Target (Baseline) 2024/25	Target 2025/26	Target 2026/27	Target 2027/28
		Athi River Textile Hub	% Completion rate of Athi River Textile Hub	70	66	66	85	100	0
		Development and Construction of Industrial Sheds within Athi River Zone	% completion rate of construction of Industrial Sheds	41.2	2.28	2.28	70	90	100
		Industrial zones developed	% completion of Delmonte (Murangá) Flagship EPZ	100(Phase 1)	45	100	100(phase 2)	100(phase 3)	-
			% completion of Nasewa (Busia) Flagship EPZ	100(Phase 1)	69	100	100(phase 2)	100(phase 3)	-
			% completion	100(Phase 1)	35	100	100(phase 2)	100(phase 3)	-

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2023/24	Actual Achievement 2023/24	Target (Baseline) 2024/25	Target 2025/26	Target 2026/27	Target 2027/28
			of Eldoret ICDC (Uasin Gishu) Flagship EPZ						
			% completion of Sagana(Kirinyaga) Flagship EPZ	100(Phase 1)	25	100	100(phase 2)	100(phase 3)	-
			% completion of Egerton Industrial Park (Nakuru) Flagship EPZ	100(Phase 1)	5	20	100(phase 1)	100(phase 2)	100 (phase 3)
			% completion of Samburu (Kwale)	100(Phase 1)	10	20	100(phase 1)	100(phase 2)	100 (phase 3)

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2023/24	Actual Achievement 2023/24	Target (Baseline) 2024/25	Target 2025/26	Target 2026/27	Target 2027/28
			Flagship EPZ						
	SEZA	Public Special Economic Zones developed	% Completion of the Naivasha SEZ	20	9	9	65	100	-
% Completion of the Dongo Kundu SEZ			10	8	-	-	-	-	
Investments both local and foreign in SEZs attracted		Value of investments attracted at SEZs (in billions)	35	71.6	76	82	88	98	
		No. of new SEZ zones Gazetted and Facilitated	10	9	10	12	12	14	
		No. of enterprises licensed	-	-	20	30	35	40	

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2023/24	Actual Achievement 2023/24	Target (Baseline) 2024/25	Target 2025/26	Target 2026/27	Target 2027/28
		Jobs created at SEZs	No. of new jobs created	3,000	3,696	4,200	4,800	5,300	6,000
	KDC	MSMEs businesses financed and jobs created	No of newly funded MSMEs	-	-	5	15	20	20
			Amount of new loans disbursed (Kshs. Million)	-	-	500	1,500	2,000	2,000
			No. of New direct jobs created	-	-	514	1,543	2,057	2,057
	Business Reforms and Transformation	Business environment and investment climate enhanced	No. of reforms on ease of doing business in Kenya	10	10	10	10	10	10
			No. of reform Action plans	1	1	1	1	1	1
			No. of stakeholders' fora on business	20	20	20	20	20	20

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2023/24	Actual Achievement 2023/24	Target (Baseline) 2024/25	Target 2025/26	Target 2026/27	Target 2027/28
			environment reforms and transformation agenda						
			No. of county competitiveness indices reports	1	-	1	-	-	-
			No. of counties covered by County Regulatory Tool kits	10	10	15	25	35	47
			No. of Bills developed	5	3	1	1	1	1
			County Uniform (Licensing) Act, 2023 regulations	-	-	1	-	-	-

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2023/24	Actual Achievement 2023/24	Target (Baseline) 2024/25	Target 2025/26	Target 2026/27	Target 2027/28
	Business Environment and Private Sector Development	Investment opportunities and bankable investment projects promoted locally and internationally	No of investment forums held	12	15	12	12	12	12
		National, Regional and International MOUs signed	No of Joint Commissions of Cooperation/joint trade and investment committees	4	4	4	5	5	5
			No of investment related MOUs signed	3	3	10	12	12	13

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2023/24	Actual Achievement 2023/24	Target (Baseline) 2024/25	Target 2025/26	Target 2026/27	Target 2027/28
		Legal,policy and regulatory frameworks enhanced	National Investment Strategy	1	-	1	-	-	-
			Reviewed KIP and implementation	1	-	1	-	-	-
			Private Sector Development Strategy	-	-	1	-	-	-
SP 2.1 Investments profiling and Development	Ken-Invest	Investments attracted and Employment opportunities generated	value of investments attracted (in Kshs billions)	100	117.8	120	125	130	135
			No. of investment projects proposals registered	200	207	210	220	230	240

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2023/24	Actual Achievement 2023/24	Target (Baseline) 2024/25	Target 2025/26	Target 2026/27	Target 2027/28
			and facilitated						
			No. of new employment opportunities generated	10,000	12061	12000	13000	14000	15000
		Investor retention	No. of investors provided with aftercare services	220	238	250	260	270	280
		One Stop Centre (OSC) operationalized	% rate of completion for OSC	45	38	38	50	70	100
		Central repository and complaints handling single window automated	% rate of automation	20	15	15	50	70	100
SP 3.1: General Administrati	Planning, Finance and	Monitoring and Evaluation conducted	No. of Monitoring Reports	1	1	2	2	2	2

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2023/24	Actual Achievement 2023/24	Target (Baseline) 2024/25	Target 2025/26	Target 2026/27	Target 2027/28
on, Planning and Support Services	Administrati on services	Ministerial Programme Review reports developed	No. of PPR Reports	1	1	1	1	1	1
		MTEF Budget report prepared	No. of Sub-Sector/sector report	1	1	1	1	1	1
		Review Strategic Plan 2023-2027	Strategic plan 2023-2027 reviewed	-	-	-	-	1	-
	Human Resource Management	Staff trained	No of staff trained	81	0	50	55	60	65
		Training Needs Assessment Report	Number of Reports	-	-	1	-	1	-
		Operationalized Online Staff Performance Appraisal	No of SPAS Online Reports	60	0	62	65	67	70

Programme	Delivery Unit	Key Outputs	Key Performance Indicators	Target 2023/24	Actual Achievement 2023/24	Target (Baseline) 2024/25	Target 2025/26	Target 2026/27	Target 2027/28
	ICT	Develop ICT policy and Strategy	ICT strategy developed	-	-	1	-	-	-
		Digitalised Investment Promotion Services	No of Digitalised Investment promotion Services	-	-	1	1	1	1

3.1.3 Programme by Order of Ranking

- Investment development and promotion

3.1.4 Resource Allocation Criteria

RECURRENT

a) Personnel Emolument

- i. IPPD from July to October 2024 (use payroll of July to November to project for Full year then add 3% wage drift)

b) Operations and Maintenance

- i. Contractual obligations
 - a. Rent/Parking Lease agreements
 - b. Contracted guards and cleaning services
 - c. CS office budget
 - d. Completion of unfinished renovations
 - e. Other operating expenses

c) Grant Transfers to Semi-Autonomous Government Agencies (SAGAs)

DEVELOPMENT

- i. Grant Transfers to Semi-Autonomous Government Agencies (SAGAs)
- ii. Donor funded projects
- iii. Flagship projects
- iv. Stalled projects

3.2 Analysis of Sub Sector Resources Requirement versus Allocation

The Analysis of Recurrent Resource Requirements and Allocation is given in Table 3.2 below.

Table 3.2: Recurrent Requirements/Allocations (Amount Kshs Million)

ANALYSIS OF RECURRENT RESOURCE REQUIREMENT VS ALLOCATION								
Vote and vote details	Economic classification	APPROVED ESTIMATES	REQUIREMENT			ALLOCATION		
		2024/25	2025/26	2026/27	2027/28	2025/26	2026/27	2027/28
1177 : State Department for Investment Promotion	Gross	1,165.69	3,033.89	3,212.08	3,424.70	-	-	-
	AIA							
	NET	1,165.69	3,033.89	3,212.08	3,424.70	-	-	-
	Compensation to employees	153.59	156.10	158.67	161.30	-	-	-
	Grants and Transfers	882.88	2,241.59	2,401.91	2,602.40	-	-	-
	Other Recurrent	129.22	636.20	651.50	661.00	-	-	-
	Of which							
	<i>Utilities</i>	-	-	-	-	-	-	-
	<i>Rent</i>	40.00	35.00	35.00	35.00			
	<i>Insurance</i>	-	-	-	-	-	-	-
	<i>Subsidies</i>	-	-	-	-	-	-	-
	<i>Gratuity</i>	-	-	-	-	-	-	-
	<i>Contracted Guards and Cleaners Services</i>	3.00	5.00	5.00	5.00	-	-	-
<i>Other</i>	86.22	596.20	611.50	621.00	-	-	-	

TABLE 3.3: SUB SECTOR DEVELOPMENT REQUIREMENTS/ALLOCATIONS (AMOUNT KSHS MILLION)

ANALYSIS OF DEVELOPMENT RESOURCE REQUIREMENT VS ALLOCATION
--

Vote and vote details	Economic Classification	Approved Budget Allocation	Requirement			Allocation		
		2024/25	2025/26	2026/27	2027/28	2025/26	2026/27	2027/28
1177 : State Department for Investment Promotion	Gross	1,200.00	17,495.71	16,523.90	45,190.33	-	-	-
	GOK	1,200.00	8,013.00	11,523.90	37,890.33	-	-	-
	Loans	-	9,482.71	5,000.00	7,300.00	-	-	-
	Grants	-	-	-	-	-	-	-
	Local AIA	-	-	-	-	-	-	-

Table 3.4: Analysis of Programmes and Sub-Programmes(current and capital) Resource Requirements. (Kshs.Million)

	Approved Estimates			Projection (Requirement)								
	2024/25			2025/26			2026/27			2027/28		
	Current	Capital	Total	Current	Capital	Total	Current	Capital	Total	Current	Capital	Total
Programme 1: Investment Development and Promotion	1,165.69	1,200.00	2,365.69	3,033.89	17,495.71	20,529.60	3,212.08	16,523.90	19,735.98	3,424.70	45,190.33	48,615.03

S.P 1.1. Business Environment and Investment Promotion	803.53	1,200.00	2,003.53	1,824.27	17,287.71	19,111.98	1,924.45	16,363.90	18,288.35	2,078.55	45,029.83	47,108.38
S.P 1.2. Investments Profiling and Development	137.88	-	137.88	759.19	208.00	967.19	825.17	160.00	985.17	876.90	160.50	1,037.40
S.P 1.3. General Administration, Planning and Support Services	224.28	-	224.28	450.43	-	450.43	462.46	-	462.46	469.25	-	469.25
Total Programme	1,165.69	1,200.00	2,365.69	3,033.89	17,495.71	20,529.60	3,212.08	16,523.90	19,735.98	3,424.70	45,190.33	48,615.03
TOTAL VOTE 1177	1,165.69	1,200.00	2,365.69	3,033.89	17,495.71	20,529.60	3,212.08	16,523.90	19,735.98	3,424.70	45,190.33	48,615.03

Table 3.5: Analysis of Programmes and Sub-Programmes(current and capital) Resource Allocation. (Kshs.Million)

	Approved Estimates			Allocation								
	2024/25			2025/26			2026/27			2027/28		
	Current	Capital	Total	Current	Capital	Total	Current	Capital	Total	Current	Capital	Total
Programme 1: Investment Development and Promotion	1,165.69	1,200.00	2,365.69	-	-	-	-	-	-	-	-	-

S.P 1.1.Business Environment and Investment Promotion	803.5 3	1,200 .00	2,003 .53	-	-	-	-	-	-	-	-	-
S.P 1.2. Investments Profiling and Development	137.8 8	-	137.8 8	-	-	-	-	-	-	-	-	-
S.P 1.3. General Administration, Planning and Support Services	224.2 8	-	224.2 8	-	-	-	-	-	-	-	-	-
Total Programme	1,165. 69	1,200 .00	2,365 .69	-	-	-	-	-	-	-	-	-
TOTAL VOTE 1177	1,165. 69	1,200 .00	2,365 .69	-	-	-	-	-	-	-	-	-

Table 3.6: Programmes and Sub-Programmes by Economic Classification (Kshs. Millions)

Economic classification	Approved Budget	Resource Requirement			Resource Allocation		
	2024/25	2025/26	2026/27	2027/28	2025/26	2026/27	2027/28
Programme 1: Investment Development and Promotion							
Current Expenditure	1,165.69	3,033.89	3,212.08	3,424.70	-	-	-
Compensation to Employees	153.59	156.10	158.67	161.30	-	-	-
Use of Goods and Services	127.51	606.20	615.50	622.00	-	-	-
Grants and Other Transfers	882.88	2,241.59	2,401.91	2,602.40	-	-	-
Other Recurrent	1.71	30.00	36.00	39.00	-	-	-
Capital Expenditure	1,200.00	17,495.71	16,523.90	45,190.33	-	-	-
Acquisition of Non Financial Assets	-	-	-	-	-	-	-
Capital Transfers to Govt Agencies	1,200.00	17,495.71	16,523.90	45,190.33	-	-	-
Other Development	-	-	-	-	-	-	-
Sub-Programme 1.1 : Business Environment and Investment Promotion							
Current Expenditure	803.53	1,824.27	1,924.45	2,078.55	-	-	-
Compensation to Employees	26.57	27.13	27.21	27.30	-	-	-
Use of Goods and Services	31.96	314.74	320.50	325.75	-	-	-
Grants and Other Transfers	745.00	1,482.40	1,576.74	1,725.50	-	-	-
Other Recurrent		-	-	-	-	-	-
Capital Expenditure	1,200.00	17,287.71	16,363.90	45,029.83	-	-	-
Acquisition of Non Financial Assets	-	-	-	-	-	-	-
Capital Transfers to Govt Agencies	1,200.00	17,287.71	16,363.90	45,029.83	-	-	-
Other Development	-	-	-	-	-	-	-
Sub-Programme 1.2 : Investments Profiling and Development							
Current Expenditure	137.88	759.19	825.17	876.90	-	-	-
Compensation to Employees	-	-	-	-	-	-	-
Use of Goods and Services	-	-	-	-	-	-	-
Grants and Other Transfers	137.88	759.19	825.17	876.90	-	-	-

Economic classification	Approved Budget	Resource Requirement			Resource Allocation		
	2024/25	2025/26	2026/27	2027/28	2025/26	2026/27	2027/28
Other Recurrent	-	-	-	-	-	-	-
Capital Expenditure	-	208.00	160.00	160.50	-	-	-
Acquisition of Non Financial Assets	-	-	-	-	-	-	-
Capital Transfers to Govt Agencies	-	208.00	160.00	160.50	-	-	-
Other Development	-	-	-	-	-	-	-
Sub Programme 1.3 : General Administration and Support Services							
Current Expenditure	224.28	450.43	462.46	469.25	-	-	-
Compensation to Employees	127.02	128.97	131.46	134.00	-	-	-
Use of Goods and Services	95.55	291.46	295.00	296.25	-	-	-
Grants and Other Transfers	-	-	-	-	-	-	-
Other Recurrent	1.71	30.00	36.00	39.00	-	-	-
Capital Expenditure	-	-	-	-	-	-	-
Acquisition of Non Financial Assets	-	-	-	-	-	-	-
Capital Transfers to Govt Agencies	-	-	-	-	-	-	-
Other Development	-	-	-	-	-	-	-

Table 3.7: Analysis of Recurrent Resource Requirement vs. Allocation for SAGAs (Kshs. Million)

Economic Classification	Approved Estimates	Requirements			Allocation			Remarks
	2024/25	2025/26	2026/27	2027/28	2025/26	2026/27	2027/28	
Kenya Investment Authority (KENINVEST)								
Gross	137.88	759.19	825.17	876.90	-	-	-	
AIA	2.00	2.00	2.00	2.00	-	-	-	
NET	135.88	757.19	823.17	874.90	-	-	-	
Compensation of employees	137.88	280.19	280.19	280.19	-	-	-	
Other Recurrent	-	479.00	544.98	596.71	-	-	-	
<i>Of which</i>								
<i>Insurance</i>	-	8.00	8.00	11.25	-	-	-	
<i>Utilities</i>	-	8.50	10.88	13.04	-	-	-	
<i>Rent</i>	-	55.00	55.00	55.00	-	-	-	
<i>Subscriptions to International Organizations</i>	-	-	-	-	-	-	-	
<i>Subscriptions to Professional Bodies</i>	-	-	-	-	-	-	-	
<i>Contracted Professionals (Guards & Cleaners)</i>	-	3.00	3.00	3.50	-	-	-	
<i>Gratuity</i>	-	1.93	1.93	1.93	-	-	-	
<i>Others</i>	-	402.57	466.17	511.99	-	-	-	
Special Economic Zone Authority (SEZA)								
Gross	70.00	600.00	620.00	650.00	-	-	-	
AIA	30.00	60.00	100.00	120.00	-	-	-	
NET	40.00	540.00	520.00	530.00	-	-	-	
Compensation of employees	70.00	161.25	230.55	252.07	-	-	-	
Other Recurrent	-	426.48	374.63	382.55	-	-	-	

Economic Classification	Approved Estimates	Requirements			Allocation			Remarks
	2024/25	2025/26	2026/27	2027/28	2025/26	2026/27	2027/28	
<i>Of which</i>								
<i>Insurance</i>	-	24.40	29.19	37.24	-	-	-	
<i>Utilities</i>	-	1.50	2.17	2.17	-	-	-	
<i>Rent</i>	-	26.85	29.54	32.90	-	-	-	
<i>Subscriptions International Organization</i>	-	-	-	-	-	-	-	
<i>Subscriptions to Professional Bodies</i>	-	-	-	-	-	-	-	
<i>Contracted Professionals (Guards & Cleaners)</i>	-	25.35	27.88	33.83	-	-	-	
<i>Gratuity</i>	-	12.27	14.82	15.38	-	-	-	
<i>Others</i>	-	348.38	285.86	276.42	-	-	-	
Export Processing Zones Authority (EPZA)								
Gross	675.00	882.40	956.74	1,075.50	-	-	-	
AIA	475.00	639.40	753.74	945.00	-	-	-	
NET	200.00	243.00	203.00	130.50	-	-	-	
Compensation of employees	335.14	385.14	392.63	448.00	-	-	-	
Other Recurrent	339.86	497.26	564.11	627.50	-	-	-	
<i>Of which</i>								
<i>Insurance</i>	44.40	59.70	63.70	74.00	-	-	-	
<i>Utilities</i>	9.12	14.15	16.35	20.35	-	-	-	
<i>Rent</i>	11.84	16.40	18.80	22.00	-	-	-	
<i>Subscriptions to International Organizations</i>	-	-	-	-	-	-	-	
<i>Subscriptions to Professional Bodies</i>	-	-	-	-	-	-	-	

Economic Classification	Approved Estimates	Requirements			Allocation			Remarks
	2024/25	2025/26	2026/27	2027/28	2025/26	2026/27	2027/28	
<i>Contracted Professionals (Guards & Cleaners)</i>	49.05	54.56	66.00	76.00	-	-	-	
<i>Gratuity</i>	15.00	28.00	29.00	30.00	-	-	-	
<i>Others</i>	210.45	324.45	370.26	405.15	-	-	-	
Total Vote 1177								
Gross	882.88	2,241.59	2,401.91	2,602.40	-	-	-	
AIA	507.00	701.40	855.74	1,067.00	-	-	-	
NET	375.88	1,540.19	1,546.17	1,535.40	-	-	-	

CHAPTER FOUR

CROSS-SECTOR LINKAGES AND EMERGING ISSUES/CHALLENGES

4.1 Cross Sector Linkages

4.1.1 Agriculture, Rural and Urban Development

Agriculture presents numerous opportunities for investment, making it a critical area for economic development and growth. Approximately 40% of Kenya's workforce is employed in the agricultural sector and contributes 21.8% to Kenya's GDP. This makes it an attractive sector for both local and foreign investments. Development of incentivized zones and bankable investment projects within the agricultural priority value chains within BETA will contribute towards accelerating economic development through employment and wealth creation.

Rural and urban development significantly influences private investments. This underscores the need for the government to invest in the rural infrastructure, such as roads, electricity, and water supply to enhance accessibility and attract private Domestic and Foreign Direct Investments. Improved transport facilitates trade and connects farmers to markets. Therefore, targeted investments in both rural and urban settings will stimulate an inclusive economic growth, improve living standards, and create a more balanced and sustainable development. Urbanization drives demand for housing and commercial real estate, attracting significant private investment in construction and development.

4.1.2 Energy, Infrastructure and ICT

Energy, infrastructure and ICT are crucial drivers of investment in the economy as identified in the BETA. The sub sector is critical in the provision of efficient, affordable and reliable energy for attracting and retaining investments that will contribute to sustainable economic growth and development. Albeit the prevailing high cost of energy in the country, initiatives such as increased investments in the renewable energy sources, such as geothermal, solar and wind by the government to supplement the HEP sources and effectively lower the energy costs and enhance the competitiveness businesses and investment climate. This in effect, will make the country more attractive for both domestic and foreign investment particularly in sectors like manufacturing and agriculture. In addition, expanding access to energy, especially in rural areas, will open up opportunities for new businesses and agricultural ventures, further driving investment.

Efficient transportation infrastructure (roads, railways, ports) is critical for movement of goods, services and labour mobility. Investments in these areas reduce logistics costs and time, making the country more attractive to businesses and investments. There is need for government to embrace Public-Private Partnerships (PPPs) for significant investments in infrastructural projects and sharing of risks.

The growth of ICT enables businesses to operate more efficiently through automation and re-engineering, attracting investments in tech startups and digital services. Facilitating development of internet and communication infrastructure such as e-commerce, telecommuting, and digital service delivery will make the country more competitive and attractive for investments. Further, initiatives such as GoK digital hubs across the country and digitization of government processes will create a more conducive business environment.

4.1.3 Education

Education plays a significant role in shaping investment landscapes and driving economic growth in the country. A well-educated workforce enhances productivity and innovation, making the country more attractive to investors. Education fosters entrepreneurship by equipping individuals with the skills and knowledge needed to start and manage businesses which encourage investment. There is need to facilitate partnerships between educational institutions and businesses to drive investments in skills development, research and innovation that align with the industry needs for improved performance and global competitiveness of the country

4.1.4 Governance, Justice, Law and Order

Effective governance, a strong legal framework, and a commitment to justice, law and order are fundamental for creating a favourable business and investment climate. Investors are willing to invest and commit resources in environments where they feel their businesses are secure and confident that their rights which includes property rights and contract enforcement are protected.

The government needs to reduce the risks of political unrest to make it easier for investors to plan for the long term without disruptions. Generally, the investors will seek to invest where their assets and operations are secure from sudden changes and mechanisms for resolving disputes are effective, which gives investors' confidence that they can seek redress if issues arise. In addition,

simplifying licensing, permits, and compliance requirements will significantly enhance the attractiveness of the country.

The level of investments in the sub sector is dependent on an effective and efficient justice, law and order regime in the country. Expeditious administration of justice supports the ease of doing business and growth of investments by promoting investor confidence.

4.1.5 Public Administration and International Relations

Public administration and international relations are interlinked and play a vital role in attracting investments. Efficient governance and strong international ties create a stable, predictable environment that encourages both domestic and foreign investors. By focusing on good governance and belonging to regional blocs which include EAC and AfCTA, the government will enhance the investment climate and drive economic growth.

Strong international relations also lead to trade negotiations and bilateral agreements that provide preferential access to markets. In addition, the government's participation in regional organizations which includes EAC and AfCTA fosters economic integration, improving access to regional markets and attracting investments.

In implementing the programmes, the Investment Promotion Sub Sector will be guided by the national agenda and policies, resource mobilisation, governance, foreign relations and involvement in the budget making and implementation process.

4.2 Challenges:

The Sub-sector is faced by a number of challenges which include: -

4.2.1 Technicalities in land acquisition for development of Economic Zones

The sub-Sector faces challenges of transfer of land to implementing agencies for purposes of developing the economic zones. The process is quite long and time-consuming causing delay in the acquisition of land and gazettelement of the zones.

4.2.2 Slow compensation and resettlement of Project Affected Persons

Some of the areas gazetted as public zones have Project Affected Persons (PAPs) in the areas and therefore hindering or causing delays in the development of the areas. Further, there are some cases

of delayed compensation for the PAPs thus hindering the development and operationalization of the zones.

4.2.3 Uncertainty arising from changes in tax regime

Changes in tax measures may affect the businesses and investors, creating an unpredictability in the business and investment climate thus negatively impacting our efforts to promote Kenya as a preferred investment destination This is compounded by lack of an approved National Tax Policy.

4.2.4 High cost of doing business

High cost of doing business can be attributed to; high cost of power and high frequency of electricity blackouts; High Cost of compliance to regulatory requirements and high cost of credit.

4.2.5 Budget cuts

The Sub-sector has continued to experience reduction in the budget allocations. This has resulted in delays in project completion, pending bills and penalties.

4.2.6 Delayed Exchequer

The Sub-sector has continued to experience delays in funds disbursement. This has resulted in delays in project completion, pending bills and penalties.

4.2.7 Inadequate Funding

The Sub-sector has continued to experience inadequate funding to execute their core mandate.

4.2.8 Under staffing

The Sub-sector continues to face low budgetary allocation to cater for staff recruitment.

Emerging Issues

- i. Digitization of services within the sub sector will require funding to facilitate investments.
- ii. Geo-Politics - The current geopolitics and alignments in the global economic power bases is a phenomenon that may continue to shape investments and trade flows.

- iii. Mobilization of diaspora remittances for investments-This emerged as a key source of foreign exchange earnings for the country therefore strategies should be put in place to realign and enhance the remittances.
- iv. Development of County competitiveness index
- v. Green investments financing

CHAPTER FIVE

CONCLUSION

Private investments (Foreign and Domestic) plays a crucial role in driving Kenya's economic growth and development through creation of jobs, increase in capital , increase foreign exchange earnings, increase national saving rate, innovation and technology transfers and creates a conducive business environment and investment climate in the economy. Thus, making it priority area and an enabler in achieving BETA pillars by putting in place measures that attract, facilitate and retain foreign investments while encouraging the expansion of domestic investments .

The sub-sector is committed to increase private investments through interventions such as;promoting key value chains through Development of Textile Hub and leather Park; Streamlining the investment journey through One Stop Center (OSC); Increasing Export Earnings through Development of flagship EPZ hubs (Sagana, Murangá, Egerton, Nasewa, Eldoret ICDC, Samburu- Kwale);Attracting investors into the incentivized zones through development of industrial sheds ;improving the ease of doing business, operationalization of the Central Repository and Complaint Handling Single Window; Increasing the level of employment opportunities by implementing the Kenya Jobs and Economic Transformation (KJET) Project and de-risking of investments through provision of Credit to Large, Medium and Micro-small medium enterprises to all sectors of the economy through Kenya Development Corporation (KDC).

CHAPTER SIX

RECOMMENDATIONS

In order to enhance the sub sector's contribution and productivity to the economy and to ensure successful implementation of projects planned in the 2025/26 - 2027/2028 MTEF period, the following recommendations have been proposed:

- i. Fast tracking the finalization of the National Tax Policy.
- ii. Implementing policy and legislative reforms.
- iii. Fast tracking the transfer of lands earmarked for development of public zones under SEZ and EPZ.
- iv. Expedite compensation and resettlement of Project Affected Persons by provision of sufficient budgetary allocation.
- v. There should be no budget cuts for the already contracted works/ commitments to avoid pending bills and delay in project completion.
- vi. Timely release of exchequer
- vii. Increase resource allocation to the sub-sector to facilitate recruitment of optimal human resource
- viii. Support the departments and agencies in their efforts to mobilize resources through Public Private Partnerships.

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