



Machakos Investment Promotion Board (MIPB)

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The major focus for Machakos County Government is to spur economic growth, generate employment opportunities to absorb the large number of the unemployed, particularly the youth, and reduce poverty levels. My Government is convinced that economic growth is the primary vehicle through which it can achieve improved provision of public services, health, water, better infrastructural services and gainful employment for the people of Machakos County especially the youth. The County Government is also convinced that employment creation through various investments is the most effective strategy for halting the increasing poverty; Machakos Investment Promotion Board is playing a major role to make sure this is achieved.



The Machakos Investment Promotion Board has been a crucial body in steering generation of quality investments that are necessary to transform Machakos County into a world class hub of investment and living. In our strategic economic plan, we plan to achieve a number of investments to foster sustainable growth and economic stability in the County. This we intend to achieve through focused, constructive and harmonized promotional activities.

My government has put in place investment incentives and business friendly policies and frameworks to make your investments work for you. Even as the Board becomes robust and more strategic in the targeting and servicing of investors, it is anticipated that this handbook will be a useful guide to sectorial opportunities and modalities of doing business in Machakos. Welcome to Machakos, the place to be.

Dr. Alfred N Mutua
Governor, Machakos County.



My able colleagues and I are glad to spearhead the Machakos Investment Promotion Board into achieving its mandate. We highly recognize the significance of investment to economic growth and it is in our interest to ensure that the investments we attract to the County lead to sustainable development to accelerate socio-economic transformation.

As we continue to dream of a brighter and promising future, we are proud of the steps we have taken so far in creating a business friendly environment in the County. We are keen to implement a favorable investment and incentive policy that will considerably cut on the time and cost of doing business in Machakos.

Among the wide range of services provided by the Board includes dissemination of information on the potential opportunities for investments, as well as facilitation of companies seeking to start-up or expand in Machakos and the details have been highlighted in this promotional handbook.

Machakos County already plays host to a number of major investors in different sectors and is proactively seeking for more. In this regard we welcome you to exploit the diverse opportunities in Machakos County.

Kenneth M. Wathome,
Chairman, MACHAKOS INVESTMENT PROMOTION BOARD.



Machakos Investment Promotion Board understands the need to offer potential investors factual and reliable information about potentially lucrative business opportunities, and the procedures of doing business in Machakos.

In this handbook, we have sought to highlight the key investment sectors within the county, in which we have the most competitive advantage. These include manufacturing, agribusiness, infrastructure and housing, energy and natural resources, information communication technology, and tourism and entertainment. We have further indicated specific opportunities under each sector, to accommodate individual investment interests.

The investor one-stop-shop is operational and we have well laid out channels to have investor queries and concerns addressed in a timely and efficient manner to ease up the process of doing business. We are looking forward to making Machakos not only the most business friendly destination in Kenya but also in Africa.

Anthony Kim Musau,
CEO, MACHAKOS INVESTMENT PROMOTION BOARD.

The Machakos Investment Promotion Board is a county investment agency set up by the County Government of Machakos to promote domestic and foreign investments to facilitate economic development in Machakos County. Established in 2013, the Machakos IPB serves as the one-stop shop for doing business in Machakos. The Machakos IPB's Strategic, Organizational and Operational framework is geared towards marketing the County as a brand as well as advocate for investor-friendly governance, legislation and policies.

Our Vision

Our vision is to make Machakos County a globally competitive hub of world class investment and living.

Our Mission

To enhance economic development through partnership with foreign and domestic investors; the public and private sector; international individuals towards improving the quality of life for all Machakos citizens.

- Business cooperation and business start-up services
- Providing information about the domestic investment within the institutional framework
- Providing information about the domestic laws and cultural customs
- Providing assistance in securing permits and licenses from County and national authorities
- Providing information about developing specific strategies for specific sectors and investors
- Providing assistance in the location of Greenfield and site options according to specific requirements
- Maintaining an investment database and excellent investor relations.
- Providing assistance in obtaining investment incentives.
- Promoting business linkages by connecting local companies with foreign investors
- Facilitating business-friendly synergies through initiatives that encourage relations between domestic supplier companies and other local partners



3 About Machakos

3.1 Machakos County

Machakos is set to be a world-class eco-friendly metropolis that will feature over 2,000 acres of modern architectural buildings, undulating landscapes with lush beautiful gardens, wide streets, parks and well zoned housing complexes all powered using renewable energy. Machakos County hosts many local and international investment companies that command regional market leadership in mining, hospitality, manufacturing, food, agriculture and many other economic sectors that position the County as a prime location for doing business in Africa. The Machakos Investment Conferences held on 16th -17th May 2013 and on 2nd - 3rd November 2013 saw the signing of Memorandums of Understanding (MOUs) worth over KES.56 Billion (about 650 million dollars) in investment in the county.



3.2 Geographic Location

Located 1000-1600 meters above sea level and 64km South East of Kenya's capital Nairobi, Machakos County is a 30 minute drive from the Jomo Kenyatta International Airport and connects Nairobi County to the Konza Techno City, a Kenya Vision 2030 flagship project that is set to be Africa's first Silicon Savannah and an oasis of modern living and class.

3.3 History

Established in 1887 as the first administrative centre for the new British East Africa and was named after the great Akamba chief, Masaku. Following the relocation of the capital to Nairobi, Machakos has since remained a great place to do business and has long served as an administrative, agricultural and trading centre.

3.4 The Demographics

Machakos houses a total population of 1.2 million people, 300,000 households and covers an area of 6,208 SQ. KMs. The population density is 177 persons per SQ KM.

3.5 Fast Facts

- The Machakos County Government is committed to delivering a profit-friendly environment for doing business.
- The Machakos Investment Promotions Board and the County's experienced and professional economic development team is on call to provide tailor-made investment opportunities.
- The Machakos County Investment Certificate is our one-stop licensing instrument that fast-tracks investment mobilization.
- Easy access to domestic, regional and global markets through the Mombasa-Kigali highway, Nairobi's Jomo Kenyatta International Airport and the Port of Mombasa.

3.6 Skilled Workforce

With a literacy level of 82.3%, 998 primary schools, 346 secondary schools and over 30 post-secondary institutions, Machakos County assures its investors of a sufficient pool of skilled labor and highly trained professionals to drive business in the County.



3.7 Tourism Information

Machakos County boasts a diverse selection of cultural tourist attractions such as the Fourteen falls, Oldonyo Sabuk National Park, The Magnetic hill anti-gravity site, the Masinga dam, Iveti Forest reserve, the Komarok shrine, Machakos People's park, the 5,000-seater open amphitheatre and the Lukenya hills and many more. The County's hilly terrain and breathtaking scenery is perfect for camping, hiking safaris, ecotourism among other tourist activities.

4 Why Machakos

4.1 Supportive Government

The County Government of Machakos is committed to making your investment work for you. Thanks to our supportive government, investment incentives, business-friendly policies and frameworks coupled with the ease of doing business, Machakos is the prime location for doing business in Africa. Through the Machakos IPB, the County government also provides administrative and investor support to facilitate business registration and licensing as well as information and advisory services to potential and existing investors.

4.2 Strategic Location

Machakos County is strategically located 30 minutes from the Jomo Kenyatta International Airport, a regional gateway that connects Kenya to the regional and global markets. Machakos is also located along the Mombasa – Kampala highway. This strategic location, when compared to other food-basket areas in Kenya, positions the county as easily accessible by both road and air transport to facilitate hustle-free imports and exports.

Machakos County plays host to a number of major investors in different sectors including the mining, hospitality, manufacturing, agriculture and the food industry.

4.3 Qualified & Innovative Workforce

Kenya has a population of about 40.5 million people of which 47.5 percent constitute the working population. With a literacy level of 82.3%, 998 primary schools, 346 secondary schools and over 30 post-secondary institutions, Machakos County assures its investors of a sufficient pool of skilled labor and highly trained professionals to drive business in the County. Investors are guaranteed access to a large pool of highly qualified professionals in diverse sectors at competitive rates within a very flexible legal framework.

4.4 Excellent Business Environment

Machakos County, through legislation and the services of the County's Investment Promotion Board, has positioned itself as an attractive and investor-friendly environment for doing business in Africa.

These interventions are founded on three key pillars:

Strategic Framework

- Strong and robust Investment Policies
- A conducive Business Environment
- Incentives that accelerate and encourage capital investment

Tactical/Organizational Framework

- World-class Governance Structures, Processes and Systems
- Qualified and innovative workforce
- Synergies and linkages among stakeholders

Operational Framework

- Marketing and Image building
- Investor Targeting
- Investment Facilitation and Aftercare Advocacy



4.5 Quality of Life

Access to Water

The County Government launched a comprehensive infrastructure programme aimed at improving the lives of Machokos residents. Under its water infrastructure programme, the county government of Machakos is drilling over 800 boreholes, 820 dams & pans, water raised tanks for treated water for all 896 villages to ensure water security. This will see a significant improvement from the current access to quality water in the county estimated at 30%. Investment opportunities are available for upgrading, designing, construction, management and maintenance of sewerage systems. Waste water recycling for agriculture, industry, household use and urban landscaping is also another avenue available for investors to explore.



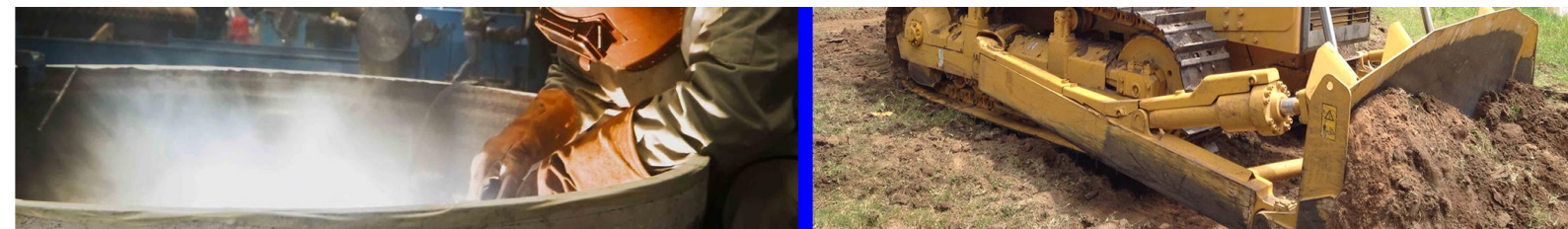
Access to Food

Most of Kenya's top retail chain supermarkets have branches within Machakos County. These provide access to food to the people living in urban centers. In the rural areas, agricultural production is dominated by cereals, grain legumes, root crops and several industrial crops like cotton and coffee. Horticultural crops grown within the county also have a dual subsistence as well as cash function to sustain the people living in rural areas.



Access to Quality Healthcare

Machakos currently has health centers within every sub-county and a Provincial General Hospital (Machakos Level 5 Hospital) with a bed capacity of 375 that is also a teaching and training hospital for the United States International University. Given the real estate boom currently being experienced in the county, there has been an increase in the urban population and a rise in the demand for quality healthcare. This has attracted investment in the healthcare sector with major players setting up facilities within the county. In November 2013, Kenya's leading healthcare institution, The Nairobi Hospital, embarked on setting up a world-class healthcare facility and medical college worth KES.2 Billion (about 23.5 million dollars) offer county residents the best care, using advanced technology in an atmosphere of trust, safety and comfort.



Access to Employment Opportunities

Statistics indicate that informal employment in Machakos County currently stands at 82%, with formal employment at 18%. The government has, from its Investor conferences, received commitment of investment worth over KES.56 Billion (about 650 million dollars) that will see the creation of more employment opportunities for Machakos county residents. The county government also holds quarterly employment forums to give the youth access to job opportunities as well as promote job creation through investment.

4.6 Quality Infrastructure

Roads

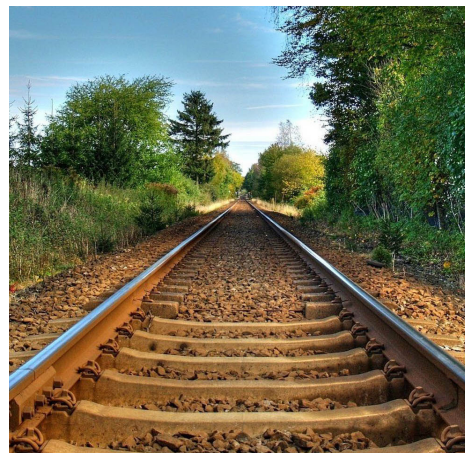
All of the urban centers and industrial zones within the county are accessible by road. This guarantees easy inter-county connectivity to facilitate trade with access to local and international markets. In 2012, 1.8% of the roads in Machakos County were tarmacked and paved. The County Government has since prioritized road infrastructure projects by setting aside KES.1.6 Billion (about 18.8 million dollars) in the 2013/2014 county budget for roads construction and maintenance to ensure accessibility to all to county facilities such as hospitals, schools, food basket areas, quarries and mines. In 2014, the county government opened the tarmacked 33km Makutano-Kithimani road a KES.650 million (about 7.6 million dollars) project. The county government's plan is that by 2017, all major linkage roads will be tarmacked and all other roads will be of dust-free murrum surfaces.

Railway

In November 2013 Kenya commissioned the first Standard gauge railway that will run from Mombasa to Kampala. The Sh1.2 trillion shilling (about 14 Billion Dollars) Standard Gauge Railway (SGR) project will herald a major economic transformation arising from an expected slashing of commodity prices. The new SGR line, which is a Vision 2030 Flagship project to be implemented by the Kenya Railways Corporation, will typically present an opportunity for the railways operator to run freight trains with 54 double stack flat wagons carrying 216 TEUs per trip. As a county, Machakos has also positioned itself strategically around the project by zoning strategic land along the railway to attract unique investors such as those in mining and keen to transport using the railway line. This is in anticipation of improved railway operation systems. The upcoming New Machakos City has a well laid out plan to establish a high speed railway line interconnecting with the capital city Nairobi. This will improve access of Machakos and the upcoming Konza technocity.

Air Transport

Machakos is only 64km from Nairobi and 50km from JKIA (Jomo Kenyatta International Airport) by road transport. The county government has plans to provide funds to construct airstrips/airports in strategic locations including a 4 km long runway at Konza technocity.



ICT & Connectivity

Residents and investors within the county have access to high-speed Internet. Major town centers such as Mavoko, Machakos, Kangundo-Tala, Kathiani and Masee have easy access to high-speed 3G (upto 21Mbps) connectivity whereas rural areas can get high-speed Internet connectivity using satellite link service providers. The county government is working towards establishing free Wi-Fi and Internet kiosks to promote access to online services by citizens, businesses and investors. The county government is also facilitating connectivity programmes to have the National Fiber Internet Cable network to reach Schools, Public Offices, and Police stations to ensure access to online services.

Energy

Energy is a major infrastructural enabler of the other pillars. At national level, wood fuel and other biomass account for 68% of the total primary energy consumption, followed by petroleum at 22% and electricity at 9%. Electricity remains the most popular and its access to the rural areas is estimated at 4 %. A study carried out alongside the national census in 2009 found that only 17% of households in Machakos County have access to electricity. Ranked 11th ahead of Muranga, Kakamega and Narok counties, the county will, over the next 5 years, prioritize rural electrification programmes as well as promote investment in the energy sector to increase the number of households accessing electricity in the County from 17% to 50%.

Access to Land

Machakos County has a total surface area of 6,208 square Kilometers and is ranked the 22nd largest county in terms of surface area ahead of Nairobi, Mombasa, Nyeri and Kisumu Counties. Property in Machakos County can be acquired on freehold or leasehold basis where a freehold title gives the owner absolute proprietorship over the land in perpetuity. A Leasehold property is held on a government lease for a specified period, usually 50 or 99 years. At the end of this period, the landowner applies for an extension of the lease, which is usually granted. The extension process takes approximately 6 months. In the Machakos City master plan, the county has put in place land incentives that investors can capitalize on so as to maximize on their investment. The county is already providing land for investment through concession, tax breaks and waivers to ready investors so that they can expand and provide jobs. The County government is also implementing Farm Subsidy systems as practiced in Australia, Japan and Canada to increase cultivated land in Machakos County from about 20% to 60% over the next 5 years.

Recreational Facilities

With tourism accounting for close to 10% of Kenya's GDP, Machakos County offers an authentic cultural experience with its natural attraction sites and recreation centers. Machakos County has a hilly terrain provides a beautiful scenery that is perfect for tourism-related activities such as camping, hiking safaris, and ecotourism. The county is endowed with natural attraction sites and recreation centres such as the Fourteen falls, Oldonyo Sabuk National Park, The Magnetic hill anti-gravity site, the Masinga dam, Iveti Forest reserve, the Komarok shrine, Machakos People's park, the 5,000-seater open amphitheatre and the Lukenya hills.



Machakos is also a centre for cultural tourism, dance and musical festivals. The CAR Africa women's Sevens Cup, The Bamburi Rugby Super Series, The Tusker Premier League, The Masaku 7s Rugby Tournament and The East and Central Africa Senior Challenge tournament are some of the sporting activities happening in the county.

4.7 Competitive Environment

Machakos has a competitive edge over most counties. This is because of and not limited to:

Investor-friendly Environment

Given that Kenya is a market economy, Machakos County has strategic linkages with key players in the private sector to help foster lucrative business relations as well as voicing private-sector concerns. These include The Kenya Private Sector Alliance (KEPSA), Federation of Kenya Employers (FKE) and The Kenya Association of Manufacturers (KAM). Over and above the multilateral and bilateral trade agreements that are a part of Kenya's trade policy, Machakos County, through the Investment Promotion Board, can provide industry-specific insights, start-up and aftercare assistance, as well as strategic linkages to local, regional and global markets for investors. Machakos is the only county in Kenya that has incentivized investors by offering free land for investments. In the Machakos City master plan, the county has put in place land incentives that investors can capitalize on so as to maximize on their investment. The County government is also implementing Farm Subsidy systems to encourage investment in agriculture.

Security

The vision on security is a “society free from danger and fear”, this is because security is vital in achieving and sustaining economic growth. It provides an enabling environment for individuals and business to thrive; hence a key incentive for attracting investments both from within and outside the county.

The Machakos County government has put in place high security measures to ensure the county is a crime free zone. Some of these interventions include:

- 120 police patrol cars fitted with high-powered communication radio and CCTV cameras
- CCTV Cameras and Street Lighting on Major roads and highways
- 40 police sniffer dogs distributed to all the 40 wards
- Deployment of hand-held firearm detectors
- Police communication equipment and alco-blow kits to ensure road safety.

The county government is also embarking on a KES.600 million (about 7 million dollars) project to build decent police housing and police stations to support security personnel.



5 Investment Opportunities

5.1 Agribusiness

The county’s agricultural production is dominated by cereals, grain legumes, root crops, sisal and coffee.

Coffee

Machakos boasts large coffee farms but lack of a processing plant has hindered the county’s efforts to benefit fully from the crop. A coffee processing plant would aid value addition in production of ready-to-drink coffee. Machakos would like to mill and brand its coffee and looks for partners towards that.

Sisal Farming

Over 80% of the sisal produced in Machakos is exported. The rest is processed in cordage and cottage industries. A sisal processing plant would facilitate the processing of both export and local products to cater for the growing need of sisal products such as ropes, carpets, gloves, bathroom accessories, gypsum for interiors, sisal pulp and furniture.



Fish Farming

Fish farming has of late been taken up as a major farming activity and the fish yields are great. Masinga dam offers a huge catchment site and the potential for the venture is enormous, we are looking for partners to develop a fish processing plant within the county.

Horticulture & Floriculture

Machakos County is famous for its production of mangoes, oranges, Avocadoes, Macadamia and other types of fruits.. All these reach our supermarkets unprocessed. There is a huge opportunity in processing and value adding to these products. Machakos also hosts several established flower farms and would like to have more investors in these sector.

Our proximity to Kenyatta International Airport makes it easy to transport our produce to International markets.

Honey

Ukambani honey is legendary. We are looking for partners to process and brand it. The potential for high returns is huge.



Dairy Farming

Dairy production is a major activity in the livestock sector in Machakos. Alongside milk processing, the County is seeking for partnership for value addition in yoghurt production, cheese, ghee, or ice-cream. Establishment of a dairy processing plant will enhance farm incomes, nutrition as well as supply dairy products to the growing urban population in Machakos County, supermarkets and restaurants.

Livestock

We have a large stock of cattle, goats and sheep. Kenya Meat Commission (KMC) is currently operating at about 25% of its capacity because of shortages in supply. We are looking for partners in the areas of:

- The actual rearing
- Leather processing
- Processing meat products.

Co-operatives

The Cooperative movement in Kenya is an important player in the social economic development of this country. Existing cooperative societies include Consumers' Co-operative Societies, Marketing, SACCOs, Farming and

Housing Co-operative Societies. The areas covered are not fully exploited and thus big opportunities exist in the county. For the existing cooperatives, there is a need to network them through state-of-art technology for building of relationships and alliances, re-engineering and integration of cooperative processes and promotion of web based trading. We are looking for partners in this field.

5. 2 Information **Communication Technology**

Machakos County is a major player in the Konza Techno City, a Kenya Vision 2030 flagship project that is set to be Africa's first Silicon Savannah and an oasis of modern living and class. This Silicon Savannah creates investment opportunities in:

- Science and Technology Parks
- Business Process Outsourcing (BPO)
- Information Technology Outsourcing (ITO)
- Knowledge Process Outsourcing (KPO)
- Creative Services Outsourcing(CSO)

The county has set aside land for investors to set up manufacturing plants for ICT equipment and services and is seeking for investments in the following ICT opportunities:



- ICT Infrastructure development
- ICT Training
- ICT Supplies & Support services
- ICT Systems for Business

Machakos wishes for the National Fiber Internet Cable to be expanded to cover schools, Offices, and Police stations:

- This will ensure access to online services and enhanced communication
- Free Wi-Fi & Internet Kiosks
- Infrastructure to be built in Machakos Town & other major towns in the County
- To promote access to online services by citizens, businesses, investors, etc



ICT Training in Schools & Tertiary Colleges

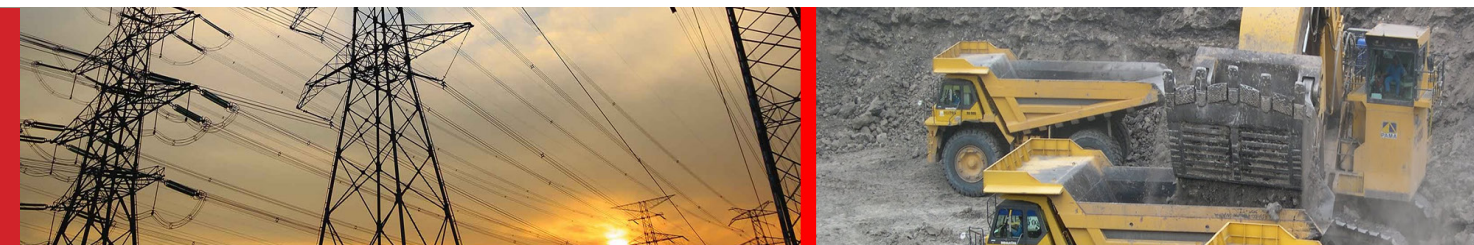
- Empowering citizens for online services, ICT jobs
- Providing opportunities to investors (supplies, support)
- Computer Labs in Schools, with Internet connection
- Empowering our youth with relevant skills for jobs

ICT Systems/Products

- These would be used by the County Government & Businesses
- They would also provide local solutions to local problems (e.g., Land Management Systems and Business Permit Renewal Management System)

ICT Incubation Centers in every constituency in Machakos

- Empowering youths for job creation (Software Developers, Mobile Apps, ICT startups)



5.3 Energy & Mining

Energy

There is high potential for renewable energy generation, adequate for solar and wind farms, bio gas, solid waste recycling and small hydros. There is also a great potential for solar street lighting projects and rural markets. Private Public Partnerships (PPP) and Build own operate and transfer (BOOT) partnerships in these sectors are welcome.

Partnership with Rural Electrification Authority (REA) has provided an opportunity for technical back up. Close proximity to Nairobi dump sites will guarantee additional solid waste raw materials to the energy generation plant. Investors are invited for Oil, gas and coal exploration. The close proximity to Kitui mui coal basin is an added advantage.

Natural Resources

Machakos County is endowed with a lot of natural resources for building, road construction and industrial raw materials that has sparked a lot of quarrying activities. Mapping and exploitation of other Natural Resources such as oil, gas, iron ore, bauxite, limestone, coal, zinc, lead, rear earth metals and others is welcome.



5.4 Infrastructure & Housing

Machakos is only 64Km from Nairobi and 50 km from Jomo Kenyatta International Airport by road transport. We are seeking investors for infrastructure development and specifically, a railway networking linking Machakos Town to Nairobi City.

Machakos County has a well-developed housing industry and is a key focal in Kenya's ongoing retail real estate boom. Machakos is well positioned to provide housing to many people who are looking for secure neighborhood. We are providing land at attractive lease terms to develop housing to cater for Nairobi and Konza techno city which is 15 km from Machakos.

Most of the building construction materials for Nairobi are supplied from Machakos such as - sand, building stones and cement (Simba cement, East African Portland cement, Savannah cement are all located within Machakos county).

Machakos has excellent weather and we shall streamline building plan approvals to ensure that all development plans submitted are approved within 21 days. The ongoing upgrading of the water reticulation system, water for construction and domestic use will be available to all areas 24/7, 52 weeks a year



5.5 Tourism Entertainment

The county has identified tourism and culture as a priority sector and investors are invited to partner with Machakos in the following fields:

Conference Tourism

There is opportunity to tap into conference tourism given that Kenya's marketing efforts are positioning the country as a regional hub for doing business. Machakos' proximity to the Jomo Kenyatta International Airport positions the county as a viable meeting and conferencing alternative to the capital city Nairobi.

Entertainment, Hotels & Recreation Centers

There is a high demand for quality accommodation within the county. Kenya as a country also needs to increase its bed capacity for four-star and five-star accommodation from the current 18%.



Medical Tourism

With a secured investment of over KES.2 Billion (about 23.5 million dollars) from The Nairobi Hospital, and commitment from educational institutions such as Mount Kenya University and the United States International University, Machakos county is still open to support other investors in healthcare by providing land to put up world-class medical facilities that will position Machakos as a healthcare destination for tourists from the region.

Film Making

The creation of 'Machawood' worldwide, is a multi-billion shilling business. Film makers can leverage on the county's potential in the filming locations, the Machakos Entertainment Center for Film, Media, Music and the Arts (MACHAWOOD), as well as maximize on the zero rating of VAT on film production equipment and services.

Sports Tourism

Machakos is a center for cultural, arts and sports. The CAR Africa women's Sevens Cup, The Bamburi Rugby Super Series, The Tusker premier league, The Masaku 7s Rugby Tournament and The East and Central Africa Senior Challenge tournament are some of the sporting activities that have been happening in the county. The county is seeking investment partners in sports stadia, sporting activities and has even set aside land for the construction of a Formula 1 race track.

5.6 Manufacturing

Machakos County is a host of all major manufacturing industries especially in the construction industry. The Machakos new city has its bigger area set for industrial parks with great incentives for all categories of industries.

Through the various county government and national government incentives, Machakos County has already gotten a commitment of over KES.28 billion (about 321 million dollars) in additional investment in the manufacturing sector with companies planning to inject capital in steel manufacturing, construction and housing, as well as food processing.

Machakos also is strategically positioned to reach out to regional markets and Investors are invited to take advantage of Kenya's membership to two key regional economic blocs the East African Community (EAC) and Common Market for East and Southern Africa (COMESA).

Furthermore, Kenya is one of the first Sub Saharan countries eligible to export its textile products to the USA under the provisions of the African Growth Opportunity Act (AGOA).

The county government is improving the business environment in critical areas such as licensing and security which are vital when it comes to investor consideration.

6 Doing Business in Machakos

6.1 Starting a Business

The principal types of business enterprises in Kenya are:

- Registered Companies (Private and Public)
- Branch offices of companies registered outside Kenya
- Partnerships
- Sole Proprietorships; and
- Societies

6.2 Company Registration

In order to register your company, you will need to;

- Reserve a company name and get it approved Registrar of Companies
- Prepare the Memorandum of Association and Articles of Association.
- Complete various forms including Statement of Nominal Capital, Particulars of Directors and Shareholders, Situation of Registered Office and Certificate of a Lawyer involved in the Formation of the Company,
- Stamp the Memorandum of Association and Articles of Association and the Statement of Nominal Capital at the Lands Office together with payment of stamp duty on Nominal Capital.
- File all the forms together with one stamped copy of the Memorandum of Association and Articles of Association with the Registrar of Companies.

You will then be issued with a Certificate of Incorporation by the Registrar of Companies. For public companies, in addition to the Certificate of Incorporation, the Registrar will issue a Trading Certificate. In June 2014, the Kenya government launched a service where Kenyans can now search and reserve names for their businesses and companies instantly using their mobile phones as opposed to going to the Registrar of Companies. The system is currently undergoing improvement to help track the progress of one's application as well as automate the payment of Stamp Duty.

6.3 Opening a branch office of an overseas company

An overseas company wishing to open a branch office in Kenya should deliver the following to the Registrar of Companies:

- A certified copy of the Charter, Statutes or Memorandum and Articles of Association of the Company, or other instruments defining the constitution of the company;
- A list of the directors and secretary of the company, giving full names, nationality and other directorships of companies in Kenya;
- A statement of all existing charges entered into by the company affecting properties in Kenya;
- Names and postal addresses of one or more persons resident in Kenya authorized to accept, on behalf of the company, service of notices required to be served on the company;
- Full address of the registered or principal office of the company in its home country and;
- Full address of place of business in Kenya.

6.4 Register with the Machakos IPB and the Kenya Investment Authority

You can reduce the bureaucracy you face in relation to licensing, immigration and negotiating tax incentives and exemptions from the relevant authorities by registering with the IPB. In order to do this, you will need t

- Engage legal advice in Kenya and register your business.
- Fill the Investment Application Form and put together a business proposal for the IPB that contain the following information:
 - The intended investment
 - Capital to be invested
 - Size of land required together with a preliminary Land Plan
 - Number of jobs to be created
 - Local content absorption i.e. the kind/type of raw materials to be used from the county
 - Technology transfer- Details of how the investment will transfer skills to the county
- Submit Application Form + Certificate of Incorporation + Business Plan + Articles and memorandum of association to the Machakos IPB.

You will be then be issued with an investment Certificate and memorandum of understanding, outlining your obligations as an investor, after your project has undergone an Environmental, Health and Security impact assessments depending on the sector.

This investment certificate qualifies your business for various county and national incentives that may include but are not limited to:

- Fiscal incentives such as capital deductions, investment allowances tax credits and exemptions
- Waiver of levies
- Land for investments
- Partnerships with the government and key business-friendly stakeholders
- Skill and training.

6.5 Buying & Renting Property

Implementing institutions for Registering Property in Kenya have a mandate to enforce and implement various aspects of the land and real property laws. They include;

- Ministry of Lands, Responsible for development of national land Policy
- Lands Registry, mandated to register property in Kenya
- Machakos County Government
- Land Control Boards

Property can be acquired on freehold or leasehold basis where a freehold title gives the owner absolute proprietorship over the land in perpetuity. A Leasehold property is held on a government lease for a specified period, usually 50 or 99 years. At the end of this period, the land owner applies for an extension of the lease, which is usually granted. The extension process takes approximately 6 months.

6.6 Free Land for Investments

In the Machakos City master plan, the county has put in place land incentives that investors can capitalize on so as to maximize on their investment. Once an investor's business proposal has been submitted to the Machakos IPB and has undergone proper evaluation a memorandum of understanding MoU will be drafted. Once this memorandum of understanding between the investor and the county is signed, free land will be allocated to the investor for them to operationalize their investment proposal.

6.7 Rental Property

Sufficient property to let on short to long term basis is available at very competitive rates. This can be accessed through a number of property management companies. Commercial Rental Premises are easily available at competitive rates ranging from KES.50 - 150 (about 0.7 – 2 dollars) Per Square Foot per Month which may be exclusive or inclusive of service charges.

6.8 Getting Electricity

Kenya Power and Lighting Company is the sole distributor of electricity in Kenya. For new connections, one is required to fill Electricity Application Forms (Link to KPLC application form) and pay a refundable deposit. Power is billed in Kenya Shillings per Kilowatt hour. Other charges in electricity bills include Fuel Costs Adjustment charge, Foreign Exchange Adjustment charge, 16% Value Added Tax (VAT), Rural Electrification levy charged at 5% and Energy Regulatory Commission levy charged at 3 Kenya Cents per Kilowatt Hour.

6.9 Access to Finance

All businesses require working capital to operate, to grow and to compete successfully. Promoting access to finance for small and medium-size firms has been on the agenda of Kenya's government. All major commercial banks (Standard Chartered Bank, Equity Bank, Barclays Bank and Family Bank) have branches within Machakos County. Apart from the credit facilities offered by these banks and other financial institutions, some of the opportunities backed by the government and are accessible at the national level, include:

- The Women Enterprise Fund, established in August 2007, provides accessible and affordable credit to support women start and/or expand business for wealth and employment creation.
- The Uwezo Fund that enables women, youth and persons with disability to access finances to promote businesses and enterprises at the constituency level.
- The Youth Enterprise Development Fund which was established to reduce unemployment among the youth aged 18 to 35 years by strategically focusing on enterprise development as a key strategy tool that will increase economic opportunities for, and participation by Kenyan youth in nation building.

Paying Taxes

The Kenyan tax system comprises both direct and indirect form of taxes. These include Income Tax, Customs and Excise Duties and Value Added Tax (VAT). The Government of Kenya, through the Kenya Revenue Authority, requires all companies and all workers to pay taxes. These taxes can be filed online on www.kra.go.ke

Corporate Taxes Income tax is payable at the corporation rate by companies and unincorporated organizations and associations (excluding partnerships, sole proprietorships, and interest or dividend paid by a designated co-operative society) that have taxable income as defined by the Income Tax Act. The income of a partnership or a sole proprietorship is not taxable on the business entity but is taxed on the individual partner or the proprietor. Each partner of a partnership and a sole proprietor is therefore required to declare his business and professional income as part of his personal income and pay tax according to his respective personal tax bracket.

Exemptions from corporation tax, on the application to the Commissioner, may be granted to entities of public character established solely for the relief of poverty or distress of the public, or for the advancement of religion or education and pension trusts and some other qualifying bodies.

The National government offers several tax based incentives mainly covering exemptions from duty and VAT on capital equipment and machinery to be used in the investment project. Other incentives include capital deductions and investment allowances more details can be accessed at <http://www.kra.go.ke>

User Charges & Fees

At the county level, every business must be licensed to operate within the county. Business licenses are obtained from the sub-county offices but the County government is streamlining the process to come up with a Single Business Permit that can be applied for and paid for electronically. Other County taxes include Land Rates and Land Rent that are based on the assessed value of the land.



MACHAKOS INVESTMENT PROMOTION BOARD



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