Republic of Kenya

Foreign Investment Survey

2010

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A.K.M. Kilele, MBS
Director General
Kenya National Bureau of Statistics

ACRONYMS

AU	African Union
BOP	Balance of Payments
BPM5	Balance of Payments Manual fifth edition
CBK	Central Bank of Kenya
CMA	Capital Markets Authority
COMESA	Common Market for Eastern and Southern Africa
DDI	Direct Domestic Investment
DFID	Department for International Development
DI	Direct Investment
EAC	East African Community
EIA	Environmental Impact Assessment
FAL	Foreign Assets and Liabilities
FDEI	Foreign Direct Equity Investment
FDI	Foreign Direct Investment
FPEI	Foreign Portfolio Equity Investment
GDDS	General Data Dissemination System
GDP	Gross Domestic Product
IIP	International Investment Position
IMF	International Monetary Fund
IP	Investor Perceptions
KenGen	Kenya Electricity Generating Company
KenInvest	Kenya Investment Authority
KNBS	Kenya National Bureau of Statistics
KPLC	Kenya Power and Lighting Company
MDGs	Millennium Development Goals
MEFMI	Macro-Economic and Financial Management Institute of Eastern and Southern Africa
NEMA	National Environment Management Authority
NSSF	National Social Security Fund
OI	Other Investment
PCMS	Private Capital Monitoring System
PI	Portfolio Investment
PSED	Private Sector External Debt
STATCAP	Statistical Capacity Building Project
UNCTAD	United Nations Conference on Trade and Development
VAT	Value Added Tax
WB	World Bank
BV	Book Value
FPI	Foreign Portfolio Investment

EXECUTIVE SUMMARY

The Asian economic crisis in the 1990s that saw the hitherto flourishing economies of the "Tigers" crash, and the 'domino effect' on other economies was attributed partly to the quality of economic data used for making business decisions. It was realized that economic data compiled by different countries was not comparable in terms of definitions and compilation methodology. To address this problem, various initiatives aimed at improving the quality of data, were launched and spearheaded by major world bodies. They included, among others, the International Monetary Fund (IMF), the World Bank (WB) and the United Nations Conference on Trade and Development (UNCTAD). The main focus of these initiatives is harmonization of definitions and compilation methods, in line with international standards so that all data covering all economic sectors are comparable. On the regional front, the regional blocs including the East African Community (EAC), Macro-Economic and Financial Management Institute of Eastern and Southern Africa (MEFMI), the Common Market for Eastern and Southern Africa (COMESA) and the African Union (AU) also have programs aimed at harmonizing economic data compilation methods and definitions.

In Kenya, economic analysts have held the view that emerging markets and liberalization of economies prompted large inflows of private capital into the country. These flows have macroeconomic effects that demand urgent policy responses. With limited data on the level and composition of these flows, policy makers are constrained in making timely and appropriate policy responses. This data gap motivated the Kenya National Bureau of Statistics (KNBS) in partnership with other key stakeholders to carry out the survey on foreign investment in Kenya. A sample of 900 enterprises was taken out of an estimated population of 3,500 enterprises with foreign transactions/positions.

The specific objectives of the survey was to collect data necessary to improve the quality of Balance of Payments (BOP) statistics and initiate compilation of International Investment Position (IIP) statistics; collect data necessary for assessment of investors' perceptions of the investment climate in the country, with a view to identifying ways to improve it, and comply with international standards of compilation and reporting of BOP and IIP statistics.

The main analytical tool for Foreign Investment Survey was a questionnaire administered to companies with foreign assets and liabilities. Additional information was sought from banks and other financial institutions to collect data on foreign exchange transactions through the financial institutions. The survey was designed to capture data on foreign capital for the reference period 2007 and 2008 as well as investor perceptions on the business environment in Kenya.

The overall survey implementation was overseen by a National Coordinator assisted by three Regional Coordinators. The data collection exercise was done through face to face interviews and follow ups. The research assistants explained the various aspects of the questionnaire to the person responsible for finance in the target enterprises. In some instances, the research assistants were required to extract information from the enterprises' books of accounts and/or financial statements.

An intensive training of the BOP staff on data editing was conducted which involved reconciliation of reported flows and positions data, as well as extraction of IIP data from submitted balance sheets. BOP data extracted from income and cash flow statements from the surveyed enterprises was used in filling the gaps and validating submitted data.

The major findings from the survey are as follows:

Foreign Liabilities

Kenya's stock of Foreign Liabilities increased by 26.3 per cent from KSh 340,128 million in 2007 to KSh 429,585 million in 2008 with FDI accounting for 63.8 per cent of the total liabilities at KSh 274,004 million. The stock of external liabilities analysed by the regional economic blocs reveal that Europe accounted for 69.7 per cent of the total liabilities with the European Union accounting for 67.1 per cent. Asia, America and Africa accounted for 18.5 per cent, 6.2 per cent and 5.6 per cent, respectively. The stock of Foreign Liabilities from India and China more than doubled over the period. In 2008, Manufacturing followed by Information and Communication and Financial and Insurance Sectors had the highest stock of FDI liabilities.

The country's foreign capital inflows in 2008 totaled KSh 92,253 million compared to KSh 110,480 million recorded in 2007. The 16.5 per cent decline in the inflows may be partly attributable to post election violence and the negative effects of global economic and financial crisis in 2008. The inflows were mainly in the form of debt instruments and Foreign Direct Investment which accounted for 51.4 per cent and 26.4 per cent of the total inflows respectively. The findings indicate that United Kingdom, France, Netherlands, Japan and India are the main sources of foreign private capital inflows. Manufacturing, Information and Communication, and Financial and Insurance sectors were the leading beneficiaries of FDI inflows.

Total outflows of foreign liabilities increased by 26.8 per cent from KSh 27,992 million in 2007 to KSh 38,799 million, in 2008, the highest being trade credits. Outflows of Other Investment and Direct Investment accounted for 70.8 per cent and 29.0 per cent respectively, in 2008. The major destination of FDI outflows in 2008 were US, United Kingdom, France and Germany jointly accounting for 72.1 per cent of the total outflows.

Foreign Assets

The stock of external assets stood at KSh 41,935 million in 2008 compared to KSh 64,555 in 2007 a decline of 35.0 per cent. The reduction in assets was as a result of reductions in loan advances position abroad. The major investment destinations for Kenyan enterprises were Uganda, Tanzania and United Kingdom.

Investor Perceptions

The tax regime, particularly tax administration; insecurity and corruption; cost and efficiency of road and inland transport; cost and supply of electricity had a significant negative effect on business operations. The results of the survey also revealed that interest rates, inflation rate and exchange rate were perceived to have a net negative effect on investment decisions. However, access to international markets; regional finance and internal finance was perceived to have a net positive effect. This suggests that apart from the domestic market, investors still place great importance on international markets. The survey findings indicate that both telecommunication and internet use had a significant impact on investment decisions.

Enterprises reported that they were likely to increase the range of products and services, staff training, recruitment of local staff, investment in technology, export of the products and improvement of existing facilities in the medium term. Those who planned to expand investment in technology comprised 78.1 per cent of the respondents while those intending to improve existing facilities and staff training were 72.9 per cent and 72.8 per cent of the enterprises, respectively. More than half of the enterprises plan to expand their businesses in the next three years.

Conclusion and Recommendations

It is evident from available data that, as a result of increased globalization and liberalization, the size and role of Foreign Private Capital with regard to investment and growth of the economy has gained more significance, and is expected to continue playing an important role in the economy. There is need to consistently carry out similar surveys in future to strengthen the information base on foreign investment while improving on data quality for economic management and planning purposes to achieve Vision 2030 and the Millennium Development Goals (MGDs).
From investors' perspective, corruption led to delays in product registration, port clearance and overall increase in cost of doing business. The survey findings with regard to insecurity and crime suggest that policy measures should be targeted at creating a safe and secure environment for business and investment.

The survey revealed that investors perceived the interest rates to be high and thus the need for the monetary and fiscal policies to address the issues of cost of credit to investors.

The significance of technology on businesses as evidenced by the highest number of investors planning to expand investments in technology is consistent with the historical relationship between technology and business operations.

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CHAPTER1: INTRODUCTION

1.1 Background

The Asian economic crisis in the 1990s that saw the hitherto flourishing economies of the "Tigers" crash, and the 'domino effect' on other economies was attributed partly to the quality of economic data used for making business and policy decisions. It was realized that economic data compiled by different countries was not comparable in terms of definitions and compilation methodology. To address this problem, various initiatives aimed at improving the quality of data, were launched and spearheaded by major world bodies. They included, among others, the International Monetary Fund (IMF), the World Bank (WB) and the United Nations Conference on Trade and Development (UNCTAD). The main focus of these initiatives is harmonization of definitions and compilation methods, in line with international standards so that all data covering all economic sectors are comparable. To this end, international initiatives notably the General Data Dissemination System (GDDS) which was jointly supported by the Department for International Development (DFID), the World Bank and the IMF, and its successor, the Enhanced Data Dissemination Initiative (EDDI) were launched. On the regional front, the regional blocs including the East African Community (EAC), Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI), the Common Market for Eastern and Southern Africa (COMESA) and the African Union (AU) are also involved in programs aimed at harmonizing economic data compilation methods and definitions.

The importance of complete and accurate data for economic management and planning, including the Vision 2030 and the Millennium Development Goals (MDGs) cannot, therefore, be overemphasized. Moreover, as a result of increased globalization and liberalization from the 1990s to date, the size and role of Foreign Private Capital with regard to investment and growth of the economy has gained more significance, and is expected to continue playing an important role in the economy. The demand for data on private capital has therefore increased over time. The Foreign Investment Survey is part of the efforts to improve the quality of statistics and focuses mainly on the external sector data otherwise referred to as Balance of Payments data. In designing the survey methodology and survey instruments, efforts were made to conform to international standards. The survey instruments were developed in consultation with members of the regional organizations who have had experience in similar surveys.

1.2 Justification for the Survey

Before 1993 when foreign exchange controls were in place in Kenya, all foreign exchange transactions were controlled by the Central Bank of Kenya (CBK), and hence all data on foreign exchange transactions were available at the CBK. It was therefore possible to capture all data on foreign capital flows, both public and private, through the CBK. With the liberalization of the economy in 1993 came the lifting of the exchange controls. This meant that all private foreign exchange transactions were henceforth dealt through commercial banks and foreign exchange bureaus and, therefore, it became difficult to obtain complete and accurate data on private capital flows. Although the CBK endeavors to estimate private capital flows by analyzing commercial banks' foreign exchange transactions, the resultant data are neither complete nor accurate mainly due to misclassification resulting from incomplete information from commercial bank customers. Secondly, there could be other capital transactions outside commercial banks which are missed out altogether leading to under/overestimation of data. The foreign capital flows have macroeconomic effects that demand urgent policy responses. With limited data on the level and composition of these flows, policy makers are constrained in making timely and appropriate policy responses.

Foreign investment, particularly inward foreign investment, is recognized worldwide as a major contributor to economic development, through its contribution to economic growth and employment, as well as other linkages, such as provision of social amenities. All countries therefore endeavor to create an enabling environment in order to attract foreign investment. In this regard, the inclusion of investor perception questions in the survey was to assess investor perceptions and hence inform formulation of policies aimed at improving the investment climate in the country.

Foreign Investment Survey (FIS) aimed at capturing data on foreign private capital flows and stocks more accurately in order to improve the quality of Balance of Payments statistics and International Investment Position (IIP).

1.3 Objectives of the Survey

Accurate external sector data is a very important segment of macroeconomic data needed for economic policy management and planning. The specific objectives of the survey, therefore, include:

a) To collect data necessary to improve the quality of BOP statistics and initiate compilation of IIP statistics.

b) To collect data necessary for assessment of investors' perceptions of the investment climate in the country, with a view to identifying ways to improve it.

c) To comply with international standards of compilation and reporting of BOP and IIP statistics.

1.4 Legislative, Regulatory and Institutional Framework

The Kenya National Bureau of Statistics (KNBS) is mandated by the Statistics Act, 2006 to collect, analyze and disseminate statistical information, as well as coordinate the National Statistical System (NSS). Sections 20 and 21 of the Act further mandates the Bureau to collect data from households and firms for official use, while guaranteeing confidentiality of information collected.

Section 6(2) empowers the Board of KNBS to "collaborate with such other bodies within or outside Kenya as it may consider desirable or appropriate in furtherance of the purpose for which the Bureau is established." Thus, the survey was carried out in collaboration with other relevant organizations whose input was considered crucial to the success of the survey, and also envisaged to benefit from the information obtained from the survey. These include the Central Bank of Kenya, the Kenya Investment Authority, the Capital Markets Authority, the Export Processing Zones Authority (EPZA), Ministry of Finance, Kenya Association of Manufacturers (KAM), International Monetary Fund (IMF), Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI) among others.

CHAPTER 2: SURVEY METHODS AND TECHNIQUES

2.1 Survey Implementation Overview

The main analytical tool for Foreign Investment Survey was a questionnaire administered to companies with foreign assets and liabilities (FAL). Additional information on flows was sought from commercial banks and non-financial institutions (NFIs). The survey was designed to capture data on foreign private capital for the reference period 2007 and 2008 and investor perceptions on the business environment. The implementation of the survey was broadly in five stages namely; (1) survey design and sourcing of funds (2) training of personnel and data collection (3) data capture and editing (4) data analysis and report writing and (5) dissemination of the results. The training of Foreign Investment Survey personnel was carried out in two sessions, one for the trainers/supervisors and the other for the research assistants. The data collection exercise took two months from February to March 2010.

Pre-survey activities included sensitization of potential respondents through press advertisement and software development for the survey database through MEFMI.

2.2 Sample Selection

Surveying of enterprises with FAL was a challenge mainly due to lack of a comprehensive enterprise register. In order to surmount this challenge, a list of enterprises with FAL (enterprise frame) was generated by harmonizing various lists. These lists include register of enterprises maintained by KNBS, tax records of Kenya Revenue Authority (based on size of turnover on the assumption that there is some correlation between turnover and the possibility of having foreign assets and liabilities, and Export Processing Zones Authority (EPZA) enterprises. More enterprises were obtained in consultation with Export Promotion Council (EPC), Kenya Investment Authority (KenInvest), Central Bank of Kenya, Commissioner of Insurance, some foreign embassies, the Nairobi Stock Exchange and Communication Commission of Kenya. The harmonized list then formed the FAL sampling frame of 3,500 enterprises.

In carrying out the Foreign Investment Survey(FIS), a purposive sample of 900 enterprises was drawn on the basis of gross turnover, and enterprises known (through other KNBS surveys) to have foreign exchange transactions. The list of enterprises comprised leading companies across different sectors of the economy based on information from regulatory institutions. This procedure was adopted, firstly due to the insufficient funding to carry out a complete census of FAL enterprises, and secondly, it proved to be the most efficient technique to obtain a representative sample. Because of the limitations of the purposive sampling technique so adopted, up rating mechanism was not applied to the results of the survey. After undertaking about two more cycles of FIS, KNBS will then systematically determine total population size of FAL enterprises in the country, for use in probability sampling and up-rating of survey results.

2.3 Survey Instruments

Data collection instruments were developed and agreed upon by the various stakeholders represented in the Foreign Investment Technical Committee (FISTC) established to oversee the implementation of survey activities.

The Questionnaire: The design of the FIS questionnaire was guided by the information to be required and the format closely follows of questionnaires of MEFMI member countries undertaking foreign private capital surveys. The information sought through FIS questionnaire was general information of the enterprises, data on foreign liabilities and assets, international trade in services for the period 2007 and 2008 and investor perceptions on the investment climate in the country. A copy of the questionnaire is in appendix I.

Enumerators' Manual: In order to ensure consistency and good quality of data collected, the Foreign Investment Survey Technical Committee (FISTC) developed an Enumerator Manual. The Manual was designed for training, and also for use as a reference manual by Research Assistants and Supervisors in the course of the survey.

2.4 Field Activities

2.4.1 Survey Administration

The survey involved distribution of questionnaires to respondents and face-to-face interviews and extensive follow-up. It was therefore costly in terms of personnel time. The overall survey process was overseen by a national coordinator assisted by three regional coordinators. A total of thirty six research assistants, organized into twelve teams, were deployed to administer the questionnaires. Each team comprised three research assistants and a supervisor. The teams were deployed according to the estimated concentration of the target enterprises to be covered within a particular area.

2.4.2 Data Collection

Data collection exercise took 60 days from February to March 2010. The Research Assistants visited the enterprises and explained to the respondents how to fill the questionnaires. The questionnaires were then left with the respondents, and were collected later on a mutually agreed date. In some instances the Research Assistants were required to extract some information from enterprises' books of account and/or financial statements. Field editing was also done by the Research Assistants prior to submitting the completed questionnaires to the Supervisor.

2.4.3 Data Validation, Standardization and Checking

An intensive training for survey staff on data editing was conducted. It involved procedures/techniques of reconciling reported flows and positions data, extraction of IIP data from submitted balance sheets and extracting BOP data from submitted income and cash flow statements to fill in the gaps, and to validate submitted data. Data editing exercise entailed perusal of the completed questionnaires and comparing them with the accompanying financial statements. The exercise was carried out in two parts. Firstly, returns of foreign assets and liabilities (FAL) transactions with the accompanying financial statements, secondly those without financial statements. During the editing process, returns that required further clarification were sorted out from those that were complete and labeled "pending". For the returns classified as pending, further follow up was done to authenticate the data provided therein, or to fill in the missing information. Non-FAL returns (with and without financial statements) were examined and edited for correctness and completeness. This was in order to correct any mistakes that may have been made by the respondent. This was done by either scrutinizing the financial statements provided or calling the enterprises to probe for any possible FALs in the enterprise.

The Foreign Investment Survey, being the first survey of its kind in Kenya, was inevitably prone to incomplete or partial reporting. The relatively complex questionnaires also increased the chances for inconsistent responses recorded for different questions. In general, the response from participating enterprises was good and there was general understanding of what was required of the respondents.

2.4.4 Data Processing

The data processing consisted of the following important steps:

Data Entry: Involved capturing all the information from paper questionnaires and storing in electronic format. This was done using the Private Capital Monitoring System (PCMS), computer software developed by MEFMI. The system facilitates real-time processing of Private Capital survey and non-survey information in line with Balance of Payments Manual fifth edition (BPM5).

Data Tabulation: After the final cleaning of data captured, the reporting modules of the PCMS software were used to generate tables. Further analysis was done with various variables that included sector, investment type and source country of the investments. The purpose of the cross tabulation of variables was to provide model tables which set forth the major findings of the survey in a manner that would be useful to policy makers and other users of the statistics.

Investor Perception Rating: The ratings of the various factors that affect businesses were counted, summed up and percentages computed for each of the factors. The results are represented in Chapter 4.

2.5 Challenges of the Study

2.5.1 Data quality: In many of the companies, especially the unlisted ones, the respondents had limited experience to estimate the market value of equity. To avoid completing the relevant part of the questionnaire, some companies did not wish to disclose they engaged in cross border financial transaction.

2.5.2 Up-rating: Because of the limitations of the purposive sampling technique so adopted, up rating mechanism was not applied to the results of the survey. After undertaking about two more cycles of FIS, KNBS will then systematically determine all the FAL enterprises in the population, and probability sampling procedures can then be used.

CHAPTER 3: SURVEY FINDINGS ON FOREIGN ASSETS AND LIABILITIES

This Chapter presents analysis of the survey results on Foreign Investment in Kenya by non-residents and Investment abroad by Kenyan residents. The main components of foreign investment covered are Direct Investment, Portfolio Investment and Other Investment.

The response rate is shown in Table 3.1. Out of the 900 enterprises surveyed, 500 or 56 per cent indicated that they had FAL. The 400 enterprises without FAL were asked to complete the Investor Perception section. Of the 500 enterprises with FAL, 393 completed the questionnaire (a response rate of 78.6 per cent). This suggests that the use of research assistants to collect data was very effective.

Table 3.1: Response Rate

Enterprise Category	Number of Enterprises	Distributed Questionnaires	Completed and Returned	Partially Completed and Returned	Percentage Response Rate % (Completed)
Enterprises with FAL	500	500	393	107	78.6
Enterprises without FAL	400	400	400	0	100.0
Total	**900**	**900**	**793**	**107**	**88.1**

3.1 Kenya's Foreign Liabilities

Foreign investment into the country is a significant driver of development in Kenya just like in other developing countries. It provides an inflow of foreign capital and funds in addition to an increase in the transfer of skills, technology, and job opportunities. Kenya, just like many of the developing countries has benefited from investment abroad.

3.1.1 Stock of Foreign Liabilities

As indicated in Table 3.2, the stock of Foreign Liabilities increased by 26.3 per cent from KSh 340,128 million in 2007 to KSh 429,585 million in 2008. The stock of Foreign Liabilities comprised 63.8 per cent FDI, 0.4 per cent Portfolio Investment and 35.8 per cent Other Investment, in 2008.

Total Foreign Direct Investment accounted for 63.8 per cent of the total liabilities at KSh 274,004 million. The stock of FDI increased by 21.5 per cent from KSh 225,603 million in 2007 to KSh 274,004 million in 2008. The total Stock of Foreign Direct Equity Investment stood at KSh 140,978 million and accounted for 51.5 per cent of the total Direct Investment in 2008, while Other Capital mainly made up of long term loans and supplier credits from related companies accounted for 24.6 per cent of the total stock of Direct Investment.

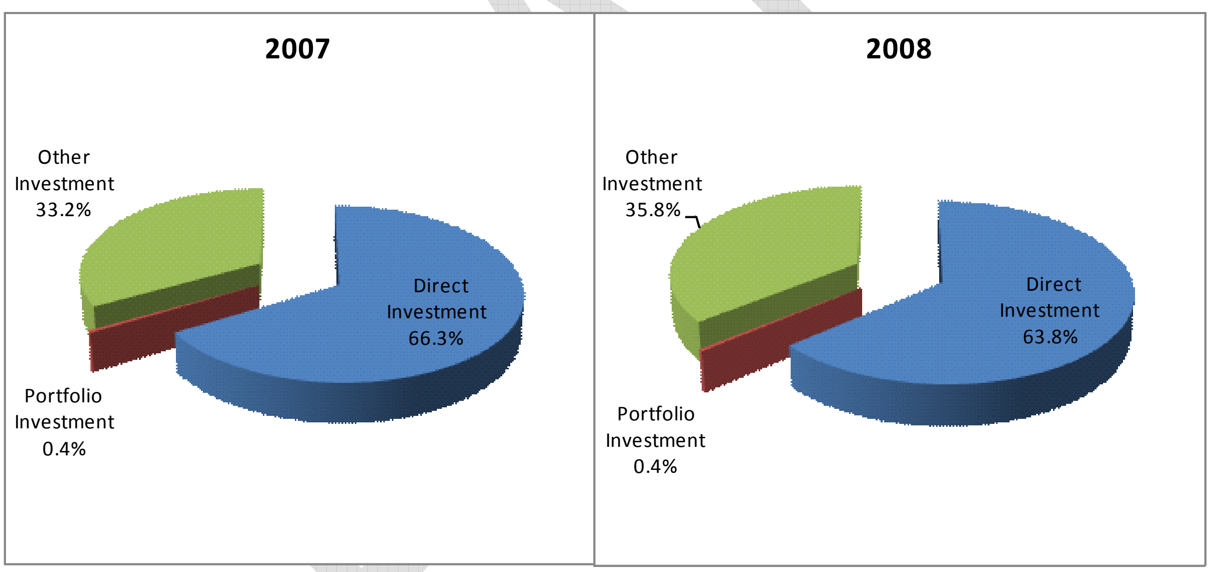
The stock of Portfolio Investment rose by 10.8 per cent from KSh 1,513 million in 2007 to KSh 1,677 million in 2008. Portfolio Equity stocks accounted for 71.5 per cent of the total stock of Portfolio Investment during the same period.

In 2008 the stock of Other Investments, increased by 36.2 per cent to stand at KSh153, 904 million from KSh 113,011 million in 2007. This was on account of commercial loans which increased by 31.7 per cent in the same period. In 2008, commercial loans constituted 82.8 per cent of the total stock of the Other Investments.

Table 3.2: Stock of External Liabilities, 2007-2008

Long-Term Inter-company loans	34,241.38	10.07	49,885.09	11.61
Short-term Inter-company loans	889.34	0.26	2,689.63	0.63
Supplier credits-related companies	10,465.04	3.08	14,870.85	3.46
Portfolio Investment	**1,513.22**	**0.44**	**1,677.36**	**0.39**
Equity	949.60	0.28	1,199.65	0.28
Bonds	563.61	0.17	397.71	0.09
Money market instruments	-	-	80.00	0.02
Other Investment	**113,011.11**	**33.23**	**153,903.85**	**35.83**
Commercial Loans	96,766.07	28.45	127,447.91	29.67
Long-term	74,070.36	21.78	93,742.50	21.82
Short-term	14,767.14	4.34	23,925.85	5.57
Trade Credits	7,928.56	2.33	9,779.56	2.28
Currency and Deposits	16,245.05	4.78	26,455.94	6.16
Total Foreign Liabilities	**340,127.56**	**100.00**	**429,584.79**	**100.00**

Figure 3.1: Percentage Composition of External Liabilities Stock



3.1.2 Flows of Foreign Investment in the country

Table 3.3 shows the country's inflows, outflows and net inflows of external liabilities in 2007 and 2008. In 2008, total foreign liability inflows stood at KSh 92,253 million representing a decrease of 16.5 per cent from KSh 110,480 million recorded in 2007.

Inflows in the form of direct investments decreased by 26.4 per cent from KSh 60,411 million in 2007 to KSh 44,469 million in 2008 and accounted for 48.2 per cent of the total inflows. These inflows were mainly in the form of equity investments and long term intercompany loans. Other Investments inflows declined to KSh 47,418 million in 2008 from KSh 49,505 million realized in 2007. The Other Investment inflows accounted for 51.4 per cent of the total inflows and were mainly made up of trade credits and long term loans.

Total outflows of foreign liabilities increased by 26.8 per cent from KSh 27,992 million in 2007 to KSh 38,799 million, in 2008 (with the highest component being trade credits). Direct Investment outflows rose by 26.8 per cent from KSh 8,884 million in 2007 to KSh 11,262 million in 2008, accounting for 29.0 per cent of the total outflows. Outflows of Other Investments increased by 43.7 per cent from KSh 19,107 million in 2007 to KSh 27,458 million in 2008, accounting for 70.8 per cent of the total outflows.

Kenya's net foreign liability flows declined by 35.2 per cent from KSh 82,488 million in 2007 to KSh 53,454 million in 2008. The net FDI flows decreased by 35.6 per cent from KSh 51,526 million in 2007 to KSh 33,207 million in 2008. In 2008, net FDI flows accounted for 62.1 per cent of the total net liability flows. The decline in the net position is mainly attributable to a drop in net FDI and Other investment flows by 35.6 per cent and 34.4 per cent, respectively. Although the net portfolio flows fell significantly by 48.2 per cent, they accounted for only 0.5 per cent of net flows.

Table 3.3: Flows of External Liabilities, 2007 - 2008

KSh Million

Components	2007			2008		
	Inflows	Outflows	Net	Inflows	Outflows	Net
Direct Investment	**60,410.74**	**8,884.29**	**51,526.45**	**44,468.62**	**11,261.86**	**33,206.77**
Equity	21,757.50	-	21,757.50	1,040.04	14.75	1,025.29
Reinvested Earnings	13,035.61	-	13,035.61	7,067.29	-	7,067.29
Other Capital	25,617.63	8,884.29	16,733.35	36,361.29	11,247.11	25,114.19
Long-Term inter-company Loans	17,429.71	3,239.71	14,190.01	23,073.97	3,238.87	19,835.10
Short-Term Intercompany Loans	826.50	503.69	322.81	4,137.88	2,569.60	1,568.27
Supplier Credit-related companies	7,361.42	5,140.89	2,220.53	9,149.45	5,438.63	3,710.82
Portfolio Investment	**564.32**	**-**	**564.32**	**371.19**	**78.60**	**292.60**
Equity	0.71	-	0.71	96.69	-	96.69
Bonds	563.61	-	563.61	194.50	78.60	115.90
Money market instruments	-	-	-	80.00	-	80.00
Other Investment	**49,504.76**	**19,107.28**	**30,397.48**	**47,413.11**	**27,458.31**	**19,954.80**
Loans	47,652	18,612	29,041	39,551	27,066	12,485
Long-term	32,442.94	3,585.26	28,857.68	18,316.46	5,975.75	12,340.70
Short-term	10.52	101.03	(90.51)	24.84	243.45	(218.61)
Trade Credits	15,198.79	14,925.36	273.42	21,210.13	20,846.79	363.34
Currency and Deposits	1,852.51	495.63	1,356.88	7,861.69	392.32	7,469.36
Total Foreign Liabilities	**110,479.83**	**27,991.57**	**82,488.25**	**92,252.93**	**38,798.77**	**53,454.17**

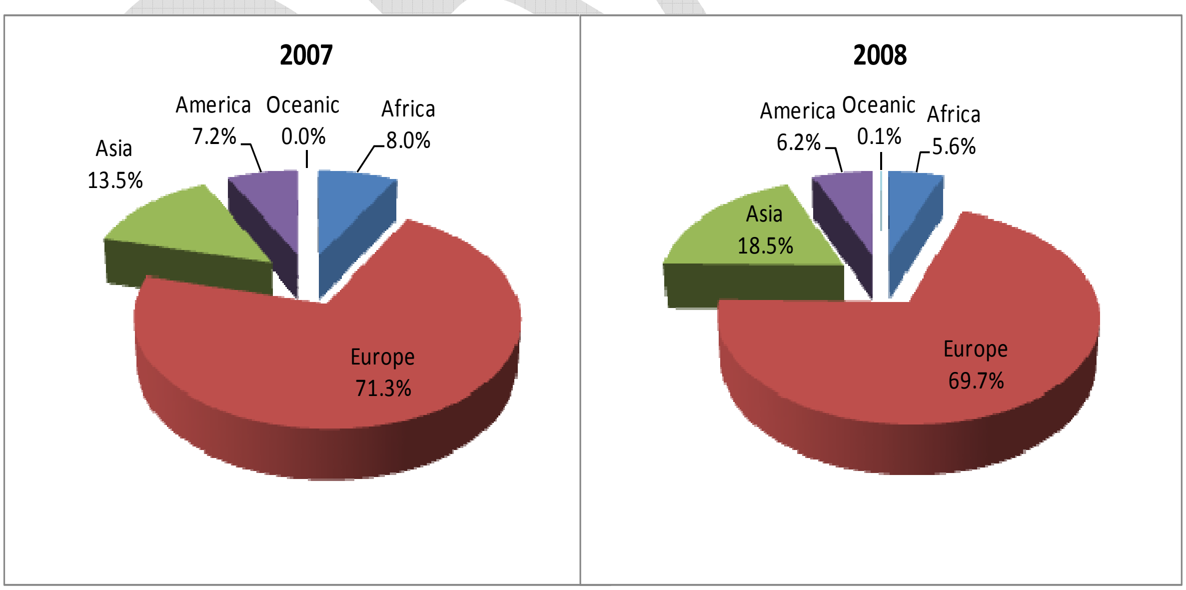
3.1.3 Stock of External Liabilities by Economic Bloc

The stock of external liabilities is analyzed by regional economic bloc in Tables 3.4 and Figure 3.2. In 2008 Europe accounted for 69.7 per cent, of which the European Union's share was 67.1 per cent of the total stock. During the same period Asia, America and Africa accounted for 18.5 per cent, 6.2 per cent and 5.6 per cent, respectively of the total foreign liabilities. Although Oceanic recorded a phenomenal increase of 83.4 per cent, its share of foreign liabilities was negligible. Africa recorded an overall decline of 11.9 per cent, although there was increase of 16.2 per cent in foreign liabilities for COMESA countries. The share of Asian investments in the total stock recorded an increase in 2008 compared to 2007 while the shares of all the other economic blocs declined.

Table 3.4: Stock External Liabilities by Economic Bloc, 2007-2008

Region	2007		2008	
	KSh Million	% Share	KSh Million	% Share
Africa	***27,144.40***	***8.0***	***23,911.90***	***5.6***
EAC	2,247.85	*0.7*	2,283.20	*0.5*
COMESA	16,583.46	*4.9*	19,263.90	*4.5*
Other Africa	8,313.09	*2.4*	2,364.79	*0.6*
Europe	***242,363.08***	***71.3***	***299,622.86***	***69.7***
European Union	232,136.25	*68.2*	288,374.78	*67.1*
Western Europe	9,552.81	*2.8*	10,178.43	*2.4*
Eastern Europe	674.02	*0.2*	1,069.64	*0.2*
Asia	***45,951.95***	***13.5***	***79,290.97***	***18.5***
Far East	39,709.69	*11.7*	70,830.92	*16.5*
Middle East	6,242.26	*1.8*	8,460.05	*2.0*
America	***24,501.95***	***7.2***	***26,454.34***	***6.2***
Canada	2.14	*0.0*	5.25	*0.0*
US	16,790.14	*4.9*	19,503.85	*4.5*
Other America	7,709.67	*2.3*	6,945.24	*1.6*
Oceanic	***166.17***	***0.0***	***304.73***	***0.1***
Grand Total	**340,127.56**	***100.0***	**429,584.79**	***100.0***

Figure 3.2: Percentage Share of Foreign Liabilities stock by Economic Bloc



3.1.4 Flows of External Liabilities by Economic Bloc

Regional distribution of inflows and outflows of investment liabilities are shown in Table 3.5. In 2008, the leading source of inflows was Europe accounting for 59.6 per cent of the total inflows, with the European Union countries accounting for 56.6 per cent of the total inflows. Asia contributed 30.3 per cent of the total investment liabilities inflows mainly from the Far East countries. America (mainly US) and Africa accounted for 5.4 per cent and 4.6 per cent of the total inflows, respectively. Inflows from Asia more than doubled from KSh 12,782 million in 2007 to KSh 27,955 million in 2008. Inflows from America also increased during this period, mainly on account of an increase of 35.8 per cent from the U.S. Significant declines of 54.2 per cent and 34.2 per cent in inflows from Africa and Europe respectively were recorded during the same period.

During the review period, outflows of investment liabilities were mainly to Asia and Europe each accounting for 42.0 per cent and 40.9 per cent respectively. Outflows to America and Africa accounted for 10.5 per cent and 6.7 per cent of the total outflows respectively. Outflows to Europe increased by 17.6 per cent to KSh 15,857 million in 2008 while those to Asia increased by 48.9 per cent from KSh 10,932 million in 2007 to 16,280 million in 2008.

Over the same period, net inflows into Kenya dipped by 35.2 per cent to KSh 53,454 million from KSh 82,488 million in 2007. The decline reflected decreased net inflows from most of the regional economic blocs. During the period, net inflows from Europe, America and Africa declined by 44.2 per cent, 67.3 per cent and 78.5 per cent, respectively. On the other hand, net inflows from Asia increased more than six times while those from Oceanic countries tripled. Europe accounted for the largest share of net inflows posting 84.9 per cent and 73.2 per cent of total net inflows into Kenya in 2007 and 2008, respectively. It was distantly followed by Asia and Africa whose share averaged 21.8 per cent and 3.1 per cent, respectively, in 2008.

Table 3.5: Flows of External Liabilities by Economic Bloc, 2007-2008

Table 4: Sources of Foreign Liabilities by Economic Block, 2007-2008

KSh Million

Region	Transaction During 2007			Transaction During 2008		
	Inflows	Outflows	Net Flows	Inflows	Outflows	Net Flows
Africa	9,413.82	1,745.30	7,668.52	4,256.79	2,604.39	1,652.40
EAC	836.88	17.94	818.94	1,131.46	423.81	707.65
COMESA	2,106.22	1,148.90	957.32	2,016.75	1,233.24	783.52
Other Africa	6,470.72	578.46	5,892.26	1,108.58	947.35	161.23
Europe	83,555.27	13,484.46	70,070.81	54,990.79	15,857.27	39,133.52
European Union	82,472.70	13,154.96	69,317.73	52,200.40	14,775.28	37,425.12
Western Europe	837.84	305.11	532.74	2,623.70	1,081.12	1,542.57
Eastern Europe	244.73	24.39	220.34	166.69	0.87	165.82
Asia	12,782.43	10,932.10	1,850.33	27,955.04	16,279.96	11,675.08
Far East	10,801.36	9,895.94	905.42	23,108.77	12,099.93	11,008.84
Middle East	1,981.07	1,036.16	944.91	4,846.27	4,180.02	666.25
America	4,712.15	1,829.71	2,882.44	5,000.70	4,057.09	943.61
Canada	0.00	0.00	0.00	0.05	0.00	0.05
US	3,783.76	1,713.40	2,070.36	5,138.28	3,804.35	1,333.93
Other America	928.39	116.31	812.08	(137.63)	252.73	(390.37)
Oceanic	16.15	0.00	16.15	49.61	0.06	49.55
Grand Total	110,479.83	27,991.57	82,488.25	92,252.93	38,798.77	53,454.17

3.1.5 Stock of External Liabilities by Source Country

The stock of external liabilities analysed by source country are presented in Table 3.6. The United Kingdom remains the major source of foreign investment in Kenya accounting for 41.9 per cent of all liabilities, in 2008. This could be partly explained by the long standing trade relationship between the two countries. Other major sources were: France (11.4 per cent), Netherlands (8.8 per cent), Japan (6.7 per cent) and India (6.0 per cent). During the period under review, the stock of investments from the US, Mauritius, Sweden and Egypt accounted for 4.5 per cent, 2.3 per cent and 2.1 per cent respectively, of the total stock of Foreign Liabilities. The stock of Foreign Liabilities from Sweden more than tripled from KSh 2,774 million in 2007 to KSh 9,948 million while those from India and China more than doubled.

Table 3.6: Stock of External Liabilities by Source Country, 2007-2008

Countries	2007		2008	
	Ksh. Million	% Share	Ksh. Million	% Share
United Kingdom	142,478.95	41.9	180,003.61	41.9
France	42,599.00	12.5	49,090.36	11.4
Netherlands	34,971.31	10.3	37,846.41	8.8
Japan	18,224.17	5.4	28,599.89	6.7
US	16,790.14	4.9	19,503.85	4.5
Mauritius	8,884.47	2.6	10,046.59	2.3
India	8,809.78	2.6	25,799.84	6.0
Switzerland	8,750.19	2.6	9,372.82	2.2
South Africa	8,115.60	2.4	2,330.20	0.5
Egypt	7,236.99	2.1	8,828.03	2.1
British Virgin Island	5,744.00	1.7	5,040.75	1.2
Malaysia	5,656.38	1.7	6,226.03	1.4
United Arab Emirates	4,235.95	1.2	7,008.80	1.6
Luxembourg	3,901.45	1.1	4,417.53	1.0
Sweden	2,773.96	0.8	9,947.55	2.3
Belgium	2,323.79	0.7	2,453.88	0.6
Pakistan	2,243.08	0.7	2,244.45	0.5
Germany	2,169.20	0.6	3,453.56	0.8
Uganda	1,568.84	0.5	377.59	0.1
China	1,398.62	0.4	3,888.46	0.9
Saudi Arabia	1,321.57	0.4	378.02	0.1
Korea - South	1,159.27	0.3	957.29	0.2
Other Countries	**8,770.85**	**2.6**	**11,769.30**	**2.7**
Grand Total	**340,127.56**	**100.0**	**429,584.79**	**100.0**

3.1.6 Flow of External Liabilities by Source Country

The flow of external liabilities are analyzed by country of origin and presented in Table 3.7. Total inflows decreased by 16.5 per cent from KSh 110,480 million in 2007 to KSh 92,253 million in 2008. In 2008, the United Kingdom, Japan and France jointly accounted for 47.0 per cent of the total external liabilities inflows. Inflows from Japan increased more than tenfold from KSh 725 million in 2007 to KSh 7,860 million in 2008 while those from Sweden, India and the United Arab Emirates also shot up fivefold. Inflows from South Africa, France, Netherlands and the United Kingdom however shrunk by 82.0 per cent, 66.0 per cent, 54.6 per cent and 31.3 per cent in 2008, respectively.

Outflows of external liabilities increased by 38.6 per cent from KSh 27,992 million in 2007 to KSh 38,799 million in 2008. The United Kingdom and Malaysia accounted for 15.3 per cent and 14.8 per cent of the total outflows, respectively. The US, United Arab Emirates and Germany contributed 9.8 per cent, 9.3 per cent and 9.1 per cent of the total outflows, respectively. Outflows to Netherlands, US, United Arab Emirates, Mauritius and Switzerland increased significantly during the period, while those to France, Belgium and Pakistan declined, markedly.

Table 3.7: Flows of External Liabilities by Country 2007-2008

KSh Million

Countries	2007 Inflows	2007 Outflows	2007 Net	2008 Inflows	2008 Outflows	2008 Net
United Kingdom	40,723.39	5,624.54	35,098.85	27,994.03	5,931.30	22,062.73
France	22,153.67	2,267.03	19,886.63	7,540.07	2,022.01	5,518.06
Netherlands	15,244.09	111.34	15,132.74	6,921.67	631.26	6,290.42
South Africa	6,450.97	578.46	5,872.51	1,161.10	947.35	213.75
Malaysia	5,052.00	4,877.00	175.00	5,943.00	5,738.00	205.00
US	3,783.76	1,713.40	2,070.36	5,138.28	3,804.35	1,333.93
India	1,745.23	1,341.72	403.51	5,035.22	2,489.71	2,545.51
China	1,673.16	1,323.28	349.88	2,615.87	1,376.68	1,239.19
Germany	1,430.47	2,543.34	(1,112.86)	2,777.91	3,548.54	(770.63)
United Arab Emirates	1,338.74	604.72	734.02	4,612.79	3,604.23	1,008.56
Mauritius	1,238.98	81.84	1,157.14	1,318.53	554.25	764.28
Sweden	1,125.23	837.36	287.88	4,540.48	1,045.97	3,494.51
Italy	883.18	896.57	(13.40)	941.89	891.63	50.26
Pakistan	881.07	280.51	600.56	209.51	179.09	30.41
Switzerland	763.72	258.87	504.85	2,572.23	1,038.38	1,533.86
Zambia	725.75	640.19	85.55	507.68	568.04	(60.36)
Japan	725.26	1,667.72	(942.46)	7,859.91	1,657.19	6,202.71
Uganda	651.52	3.35	648.17	28.16	173.66	(145.51)
Belgium	816.79	862.91	(46.13)	1,414.83	685.29	729.54
Saudi Arabia	479.32	371.29	108.03	128.11	529.75	(401.64)
Barbados	455.73	-	455.73	1.12	155.45	(154.33)
British Virgin Island	423.65	96.84	326.81	(214.96)	88.77	(303.74)
Others	1,714.17	1,009.29	704.88	3,205.51	1,137.85	2,067.66
Grand Total	**110,479.83**	**27,991.57**	**82,488.25**	**92,252.93**	**38,798.77**	**53,454.17**

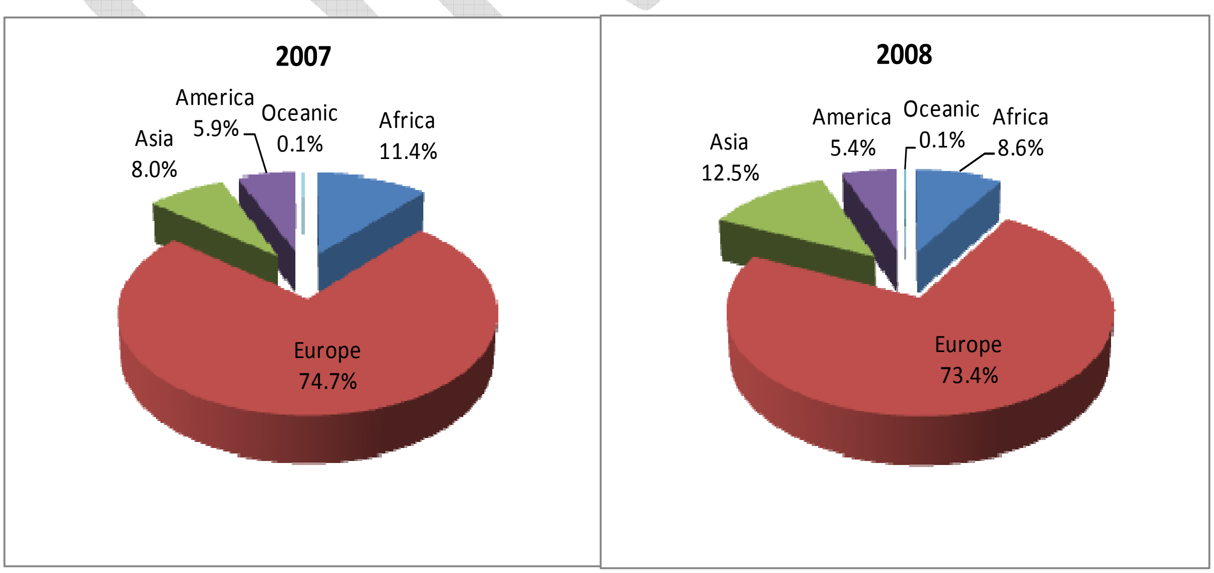
3.1.7 Stock of Foreign Direct Investment by Economic Bloc

Source of FDI liabilities stocks by economic blocs are shown in Table 3.8 and Figure 3.3. In 2008, Europe and Asia were the major sources of stock of FDI accounting for 73.4 per cent and 12.5 per cent, respectively, of the total stock of FDI. Africa and America accounted for 8.6 per cent and 5.4 per cent respectively of the total stock of FDI over the same period. The stock of FDI from Europe increased by 19.4 per cent from KSh 168,433 million in 2007 to KSh 201,075 million in 2008 while those from Asia also shot up more than twofold to reach KSh 34,146 million during the same period. The sharp increase in investment from Asia is partly explained by the substantial increase in the FDI liabilities from the Far East. A notable decline was recorded in the value of stock of FDI from Africa due to a drop in the values from non-EAC and non-COMESA African countries from KSh 7,962 million in 2007 to KSh 1,736 million in 2008.

Table 3.8: Stock of FDI by Economic Bloc, 2007-2008

Region	2007		2008	
	KSh Million	% share	KSh Million	% share
Africa	**25,681.10**	**11.4**	**23,522.00**	**8.6**
EAC	16,660.55	7.4	19,370.14	7.1
COMESA	1,058.14	0.5	2,415.75	0.9
Other Africa	7,962.41	3.5	1,736.11	0.6
Europe	**168,433.25**	**74.7**	**201,075.26**	**73.4**
European Union	160,263.23	71.0	189,494.88	69.2
Western Europe	7,450.58	3.3	10,419.80	3.8
Eastern Europe	719.45	0.3	1,160.59	0.4
Asia	**18,044.12**	**8.0**	**34,146.28**	**12.5**
Far East	14,957.96	6.6	30,896.66	11.3
Middle East	3,086.17	1.4	3,249.62	1.2
America	**13,266.01**	**5.9**	**14,925.34**	**5.4**
Canada	5,969.60	2.6	8,670.00	3.2
US	-	-	-	0.0
Other America	7,296.41	3.2	6,255.34	2.3
Oceanic	**178.75**	**0.1**	**334.70**	**0.1**
Grand Total	**225,603.23**	**100.0**	**274,003.58**	**100.0**

Figure 3.3: Percentage Share of FDI stock by Economic Bloc



3.1.8 Flows of Foreign Direct Investment by Economic Bloc

FDI flows by Economic Blocs are depicted in Figures 3.4 , 3.5 and Table 3.9,. Total FDI inflows deteriorated from KSh 60,411 million in 2007 to KSh 44,469 million in 2008, reflecting a 26.4 per cent decline. In 2008 the share of FDI inflows from Europe, America and Asia stood at 79.4 per cent, 9.5 per cent and 5.7 per cent of the total FDI inflows respectively. Inflows from America rose by 77.1 per cent on account of an increase in investments from Canada which shot up threefold. Those from Asia also increased notably by 37.3 per cent from KSh 1,846 million in 2007 to KSh 2,535 million in 2008. On the other hand, inflows from Europe declined by 27.4 per cent from KSh 48,622 million in 2007 to KSh 35,319 million in 2008. Inflows from Africa dropped by 69.0 per cent to stand at KSh 2,341 million in 2008 mainly due to a remarkable decline in the inflows from Other Africa (outside EAC and COMESA).

Total FDI outflows increased from KSh 8,884 million in 2007 to KSh 11,262 million in 2008, of which 57.8 per cent went to Europe while America and Asia accounted for 22.7 per cent and 10.9 per cent respectively. Outflows to Asia and America increased more than twofold from KSh 515 million and KSh 1,186 million in 2007 to KSh 1,227 million and 2,551 million in 2008, respectively. Outflows to Africa also doubled from KSh 460 million to KSh 971 million during the same period.

Table 3.9: Flows of FDI Liabilities in Kenya by Economic Bloc, 2007-2008

KSh Million

	Transactions during 2007			Transactions during 2008		
Region	**Inflows**	**Outflows**	**Net Flows**	**Inflows**	**Outflows**	**Net Flows**
Africa	**7,541.95**	**460.34**	**7,081.61**	**2,340.80**	**970.96**	**1,369.84**
EAC	1,239.27	387.52	851.75	815.03	507.38	307.65
COMESA	451.69	17.94	433.74	1,126.14	251.75	874.39
Other Africa	5,851.00	54.89	5,796.11	399.63	211.83	187.80
Europe	**48,621.98**	**6,723.00**	**41,898.99**	**35,319.33**	**6,512.56**	**28,806.77**
European Union	47,602.07	6,678.83	40,923.24	32,679.12	6,452.71	26,226.41
Western Europe	792.46	44.16	748.30	2,477.72	59.86	2,417.86
Eastern Europe	227.45	-	227.45	162.50	-	162.50
Asia	**1,845.51**	**514.75**	**1,330.76**	**2,534.71**	**1,227.17**	**1,307.55**
Far East	1,674.29	428.46	1,245.84	2,556.97	1,134.86	1,422.11
Middle East	171.22	86.29	84.92	(22.26)	92.30	(114.56)
America	**2,385.14**	**1,186.20**	**1,198.94**	**4,224.17**	**2,551.11**	**1,673.06**
Canada	1,503.93	1,069.89	434.04	4,448.44	2,298.37	2,150.07
US	-	-	-	-	-	-
Other America	881.22	116.31	764.90	(224.27)	252.73	(477.01)
Oceanic	**16.15**	**-**	**16.15**	**49.61**	**0.06**	**49.55**
Grand Total	**60,410.74**	**8,884.29**	**51,526.45**	**44,468.62**	**11,261.86**	**33,206.77**

Figure 3.4: Percentage Share of FDI Inflows by Economic Bloc

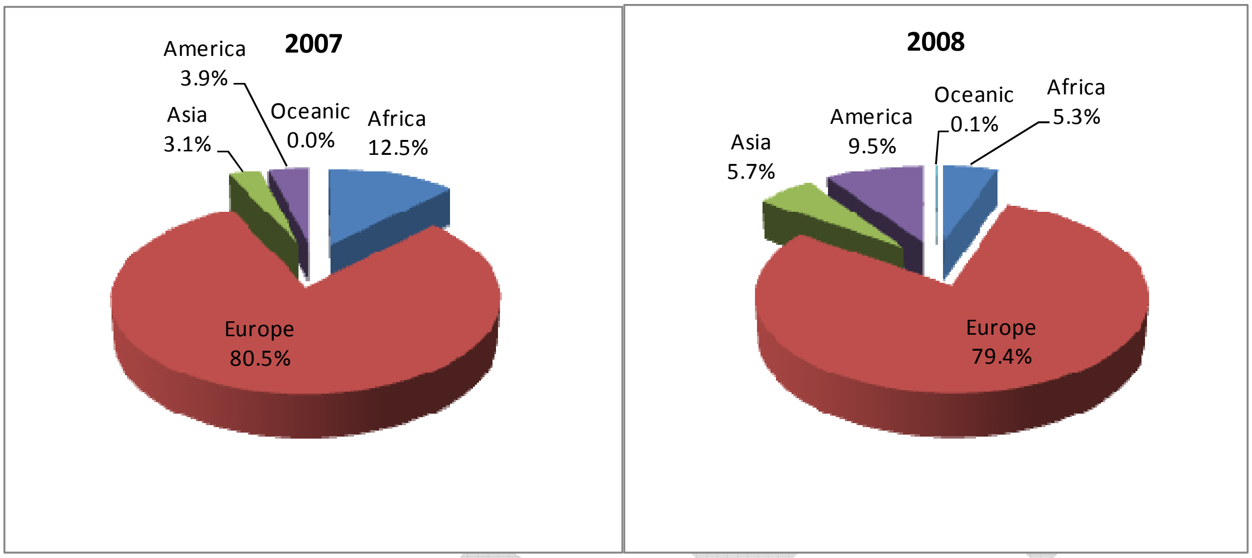
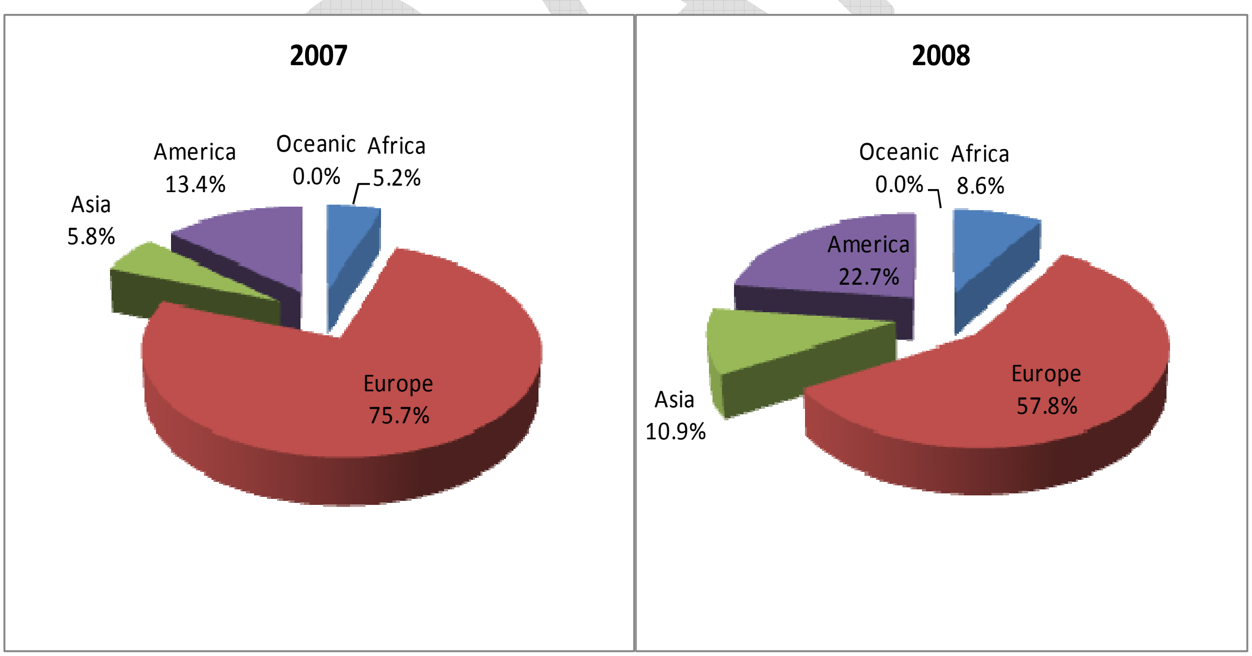


Figure 3.5: Percentage Share of FDI Outflows by Economic Bloc



3.1.9 The Stock of Foreign Direct Investment by Source Country

As shown in Table 3.10, the stock of the total FDI liabilities increased by 21.5 per cent from KSh 225,603 million in 2007 to KSh 274,004 million in 2008. In 2008, United Kingdom, France, India and Netherlands were the main sources of FDI liabilities accounting for 42.6 per cent, 17.4 per cent, 8.0 per cent and 7.2 per cent of the total stock of FDI liabilities, respectively. The stock of FDI liabilities from India almost tripled from KSh 7,279 million in 2007 to KSh 21,774 million in 2008. Those from Germany, US and Switzerland also increased significantly by 73.8 per cent, 45.2 per cent and 42.2 per cent respectively, during the same period. Similarly, the stock of FDI from United Kingdom, Japan and Egypt increased by 24.8, 34.4 and 25.2 per cent, respectively.

Table 3.10: Stock of FDI Liabilities by Country, 2007-2008

Countries	2007		2008	
	KSh Million	% Share	KSh Million	% Share
United Kingdom	93,500.42	41.44	116,686.10	42.59
France	40,535.81	17.97	47,529.58	17.35
Netherlands	22,794.51	10.10	19,741.32	7.20
Mauritius	8,957.87	3.97	9,805.74	3.58
South Africa	7,631.35	3.38	1,505.59	0.55
Egypt	7,585.59	3.36	9,493.63	3.46
India	7,279.44	3.23	21,773.86	7.95
Switzerland	7,044.67	3.12	10,015.26	3.66
US	5,969.60	2.65	8,670.00	3.16
British Virgin Island	5,182.01	2.30	4,281.44	1.56
Japan	3,236.59	1.43	4,349.74	1.59
Germany	2,116.60	0.94	3,679.43	1.34
United Arab Emirates	1,805.72	0.80	2,269.95	0.83
China	1,516.56	0.67	1,096.01	0.40
Korea - South	1,137.36	0.50	942.29	0.34
Pakistan	1,039.40	0.46	1,636.29	0.60
Taiwan	748.60	0.33	1,038.86	0.38
Bosnia and Herzegovina	706.91	0.31	1,146.90	0.42
Belize	701.97	0.31	689.03	0.25
Luxembourg	678.31	0.30	1,144.16	0.42
Tanzania	655.71	0.29	2,010.12	0.73
Barbados	641.89	0.28	470.19	0.17
Belgium	498.89	0.22	568.50	0.21
Saudi Arabia	477.55	0.21	61.81	0.02
Ascension Island	411.88	0.18	409.55	0.15
Isle of Man	405.91	0.18	404.54	0.15
Bahrain	405.75	0.18	345.02	0.13
Uganda	402.43	0.18	405.64	0.15
Panama	358.66	0.16	322.97	0.12
Israel	352.72	0.16	553.12	0.20
Tunisia	212.43	0.09	37.84	0.01
Australia	178.75	0.08	263.63	0.10
Sweden	138.68	0.06	145.45	0.05
Libya	118.62	0.05	192.54	0.07
Others	174.06	0.08	317.52	0.12
Grand Total	**225,603.23**	**100.00**	**274,003.58**	**100.00**

3.1.10 Flows of Foreign Direct Investment Liabilities by Source Country

As shown in Table 3.11, FDI inflows amounted to KSh 44,469 million in 2008, a decline of 26.4 per cent from KSh 60,411 million in 2007. The inflows from the United Kingdom were highest at KSh 19,153 million (43.1 per cent) followed France KSh 6,637 million (14.9 per cent) US KSh 4,448 million (10.0 per cent), Netherlands KSh 3,953 million (8.9 per cent), Germany KSh 2,518 million (5.7 per cent) and Switzerland KSh 2,458 million (5.5 per cent). Other major sources of inflows were Tanzania and India each accounting for 2.5 per cent of the total inflows in 2008.

The major destinations of FDI outflows in 2008 were US, United Kingdom, France and Germany jointly accounting for 72.1 per cent of the total outflows. India, Netherlands and Mauritius were also significant destinations of FDI outflows.

Table 3.11: Flows of FDI Liabilities by Source Country, 2007-2008

KSh Million

	2007			2008		
Countries	**Inflows**	**Outflows**	**Net**	**Inflows**	**Outflows**	**Net**
France	21,738.66	963.18	20,775.48	6,637.42	1,886.00	4,751.42
United Kingdom	15,608.13	4,352.27	11,255.86	19,153.08	2,118.35	17,034.73
Netherlands	8,605.24	110.00	8,495.24	3,953.02	615.34	3,337.68
South Africa	5,803.64	54.89	5,748.75	411.06	211.83	199.23
US	1,503.93	1,069.89	434.04	4,448.44	2,298.37	2,150.07
Germany	1,406.08	1,245.09	160.98	2,518.09	1,821.61	696.48
Mauritius	1,238.36	-	1,238.36	793.17	507.38	285.79
Switzerland	755.08	20.16	734.92	2,458.17	35.86	2,422.32
Japan	477.01	126.72	350.29	797.87	238.58	559.29
India	393.95	111.86	282.09	1,113.71	780.40	333.31
British Virgin Island	376.48	96.84	279.64	(301.60)	88.77	(390.38)
China	313.91	-	313.91	315.29	-	315.29
Uganda	287.52	3.35	284.17	24.95	13.00	11.95
Taiwan	266.71	-	266.71	228.03	-	228.03
Luxembourg	228.58	-	228.58	403.01	-	403.01
Pakistan	225.36	189.88	35.48	99.26	115.89	(16.63)
Bosnia and Herzegovina	224.82	-	224.82	161.64	-	161.64
Tanzania	164.16	14.59	149.57	1,101.19	238.75	862.44
Israel	120.00	60.00	60.00	102.00	30.00	72.00
Isle of Man	37.38	24.00	13.38	19.55	24.00	(4.45)
Belize	34.43	-	34.43	3.08	-	3.08
United Arab Emirates	34.32	-	34.32	33.66	56.32	(22.66)
Libya	27.61	-	27.61	41.09	-	41.09
Tunisia	19.75	-	19.75	(52.63)	-	(52.63)
Australia	16.15	-	16.15	49.61	0.06	49.55
Brazil	14.58	16.33	(1.75)	9.85	8.51	1.34
Sweden	13.06	-	13.06	7.11	-	7.11
Yemen	9.14	-	9.14	(2.73)	-	(2.73)
Kuwait	7.10	-	7.10	-	-	-
Belgium	2.33	8.29	(5.96)	7.12	11.41	(4.29)
Others	457.28	416.95	40.33	(64.89)	161.44	(226.33)
Grand Total	**60,410.74**	**8,884.29**	**51,526.45**	**44,468.62**	**11,261.86**	**33,206.77**

3.1.11 Stock of Portfolio Investment Liabilities by Economic bloc

The stock of Portfolio Liabilities in Kenya in 2008 amounted to KSh 1,677 million, a 10.8 per cent increase from KSh 1,513 million recorded in 2007. In 2008, Europe accounted for the largest stock of Portfolio Liabilities in Kenya accounting for 46.3 per cent of the total stock, followed by Asia and Africa at 23.0 per cent and 18.0 per cent respectively, as shown in Table 3.12. The stock of Portfolio Liabilities from America accounted for 12.7 per cent of the total stock during the review period. The stock of Portfolio Investment Liabilities from Europe, mainly the European Union, increased by 52.3 per cent from KSh 510 million in 2007 to KSh 777 million in 2008 while those from America more than doubled from KSh 81 million in 2007 to KSh 214 Million in 2008. On the other hand, the stock of Portfolio Investment Liabilities from Asia shrunk by 39.6 per cent, mainly attributable to a decline recorded in stocks from the Far Eastern countries.

Table 3.12: Stock of Portfolio Investment Liabilities by Economic Bloc, 2007-2008

Region	2007		2008	
	KSh Million	% share	KSh Million	% share
Africa	**285.12**	**18.8**	**301.35**	**18.0**
EAC	0.03	0.0	0.28	0.0
COMESA	-	-	-	-
Other Africa	285.10	18.8	301.07	17.9
Europe	**510.31**	**33.7**	**777.19**	**46.3**
European Union	510.31	33.7	777.19	46.3
Western Europe	-	-	-	-
Eastern Europe	-	-	-	-
Asia	**637.22**	**42.1**	**384.96**	**23.0**
Far East	618.07	40.8	370.63	22.1
Middle East	19.15	1.3	14.33	0.9
America	**80.56**	**5.3**	**213.86**	**12.7**
Canada	78.68	5.2	116.62	7.0
US	1.88	0.1	4.54	0.3
Other America	-	-	92.70	5.5
Oceanic	**-**	**-**	**-**	**-**
Grand Total	**1,513.22**	**100.0**	**1,677.36**	**100.0**

3.1.12 Flows of Portfolio Investment Liabilities by Economic Bloc

There was a 34.2 per cent drop in portfolio investment inflows from KSh 564 million recorded in 2007 to KSh 371 million in 2008, almost wholly attributable to a drop in inflows from Asia (Table 3.13). Inflows from Europe, on the other hand increased from KSh 0.71 million in 2007 to KSh 288 million in 2008, and those from America amounted to KSh 83 million in 2008. Europe and America accounted for 77.7 per cent and 22.3 per cent, respectively, of the total portfolio investment inflows in 2008. Outflows of Portfolio Investment, almost wholly attributable to Europe, amounted to KSh 79 million in 2008.

Table 3.13: Flow of Portfolio Investment Liabilities by Economic Bloc, 2007-2008

Ksh. Million

Region	Transactions during 2007			Transactions during 2008		
	Inflows	Outflows	Net Flows	Inflows	Outflows	Net Flows
Africa	**-**	**-**	**-**	**0.10**	**-**	**0.10**
EAC	-	-	-	0.10	-	0.10
COMESA	-	-	-	-	-	-
Other Africa	-	-	-	-	-	-
Europe	**0.71**	**-**	**0.71**	**288.32**	**116.70**	**171.62**
European Union	0.71	-	0.71	288.32	116.70	171.62
Western Europe	-	-	-	-	-	-
Eastern Europe	-	-	-	-	-	-
Asia	**563.61**	**-**	**563.61**	**-**	**(38.10)**	**38.10**
Far East	563.61	-	563.61	-	(38.10)	38.10
Middle East	-	-	-	-	-	-
America	**-**	**-**	**-**	**82.78**	**-**	**82.78**
Canada	-	-	-	82.72	-	82.72
US	-	-	-	0.05	-	0.05
Other America	-	-	-	-	-	-
Oceanic	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total	**564.32**	**-**	**564.32**	**371.19**	**78.60**	**292.60**

3.1.13 Stock of Portfolio Investment Liabilities by Source Country

Table 3.14 presents the stock of Portfolio Investment Liabilities by source country. The stock of Portfolio Investment liabilities increased by 10.9 per cent from KSh 1,513 million in 2007 to KSh 1,677 million in 2008. The main source in 2008 was United Kingdom followed by Pakistan and South Africa each amounting to 40.2 per cent, 19.1 per cent and 17.9 per cent of the total stock of portfolio investment respectively. The stock of portfolio liabilities from United Kingdom increased by 44.3 per cent, while those from the US increased by 48.2 per cent during the same period. On the other hand, the stock of Portfolio Investment from Pakistan declined by 43.2 per cent from KSh 564 million in 2007 to KSh 320 million in 2008.

Table 3.14: Stock of Portfolio Investment by Country, 2007-2008

Country	2007		2008	
	Ksh. Million	% Share	Ksh. Million	% Share
Pakistan	563.61	37.2	319.91	19.1
United Kingdom	466.88	30.9	673.92	40.2
South Africa	285.10	18.8	301.07	17.9
US	78.68	5.2	116.62	7.0
Netherlands	50.90	3.4	33.47	2.0
China	38.91	2.6	37.98	2.3
Others	29.14	1.9	194.38	11.6
Grand Total	**1,513.22**	**100.0**	**1,677.36**	**100.0**

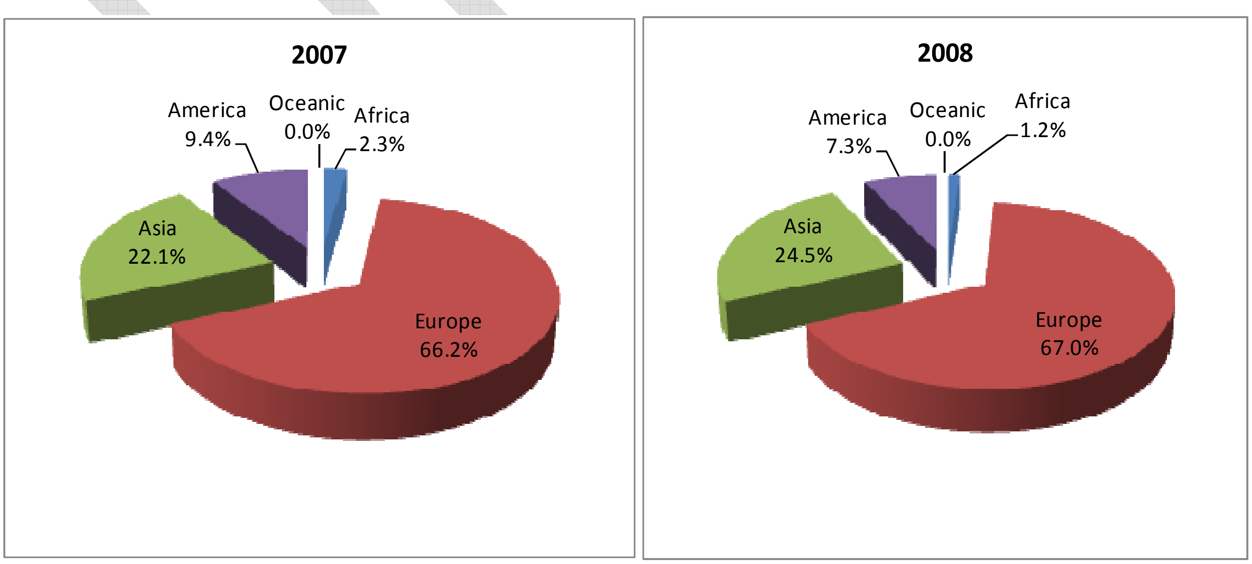
3.1.14 Stock of Other Investment Liabilities by Economic Bloc

Other Investment stocks increased by 36.2 per cent from KSh 113,011 million in 2007 to KSh 153,904 million in 2008. Of the total stock in 2008, Europe accounted for the highest share at 64.9 per cent, followed by Asia (23.7 per cent), America (7.1 per cent) and Africa (1.2 per cent). The stock of Other Investment from Asia, mainly in the Far East countries, increased by 46.1 per cent in 2008. Similarly, Investments from Europe and America increased by 33.5 per cent and 2.7 per cent respectively. However, Investments from African countries decreased by 28.3 per cent in spite of a 45.1 per cent increase in investments from the COMESA region. Table 3.15 and Figure 3.6 present the details of Other Investment liability stocks in 2007 and 2008.

Table 3.15: Stock of Other Investment Liabilities by Economic Blocs, 2007-2008

Region	2007		2008	
	Ksh. Million	**% share**	**Ksh. Million**	**% share**
Africa	**2,586.65**	**2.3**	**1,854.63**	**1.2**
EAC	1,110.29	1.0	72.34	0.0
COMESA	864.68	0.8	1,254.62	0.8
Other Africa	611.68	0.5	527.67	0.3
Europe	**74,827.94**	**66.2**	**99,898.57**	**64.9**
European Union	72,516.71	64.2	99,289.99	64.5
Western Europe	4.55	0.0	11.20	0.0
Eastern Europe	2,306.68	2.0	597.37	0.4
Asia	**24,988.99**	**22.1**	**36,513.82**	**23.7**
Far East	22,045.48	19.5	36,513.82	23.7
Middle East	2,943.51	2.6		-
America	**10,607.53**	**9.4**	**10,899.12**	**7.1**
Canada	9,793.80	8.7	9,912.11	6.4
US	-	-	-	-
Other America	813.73	0.7	987.01	0.6
Oceanic	**-**	**-**	**-**	**-**
Grand Total	**113,011.11**	**100.0**	**153,903.85**	**100.0**

Figure 3.6: Percentage Share of Stock of Other Investment Liabilities by Economic Bloc



3.1.15 Flows of Other Investment Liabilities by Economic Bloc

Transaction flows of Other Investment during 2007 and 2008 are shown in Table 3.16, Figures 3.7 and 3.8. In 2008, inflows of Other Investment Liabilities from Asia accounted for 53.6 per cent of the total inflows while those from Europe and Africa accounted for 40.9 per cent and 4.0 per cent of the total inflows respectively. No inflows of Other Investment were recorded for Oceanic countries.

Total inflows of Other Investment decreased by 4.2 per cent from KSh 49,505 million in 2007 to KSh 47,413 million in 2008 as shown in Table 3.16. This was mainly due to the reduction in the inflows from Europe by 44.5 per cent, from KSh 34,933 million in 2007 to KSh 19,383 million in 2008. Europe accounted for over 70 per cent of total inflows of other liabilities in 2007 and about 41 per cent in 2008. Inflows from America also shrunk by 70.2 per cent to stand at KSh 694 million in 2008. Inflows from Asia more than doubled from KSh 10,373 million in 2007 to KSh 25,420 million in 2008. Inflows from Africa also increased by 2.4 per cent to reach KSh 1,916 million in 2008.

Total outflows of Other Investment increased by 43.7 per cent from KSh 19,107 million in 2007 to KSh 27,458 million in 2008 mostly attributed to outflows to Asia and Europe that increased by 44.9 per cent and 36.5 per cent respectively. Outflows to America, mainly to Canada more than doubled from KSh 644 million in 2007 to KSh 1,506 million during the same period while those to Africa increased by 27.1 per cent. In 2008, outflows to Asia stood at 55.0 per cent of the total outflows compared to 54.5 per cent recorded in 2007. Those to Europe were 33.6 per cent compared to 35.4 per cent of the total outflows in 2007.

Table 3.16: Flows of Other Investment Liabilities by Economic Bloc, 2007-2008

Region	Transactions during 2007			Transactions during 2008		
	Inflows	Outflows	Net Flows	Inflows	Outflows	Net Flows
Africa	**1,871.87**	**1,284.96**	**586.91**	**1,915.90**	**1,633.43**	**282.47**
EAC	385.19	-	385.19	5.32	172.06	(166.74)
COMESA	839.35	761.39	77.96	1,160.54	725.86	434.68
Other Africa	647.33	523.57	123.76	750.03	735.51	14.52
Europe	**34,932.58**	**6,761.46**	**28,171.11**	**19,383.14**	**9,228.01**	**10,155.13**
European Union	34,869.91	6,476.13	28,393.78	19,232.96	8,205.87	11,027.09
Western Europe	17.28	24.39	(7.11)	4.20	0.87	3.33
Eastern Europe	45.38	260.94	(215.56)	145.98	1,021.27	(875.29)
Asia	**10,373.31**	**10,417.35**	**(44.04)**	**25,420.32**	**15,090.89**	**10,329.43**
Far East	8,563.46	9,467.49	(904.03)	20,551.80	11,003.18	9,548.62
Middle East	1,809.85	949.86	859.99	4,868.52	4,087.72	780.81
America	**2,327.01**	**643.51**	**1,683.50**	**693.75**	**1,505.98**	**(812.22)**
Canada	2,279.83	643.51	1,636.32	607.11	1,505.98	(898.87)
US	-	-	-	-	-	-
Other America	47.17	-	47.17	86.64	-	86.64
Oceanic	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total	**49,504.76**	**19,107.28**	**30,397.48**	**47,413.11**	**27,458.31**	**19,954.80**

Figure 3.7: Percentage Share of Other Investment Liabilities Inflows by Economic Bloc

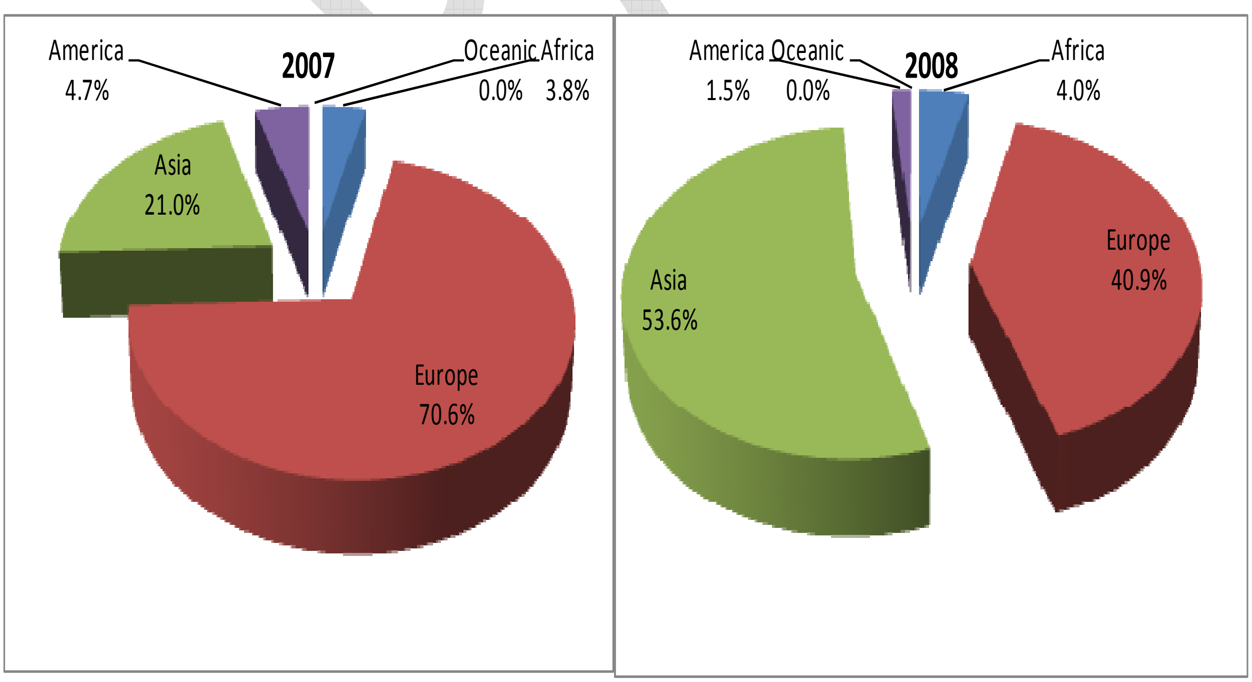
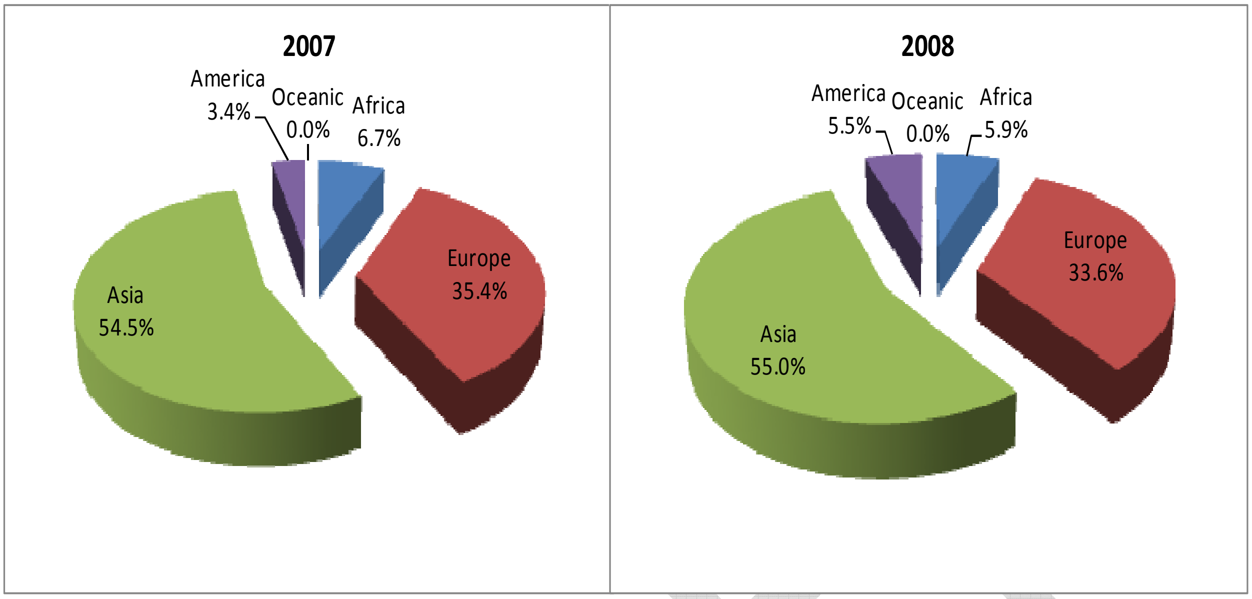


Figure 3.8: Percentage Share of Other Investment Liabilities Outflows by Economic Bloc



3.1.16 Stock of Other Investment Liabilities by Source Country

Table 3.17 gives an analysis of the stock of Other Investment by source country. The leading source of Other Investment liabilities was United Kingdom followed by Japan and Netherlands accounting for 41.0 per cent, 13.8 per cent and 11.1 per cent, respectively, of the total stock in 2008. The stock of Other Investments from the United Kingdom increased by 30.5 per cent from KSh 48,327 million in 2007 to KSh 63,044 million in 2008 while those from Japan increased by 59.3 per cent to stand at KSh 21,284 million over the same period. Stock of Other Investments from Sweden, Indonesia and China more than tripled while those from India almost doubled during the same period. Notable declines were recorded in stock of Other Investments from Uganda (99.3 per cent), Switzerland (88.6 per cent), Saudi Arabia (63.9 per cent), Pakistan (40.5 per cent) and South Africa (13.7 per cent).

Table 3.17: Stock of Other Investment Liabilities by Country, 2007-2008

Country	2007		2008	
	Ksh. Million	% Share	Ksh. Million	% Share
United Kingdom	48,327.35	42.8	63,043.73	41.0
Japan	13,363.55	11.8	21,283.50	13.8
Netherlands	12,052.21	10.7	17,132.36	11.1
US	9,793.80	8.7	9,912.11	6.4
Malaysia	4,968.00	4.4	5,378.00	3.5
France	4,316.36	3.8	5,024.12	3.3
Luxembourg	2,872.79	2.5	2,916.00	1.9
Sweden	2,323.14	2.1	8,478.22	5.5
United Arab Emirates	2,244.37	2.0	4,267.34	2.8
Switzerland	1,933.17	1.7	219.64	0.1
India	1,778.27	1.6	5,148.86	3.3
Belgium	1,633.63	1.4	1,672.54	1.1
Uganda	1,049.32	0.9	7.15	0.0
British Virgin Island	813.73	0.7	987.01	0.6
Saudi Arabia	770.81	0.7	277.92	0.2
China	645.83	0.6	2,458.87	1.6
South Africa	611.68	0.5	527.67	0.3
Pakistan	557.79	0.5	331.96	0.2
Mauritius	488.94	0.4	966.17	0.6
Indonesia	413.15	0.4	1,413.19	0.9
Other	2,053.20	1.8	2,457.49	1.6
Grand Total	**113,011.11**	**100.0**	**153,903.85**	**100.0**

3.1.17 Flows of Other Investment Liabilities by Source Country

Table 3.18 shows Other Investment flows by country. In 2008, inflows were mainly from United Kingdom, Japan, Malaysia, United Arab Emirates, Sweden and India which jointly accounted for 73.1 per cent of the total inflows. Inflows of other Investments from Japan increased remarkably from KSh 248 million in 2007 to KSh 7,062 million in 2008 while those from Sweden also rose significantly from KSh 1,112million to KSh 4,579 million over the same period. However, inflows from the United Kingdom, Netherlands, US, Saudi Arabia and Uganda declined significantly during the same period.

Outflows of Other Investment Liabilities to the United Arab Emirates, Netherlands, United Kingdom and US increased quite significantly. The highest proportion of Other Investment Liabilities outflows went to Malaysia followed by United Kingdom and United Arab Emirates at 20.9 per cent, 13.5 per cent and 12.9 per cent respectively in 2008.

Table 3.18: Flows of Other Investment Liabilities by Country, 2007-2008

Country	Transactions during 2007			Transactions during 2008		
	Inflows	Outflows	Net Flows	Inflows	Outflows	Net Flows
United Kingdom	25,115.3	1,272.3	23,843.0	8,632.6	3,696.3	4,936.4
Japan	248.2	1,541.0	(1,292.8)	7,062.0	1,418.6	5,643.4
Netherlands	6,638.8	1.3	6,637.5	2,968.7	15.9	2,952.7
US	2,279.8	643.5	1,636.3	607.1	1,506.0	(898.9)
Malaysia	5,052.0	4,877.0	175.0	5,943.0	5,738.0	205.0
France	415.0	1,303.8	(888.8)	902.7	136.0	766.6
Luxembourg	6.3	-	6.3	284.0	67.7	216.3
Sweden	1,112.2	837.4	274.8	4,533.4	1,046.0	3,487.4
United Arab Emirates	1,304.4	604.7	699.7	4,579.1	3,547.9	1,031.2
Switzerland	8.6	238.7	(230.1)	114.1	1,002.5	(888.5)
India	1,351.3	1,229.9	121.4	3,921.5	1,709.3	2,212.2
Belgium	579.6	854.6	(275.1)	720.7	606.2	114.5
Uganda	364.0	-	364.0	3.2	160.7	(157.5)
British Virgin Island	47.2	-	47.2	86.6	-	86.6
Saudi Arabia	478.7	345.0	133.7	283.3	529.8	(246.5)
China	1,158.0	1,121.5	36.5	2,174.4	1,264.1	910.3
South Africa	647.3	523.6	123.8	750.0	735.5	14.5
Pakistan	92.1	90.6	1.5	110.2	101.3	8.9
Mauritius	0.6	81.8	(81.2)	525.3	46.9	478.4
Indonesia	29.8	9.3	20.5	538.7	38.7	500.0
Other Countries	2,575.4	3,531.2	(955.8)	2,672.4	4,091.0	(1,418.6)
Grand Total	**49,504.8**	**19,107.3**	**30,397.5**	**47,413.1**	**27,458.3**	**19,954.8**

3.1.18 Distribution of FDI Liabilities by Industrial Classification of Activities

Table 3.19a provides an analysis of FDI by economic activity based on International Standard of Industrial Classification of Economic Activities (ISIC), Rev.4. In 2008, Manufacturing had the highest stock of FDI liabilities accounting for 28.4 per cent of the total stock. This was closely followed by Information and Communications and Financial and Insurance Sectors with 24.6 per cent and 20.1 per cent, respectively. Stock of FDI in the Electricity, Gas, Steam and Air conditioning increased by 83.0 per cent from KSh 5,057 million in 2007 to KSh 9,256 million in 2008. Major increases were also recorded in the stock of FDI in Financial and Insurance, Construction and Manufacturing sectors which rose by 42.5 per cent, 33.7 per cent and 31.6 per cent respectively during the same period. Declines were however recorded for the FDI stocks in the Transportation and Storage; and Mining and Quarrying sectors, during the period under review.

Table 3.19 a: Stock and Flow of FDI by Industrial Classification of Activities

Ksh. Million

Industrial Classification by Activities	2007			2008		
	Inflows	Outflows	Stock	Inflows	Outflows	Stock
Agriculture, Forestry and Fishing	807.73	157.70	14,341.86	1,144.56	172.06	14,950.79
Mining and Quarrying	-	-	1,467.99	-	-	1,315.70
Manufacturing	9,823.01	5,222.50	59,220.39	18,340.30	7,990.90	77,936.02
Electricity, Gas, Steam and Air Conditioning Supply	825.84	26.29	5,056.87	3,160.43	1,279.85	9,256.19
Construction	533.41	-	2,561.40	539.99	7.92	3,423.89
Wholesale and Retail Trade; repair of motor vehicles and motorcycles	1,659.63	1,068.58	20,472.07	2,536.38	678.73	26,551.71
Accommodation and Food Service Activities	641.87	19.31	5,145.13	1,292.70	151.93	6,178.57
Transportation and Storage	2,128.14	79.33	14,206.17	(650.08)	155.45	9,072.35
Information and Communication	34,155.05	1,797.06	61,278.42	8,747.57	2.83	67,435.04
Financial and Insurance Activities	9,200.89	110.00	38,673.69	8,094.94	130.64	55,120.18
Real Estate Activities	632.04	403.52	2,225.00	1,259.55	691.54	2,640.53
Human Health and Social Work Activities	4.17	-	8.39	5.20	-	18.52
Other Service Activities	(1.04)	-	945.88	(2.92)	-	104.09
Grand Total	**60,410.74**	**8,884.29**	**225,603.23**	**44,468.62**	**11,261.86**	**274,003.58**

Table 3.19b: Shares of FDI Stocks and Flows by Industrial Classification of Activities

Industrial Classification by Activities	Inflows (Per cent)		Outflows (Per cent)		Stock (Per cent)	
	2007	2008	2007	2008	2007	2008
Agriculture, Forestry and Fishing	1.3	2.6	1.8	1.5	6.4	5.5
Mining and Quarrying	0.0	0.0	0.0	0.0	0.7	0.5
Manufacturing	16.3	41.2	58.8	71.0	26.2	28.4
Electricity, Gas, Steam and Air Conditioning Supply	1.4	7.1	0.3	11.4	2.2	3.4
Construction	0.9	1.2	0.0	0.1	1.1	1.2
Wholesale and Retail Trade; repair of motor vehicles and motorcycles	2.7	5.7	12.0	6.0	9.1	9.7
Accommodation and Food Service Activities	1.1	2.9	0.2	1.3	2.3	2.3
Transportation and Storage	3.5	-1.5	0.9	1.4	6.3	3.3
Information and Communication	56.5	19.7	20.2	0.0	27.2	24.6
Financial and Insurance Activities	15.2	18.2	1.2	1.2	17.1	20.1
Real Estate Activities	1.0	2.8	4.5	6.1	1.0	1.0
Human Health and Social Work Activities	0.0	0.0	0.0	0.0	0.0	0.0
Other Service Activities	0.0	0.0	0.0	0.0	0.4	0.0
Grand Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

In 2008, Manufacturing, Information and Communication, and Financial and Insurance sectors were the leading beneficiaries of FDI inflows accounting for 41.2 per cent, 19.7 per cent and 18.2 per cent respectively, of the total FDI inflows, as presented in Table 3.19b. Other sectors that benefited from the FDI inflows were wholesale and retail trade, and Electricity, Gas, Steam and Air conditioning supply. Inflows to Electricity, Gas, Steam and Air conditioning supply tripled while those to Accommodation and Food service more than doubled during the same period. Inflows to Manufacturing sector increased by 86.7 per cent from KSh 9,823 million in 2007 to KSh 18,340 million in 2008. However, FDI inflows to Transportation and Storage, and Information and Communication dropped significantly.

In 2008, FDI outward investments from Manufacturing sector accounted for 71.0 per cent of the total FDI outflows compared to 58.8 per cent recorded in 2007. This was followed by outflows from Electricity, Gas, Steam and Air conditioning Supply, and Real Estate sectors that accounted for 11.4 and 6.1 per cent, respectively, of the total FDI outflows. Electricity, Gas, Steam and Air conditioning supply sector recorded a sharp increase in outflows from KSh 26 million in 2007 to KSh 1,280 million in 2008. Outflows from the Manufacturing sector increased by 53.0 per cent from KSh 5,223 Million to KSh 7,991 million during the same period. However, outflows from Information and Communication sector declined by 99.8 per cent from KSh 1,797 million in 2007 to KSh 3 million in 2008. Outflows from Wholesale and Retail trade also dropped significantly during the same period.

3.1.19 Stock of Private Sector External Debt

The Stock of Private Sector External Debt (PSED) increased by 39.4 per cent from KSh 159,170 million by end of 2007 to KSh 221,827 million by end of 2008 as depicted in Table 3.20. The stock of long term loans stood at KSh 144,025 million in the same period accounting for 64.9 per cent of the total PSED in 2008, and 68.4 per cent in 2007. This was mainly due to commercial loans which increased by 26.6 per cent to stand at KSh 93,743 million. On the other hand, the stock of short term loans as at end of 2008 was KSh 77,802 million, reflecting a share of 35.1 per cent of the total PSED. Likewise, commercial short term loans took the largest share of the short term loans category, accounting for 30.8 per cent and 29.4 per cent of the total short term loans as at end of 2008 and 2007 respectively, as shown in Figures 3.9 and 3.10.

Table 3.20: Private Sector External Debt Stocks, 2007-2008

KSh Million

Components	2007		2008	
	KSh Million	% share	KSh Million	% share
Loan-term Loans	**108,875**	**68.40**	**144,025**	**64.93**
Inter-company Loans	34,241	21.51	49,885	22.49
Commercial Loans	74,070	46.54	93,743	42.26
Bonds	564	0.35	398	0.18
Short-term Loans	**50,295**	**31.60**	**77,802**	**35.07**
Intercompany Loans	889	0.56	2,690	1.21
Supplier credit (related companies)	10,465	6.57	14,871	6.70
Commercial Short-term	14,767	9.28	23,926	10.79
Trade Credits	7,929	4.98	9,780	4.41
Money market instruments	-	-	80	0.04
Currency and Deposits	6,402	4.02	9,888	4.46
Other Non Equity	9,843	6.18	16,568	7.47
Total Foreign Liabilities	**159,170**	**100**	**221,827**	**100**

Figure 3.9: Stock of Short Term Loans in 2007

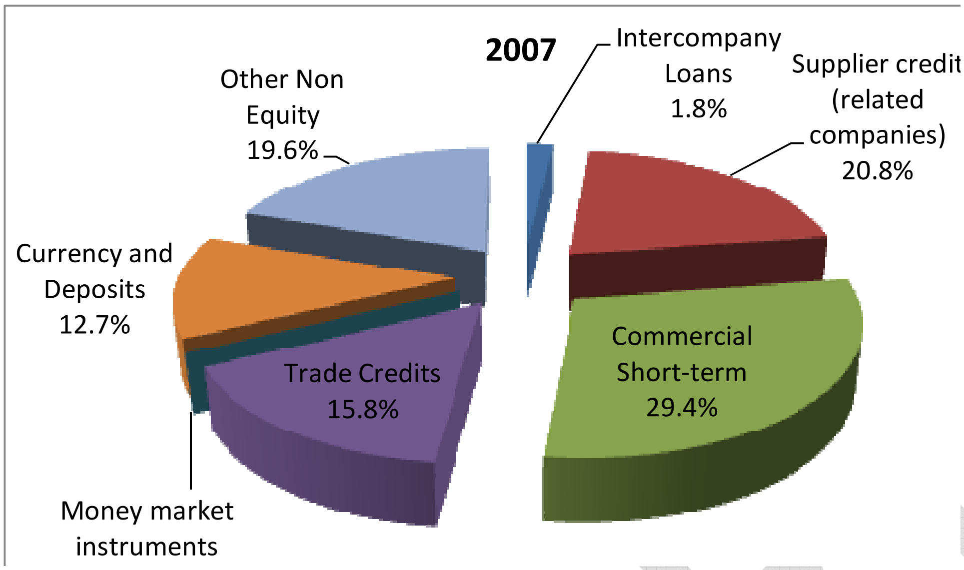
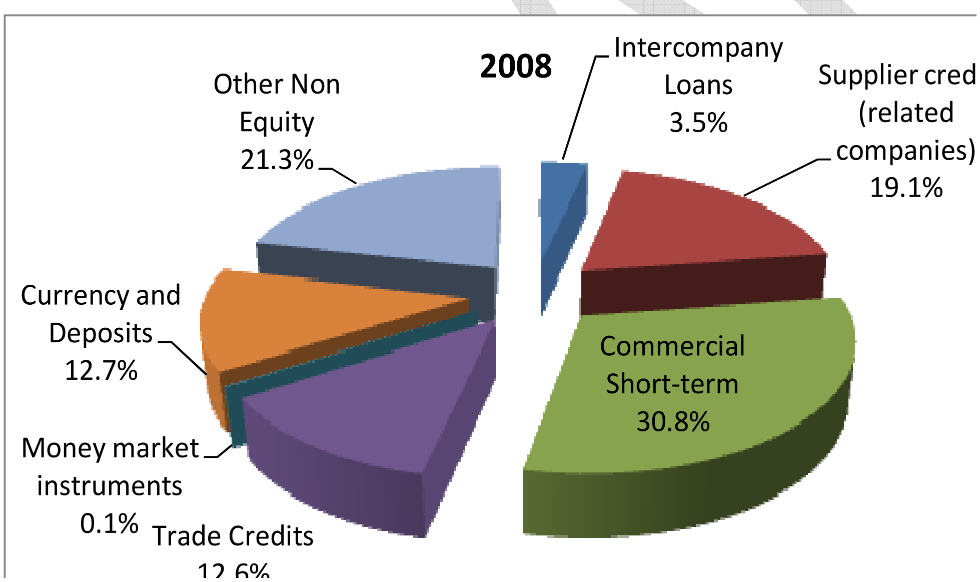


Figure 3.10: Stock of Short Term Loans in 2008



3.1.20 Analysis of Private Sector External Debt (PSED) Flows

Total loan disbursements rose marginally to stand at KSh 84,049 million in 2008 from KSh 75,686 million in 2007 as shown in Table 3.21. Figure 3.11 shows that trade credits accounted for half of the total short-term loan disbursements. On the other hand, total loan repayments increased substantially from KSh 27,992 million in

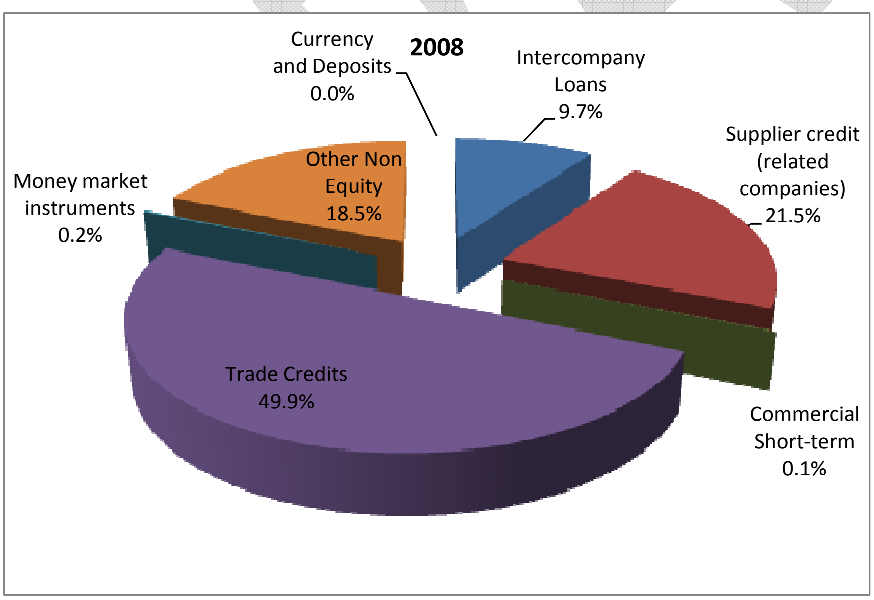
2007 to KSh 38,784 million in 2008. This was mainly due to short-term loan repayments which increased from KSh 21,167 million in 2007 to KSh 29,491 million in 2008.

Table 3.21: Private Sector External Debt (PSED) Flows, 2007-2008

KSh Million

Components	2007			2008		
	Inflows	Outflows	Net	Inflows	Outflows	Net
Loan-term Loans	**50,436.27**	**6,824.96**	**43,611.31**	**41,584.92**	**9,293.22**	**32,291.70**
Inter-company Loans	17,429.71	3,239.71	14,190.01	23,073.97	3,238.87	19,835.10
Commercial Loans	32,442.94	3,585.26	28,857.68	18,316.46	5,975.75	12,340.70
Bonds	563.61	-	563.61	194.50	78.60	115.90
Short-term Loans	**25,249.74**	**21,166.61**	**4,083.13**	**42,463.98**	**29,490.79**	**12,973.19**
Intercompany Loans	826.50	503.69	322.81	4,137.88	2,569.60	1,568.27
Supplier credit (related companies)	7,361.42	5,140.89	2,220.53	9,149.45	5,438.63	3,710.82
Commercial Short-term	10.52	101.03	(90.51)	24.84	243.45	(218.61)
Trade Credits	15,198.79	14,925.36	273.42	21,210.13	20,846.79	363.34
Money market instruments	-	-	-	80.00	-	80.00
Other Non Equity	1,847.42	494.14	1,353.28	7,856.47	386.66	7,469.82
Currency and Deposits	5.09	1.49	3.60	5.21	5.66	(0.45)
Total Foreign Liabilities	**75,686.01**	**27,991.57**	**47,694.44**	**84,048.91**	**38,784.02**	**45,264.89**

Figure 3.11: Disbursement of Short Term Loans in 2008



3.2 Kenya's Investments Abroad

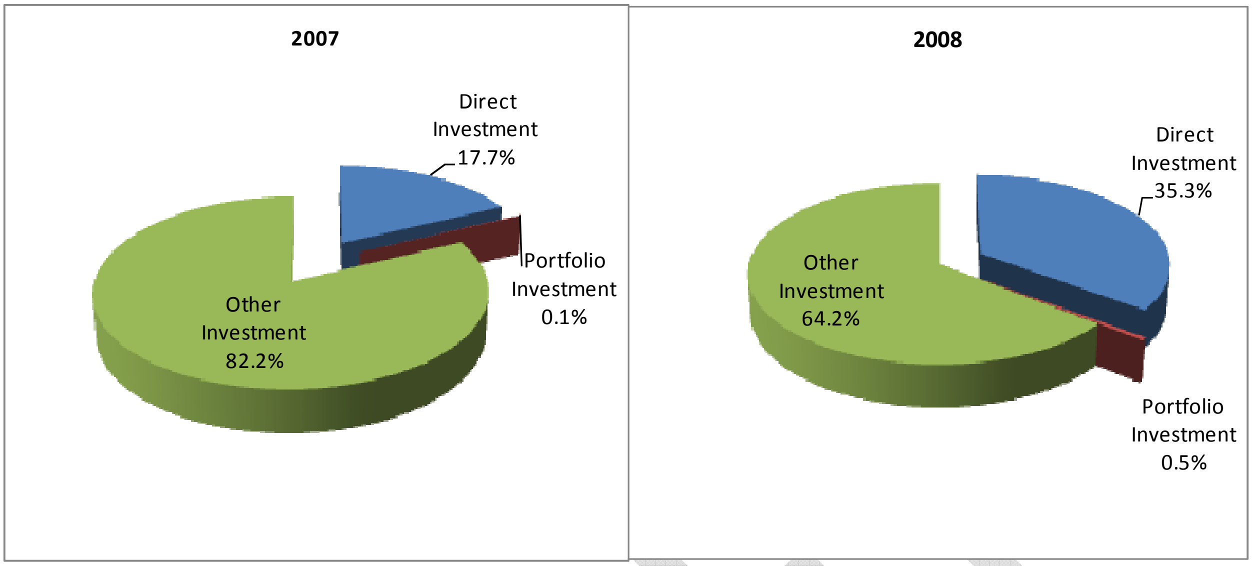
3.2.1 Stock of Kenya's External Assets

Foreign assets consist of shares held in other countries, long term and short term lending and investments in securities abroad. Table 3.22 presents the stocks of external assets over the two year period 2007-2008. The total stock of Kenya's investments abroad (foreign assets), declined by 32.9 per cent from Ksh. 66,746 million in 2007 to KSh 44,792 million in 2008. This was mainly on account of a 47.6 per cent drop in other investments from KSh 54,847 million in 2007 to KSh 28,767 million in 2008. The major causes of the deterioration in this component were currency and deposits, and short-term commercial loans which declined by 51.9 per cent and 51.5 per cent, respectively. However, direct investment abroad increased by 33.5 per cent from KSh 11,841 million in 2007 to KSh 15,803 million in 2008. Figure 3.12 shows that by end of 2007, other investments accounted for the largest share (82.2%) of total external assets, followed by direct investment (17.7%). Similarly, by end of 2008, other investment accounted for the largest share (64.2%) of total external assets, followed by direct investment (35.3%).

Table 3.22: Stock of External Assets in KSh Million, 2007-2008

Components	2007		2008	
	KSh Million	% Share	KSh Million	% Share
Direct Investment	**11,840.59**	**17.74**	**15,803.43**	**35.28**
Equity	5,667.13	8.49	8,748.18	19.53
Reinvested/Retained Earnings	2,191.07	3.28	2,856.87	6.38
Other Capital	3,982.39	5.97	4,198.38	9.37
Long-Term Inter-company loans	594.67	0.89	578.53	1.29
Short-term Inter-company loans	1,480.71	2.22	1,977.15	4.41
Supplier credits from related companies	1,907.01	2.86	1,642.70	3.67
Portfolio Investment	**59.14**	**0.09**	**221.86**	**0.50**
Equity	-	-	-	-
Bonds	-	-	-	-
Money market instruments	59.14	**0.09**	221.86	**0.50**
Financial derivatives	-	-	-	-
Other Investment	**54,846.58**	**82.17**	**28,767.07**	**64.22**
Commercial Loans	28,319.16	42.43	16,001.12	35.72
Long-term	349.38	0.52	1,299.29	2.90
Short-term	27,016.96	40.48	13,102.48	29.25
Trade Credits	952.82	1.43	1,599.35	3.57
Currency and Deposits	26,527.42	39.74	12,765.95	28.50
Total Foreign Assets	**66,746.30**	**100.00**	**44,792.36**	**100.00**

Figure 3.12: Composition of Stock of Foreign Assets, 2007 and 2008



3.2.2 Flows of Kenya's External Assets

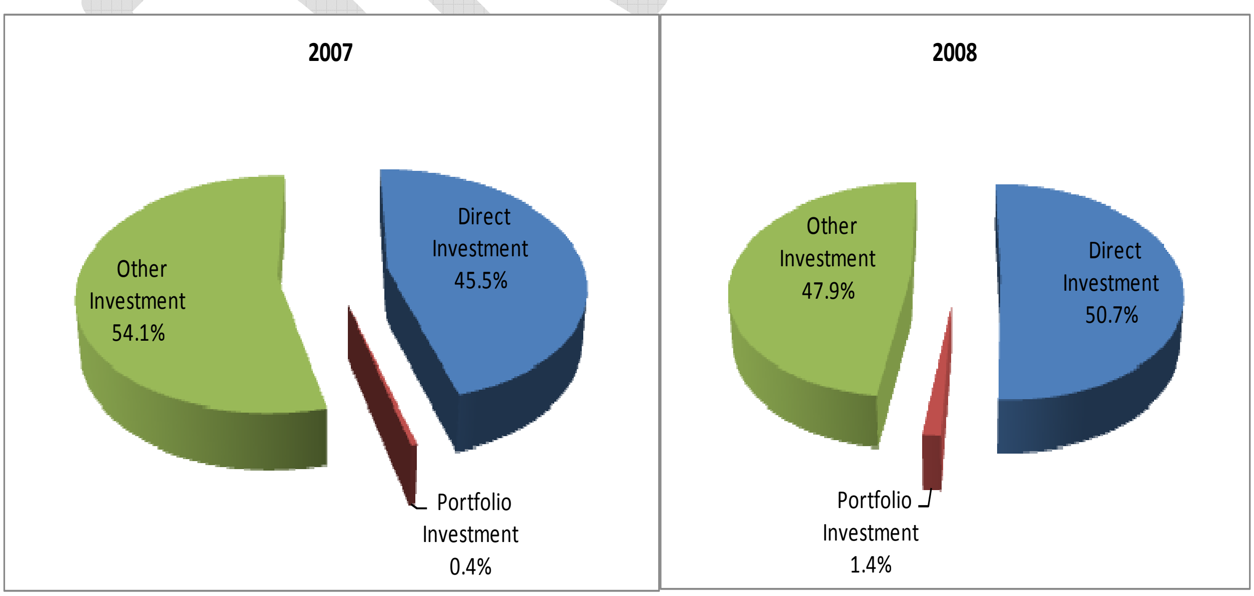
Outgoing private investments declined from KSh 13,889 million in 2007 to KSh 11,609 million in 2008 as shown in Table 3.23. These investments may have been affected by global economic and financial crisis that started in 2007 and peaked in 2008. The decline is attributed to a fall of 26.0 per cent and 6.9 per cent in other investment and direct investment categories, respectively. Figure 3.13 shows that other investments accounted for 54.1 per cent of the total outgoing investments, followed by direct investment (45.5%), in 2007. On the other hand, direct investment accounted for 50.7 per cent of the total outgoing investments, followed by other investments (47.9 %), in 2008. The disinvestment abroad rose by 73.3 per cent from KSh 3,056 million in 2007 to KSh 5,296 million in 2008.

Table 3.23: Flows of External Assets, 2007-2008

KSh Million

Components	2007			2008		
	Inflow	Outflow	Net	Inflow	Outflow	Net
Direct Investment	**6,322.34**	**969.01**	**5,353.34**	**5,889.22**	**1,295.34**	**4,593.88**
Equity	628.11	41.55	586.55	431.90	37.48	394.42
Reinvested/Retained Earnings	2,191.07	-	2,191.07	2,856.87	-	2,856.87
Other Capital	3,503.17	927.45	2,575.71	2,600.45	1,257.86	1,342.59
Long-Term Inter-company loans	535.47	160.91	374.56	557.94	371.52	186.42
Short-term Inter-company loans	626.73	235.76	390.97	782.22	279.44	502.78
Supplier credits from related companies	2,340.96	530.78	1,810.18	1,260.29	606.91	653.39
Portfolio Investment	**59.14**	**-**	**59.14**	**162.72**	**-**	**162.72**
Equity	-	-	-	-	-	-
Bonds	-	-	-	-	-	-
Money market instruments	59.14	-	59.14	162.72	-	162.72
Financial derivatives	-	-	-	-	-	-
Other Investment	**7,507.52**	**2,086.52**	**5,420.99**	**5,557.12**	**4,000.74**	**1,556.38**
Loans	2,425.11	1,887.56	537.54	2,845.11	2,094.76	750.35
Long-term	-	-	-	-	-	-
Short-term	14.22	11.40	2.82	12.28	14.14	(1.86)
Trade Credits	2,410.88	1,876.16	534.72	2,832.83	2,080.63	752.21
Currency and Deposits	5,082.41	198.96	4,883.45	2,712.00	1,905.98	806.02
Total Foreign Assets	**13,888.99**	**3,055.53**	**10,833.46**	**11,609.06**	**5,296.08**	**6,312.98**

Figure 3.13: Composition of the Outgoing Investments, 2007 and 2008



3.2.3 Destination of Investment Abroad

Africa especially the EAC region was the preferred destination of foreign direct investment by Kenyan enterprises, accounting for 86.2 per cent of the total stock of FDI abroad. With regard to other forms of investments, Europe (in particular the European Union) was the major destination of investment accounting for 66.4 per cent of the total stock of other investments. In 2007 America (in particular) US was the preferred destination Kenya's investments, accounting for 70.0 per cent of other investment stocks. The share of stock of other investments in the US fell significantly from 70.0 per cent in 2007 to 19.1 per cent, partly due to adverse effects of the global economic and financial crisis. These details are shown in Figures 3.14 and 3.15

Figure 3.14: Stock of External Assets (FDI) by Economic Bloc, 2007 and 2008

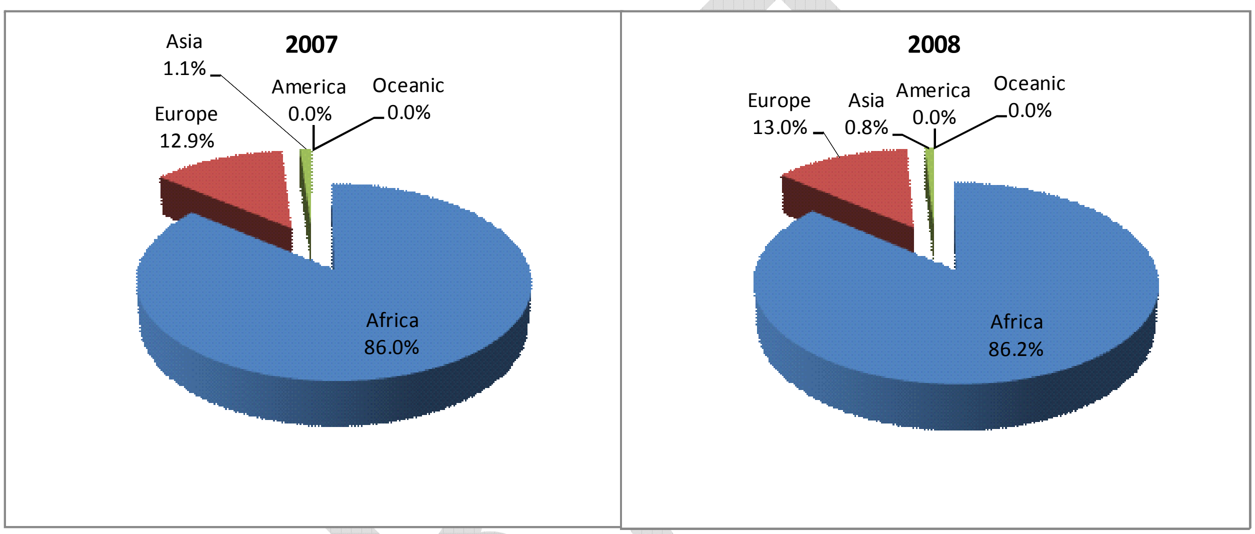


Figure 3.15: Stock of External Assets (OI) by Economic Bloc, 2007 and 2008

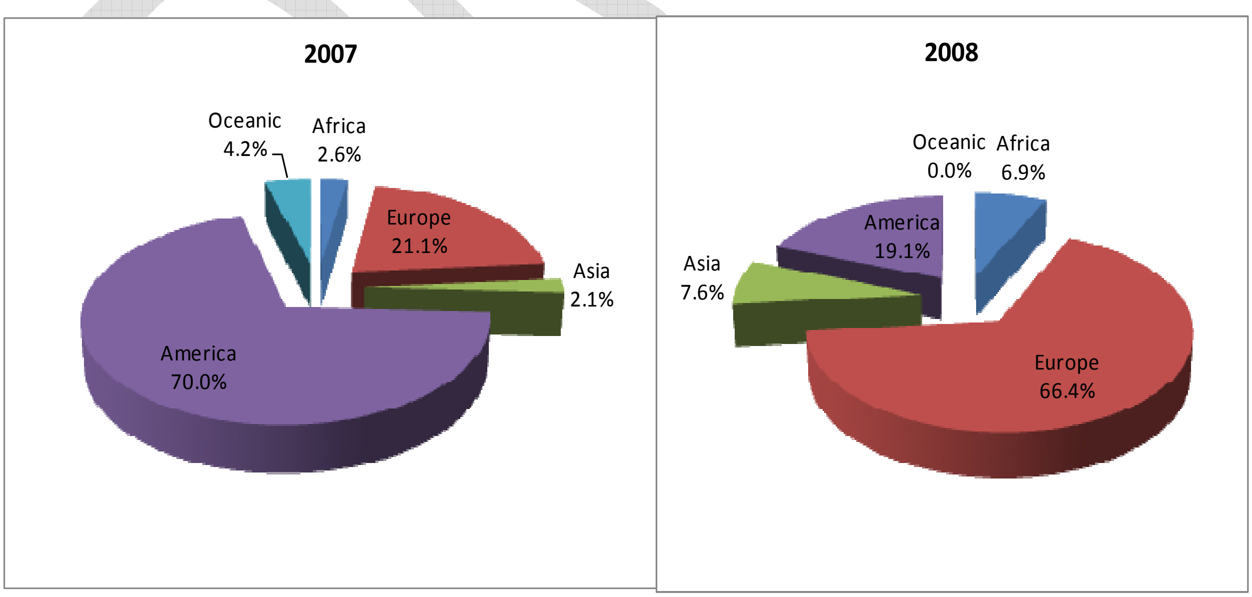


Table 3.24 and 3.25 below presents the destinations of direct investments and other investments owned by Kenyan enterprises abroad by country. The major direct investment destinations for Kenyan enterprises were: Uganda, Tanzania and United Kingdom. On the other hand, the main destinations in the other investment category for Kenyan enterprises were United States of America and United Kingdom. Although, the stock of the other investments category, as noted above, declined in 2008, a further analysis of the data shows mixed performance by major investment destinations. The stock of the other investments to United Kingdom increased substantially by 71.5 per cent to stand at KSh 13,935 million while those to United States of America decreased by 85.7 per cent to stand at KSh 5,496 million in 2008.

Table 3.24: Stock of External Assets (FDI) by Country, 2007-2008

	2007		2008	
Country	**KSh Million**	**% Share**	**KSh Million**	**% Share**
Uganda	4,177.63	35.28	5,085.32	32.18
Tanzania	3,374.39	28.50	3,308.60	20.94
United Kingdom	1,530.40	12.93	2,054.93	13.00
Sudan	837.19	7.07	1,158.06	7.33
Zambia	637.64	5.39	1,180.82	7.47
Malawi	442.59	3.74	511.94	3.24
Rwanda	346.30	2.92	1,384.97	8.76
South Africa	183.79	1.55	201.67	1.28
Ethiopia	150.60	1.27	753.75	4.77
Singapore	132.34	1.12	132.34	0.84
Nigeria	14.42	0.12	16.26	0.10
Mauritius	13.32	0.11	14.78	0.09
Grand Total	**11,840.59**	**100.00**	**15,803.43**	**100.00**

Table 3.25: Stock of External Assets (OI) by Country, 2007-2008

	2007		2008	
Country	**KSh Million**	**% Share**	**KSh Million**	**% Share**
US	38,352.78	69.93	5,496.33	19.11
United Kingdom	8,127.33	14.82	13,935.34	48.44
Australia	2,326.25	4.24	0.48	0.00
Norway	1,811.26	3.30	943.24	3.28
Uganda	715.76	1.31	1,264.55	4.40
Germany	581.43	1.06	619.76	2.15
Switzerland	526.96	0.96	97.60	0.34
United Arab Emirates	515.78	0.94	1,012.47	3.52
India	429.31	0.78	814.41	2.83
South Africa	293.73	0.54	141.43	0.49
Tanzania	292.18	0.53	367.19	1.28
France	208.06	0.38	1,920.01	6.67
Netherlands	207.18	0.38	221.33	0.77
Japan	112.48	0.21	167.84	0.58
Bahrain	95.27	0.17	140.47	0.49
Belgium	70.59	0.13	1,275.87	4.44
Ethiopia	42.65	0.08	103.57	0.36
Zambia	34.35	0.06	58.05	0.20
Sweden	30.38	0.06	42.49	0.15
China	16.20	0.03	37.33	0.13
Malawi	14.46	0.03	19.71	0.07
Others	42.19	0.08	87.62	0.30
Grand Total	**54,846.58**	**100.00**	**28,767.07**	**100.00**

3.3 Returns on Equity

The survey findings show that the overall profitability attributable to Foreign Direct Investment and Portfolio Investment declined by 16.1 per cent from KSh 20,268 million in 2007 to KSh 17,010 million in 2008 as shown in Table 3.26. Similarly, the overall return on equity dropped from 14.5 per cent in 2007 to 11.4 per cent in 2008.

Table 3.26: Return on Equity

	Net Profit attributable to FDI & FPI in KSh Million	**Stock of FDI & FPI Equity in KSh Million**	**Return on Equity**
2007	20,267.56	139,563.72	**14.52**
2008	17,010.44	149,244.88	**11.40**
% Change	**-16.07**	**6.94**	

3.1 Employment

The survey also sought to generate information on the level of employment by skill category. The respondents were therefore asked to indicate their employment levels by the skill categories namely, managerial, skilled or unskilled. The results showed that among the surveyed enterprises, there was an increase of 13.1 per cent in the overall level of employment from 213,425 in 2007 to 241,314 in 2008 as shown in Table 3.29. Over the same period, the total wage by the foreign investment enterprises declined from KSh 107,330 million to KSh 84,082 million.

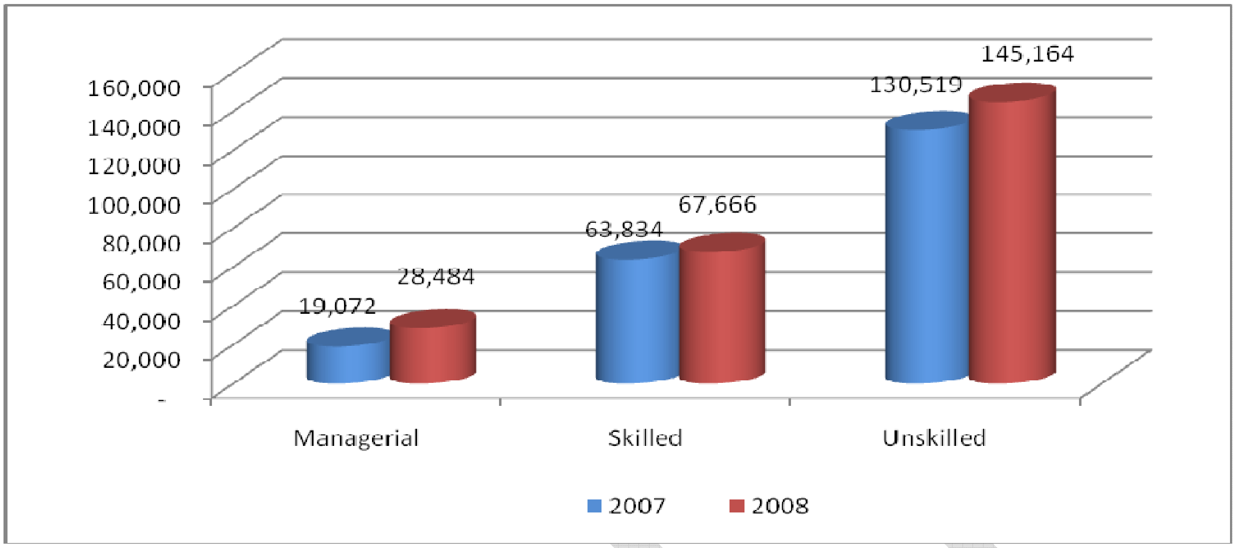
Table 3.29: Employment Level by Skill Category, Nationality, Gender and Wage

Skill Category	Nationality	2007			2008		
		Male	Female	**Total**	Male	Female	**Total**
Managerial	Local	13,629	3,781	**17,410**	23,117	4,276	**27,393**
	Foreign	1,113	549	**1,662**	943	148	**1,091**
Skilled	Local	39,974	22,080	**62,054**	44,087	21,883	**65,970**
	Foreign	1,521	259	**1,780**	1,367	329	**1,696**
Unskilled	Local	75,802	54,694	**130,496**	88,227	55,928	**144,155**
	Foreign	23	-	**23**	866	143	**1,009**
Total		**132,062**	**81,363**	**213,425**	**158,607**	**82,707**	**241,314**
Wage (Ksh Million)				**107,229.6**			**84,082.1**

3.3.1 Employment Level by Skill Category

As shown in figure 3.16, the number of managerial employees increased from 19,072 in 2007 to 28,484 in 2008, an increase of 49.3 percent. The number of skilled employees increased by 6.0 percent while that of unskilled labour increase by 11.2 over the same period. In both 2007 and 2008, the unskilled category was the dominant level of employment, accounting for over 60 percent.

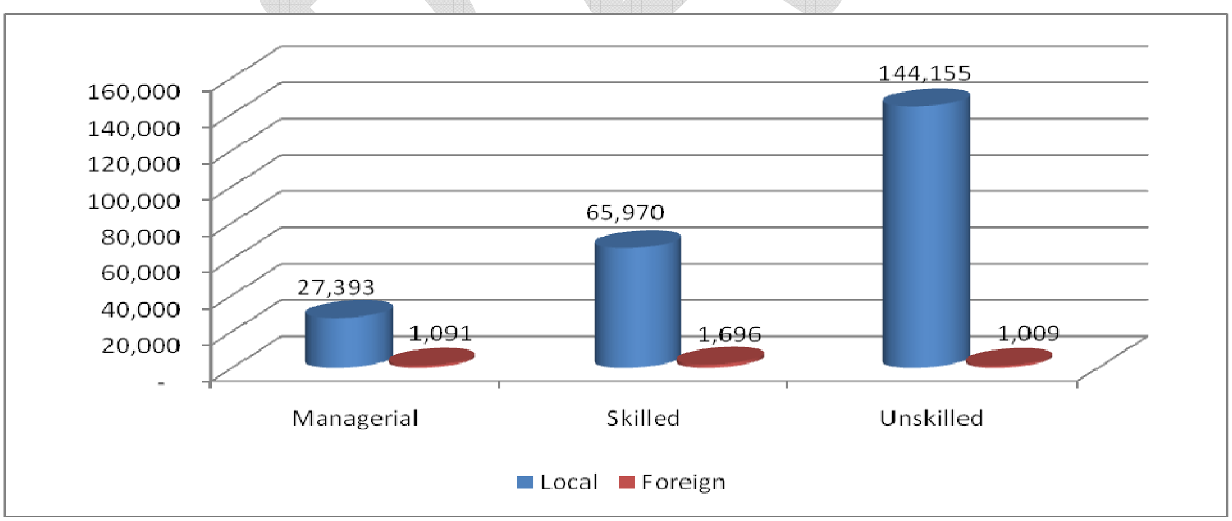
Figure 3.16: Employment Level by Skill Category, 2007 and 2008



3.3.2 Employment Level by Nationality, 2008

All categories of employment in 2008 were dominated by Kenyans as shown in figure 3.17. This indicates that foreign private capital contributes significantly to job creation for the locals. The number of foreign employees tended to be positively correlated with the skill level, accounting for 3.8, 2.5 and 0.7 percent of total employment for the managerial, skilled and unskilled categories, respectively.

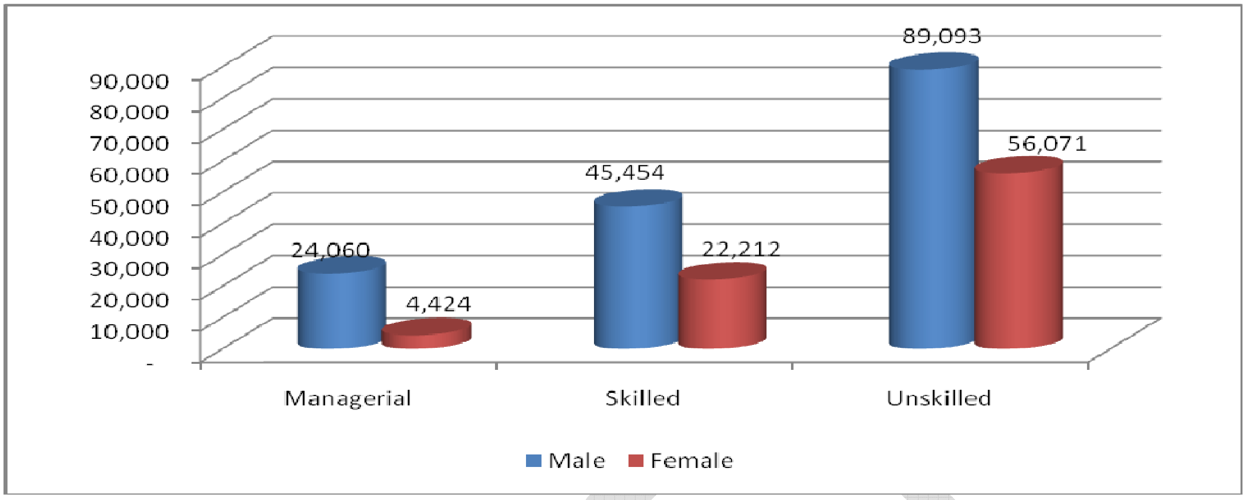
Figure 3.17: Employment Level by Nationality, 2008



3.3.3 Employment Level by Gender, 2008

Analysis of employment by gender for 2008 showed that male employees dominated all categories of employment. It further showed that the proportion of female employees was much higher in the skilled and unskilled categories compared to the managerial category, as shown in Figure 3.18. The proportions stood at 32.8 and 38.6 percent for the skilled and unskilled categories compared to only 15.5 percent at the management level.

Figure 3.18: Employment Level by Gender, 2008



3.2 Turnover

The survey found that the aggregate company turnover increased by 24.5% to KSh 37.8 trillion in 2008 from KSh 30.3 trillion the previous year.

3.4 Balance of Payments and International Investment Position

3.4.1 International Investment Position (IIP) Statement

The International Investment Position is a statistical statement that shows the value and composition of financial assets of residents of an economy that are claims on non-residents and liabilities of an economy to non-residents at a point in time. A country's international investment position is like a balance sheet that shows the total holdings of foreign assets by domestic residents and the total holdings of domestic assets by foreign residents at a point in time. The difference between a country's external financial assets and liabilities is the net international investment position. The net position reflects the level of indebtedness of a country.

Table 3.30 presents a partial IIP statement as derived from the survey results in addition to other data sources such as Bank for International Settlement (BIS) estimates of currency and deposits assets of other sectors, monetary and financial statistics. The statement shows a net liability International Investment Position (IIP) of KSh 159,584 million in 2008, an increase from a net liability position of KSh 63,468 million in 2007. This comprised total asset stocks of KSh 276,660 million and KSh 270,000 million for 2007 and 2008 respectively, and total liabilities of KSh 340,128 million and KSh 429,584 million for 2007 and 2008 respectively. Development in the IIP shows that Kenya attracted and retained a considerable amount of cross border capital in 2008 attributable to FDI and debt.

Table 3.30: International Investment Statement Position, 2007-2008

KSh Million

Standard components (BPM5)	Stock as at December 2007	Net Transactions[1] in 2008	Revaluations and other adjustments	Stock as at December 2008
Assets (+ = increase)	**276,660**	**41,202**	**-47,863**	**270,000**
Direct investment abroad	*11,721*	*7,281*	*-1,127*	*17,875*
Equity capital	5,667	3,081	0	8,748
Reinvested earnings	2,072	2,857	0	4,929
Other capital	3,982	1,343	-1,127	4,198
Portfolio investment	*59*	*162*	*0*	*222*
Equity securities	0	0	0	0
Debt securities	59	162	0	222
Other investment	*54,847*	*598*	*-26,678*	*28,767*
Trade credits	953	752	-106	1,599
Loans	27,366	-2	-12,963	14,401
Long-term	349	0	950	1,299
Short-term	27,017	-2	-13,913	13,102
Currency and deposits	26,528	-152	-13,609	12,767
Reserve assets	*210,033*	*33,161*	*-20,058*	*223,136*
Special Drawing Rights			0	
Reserve Position in the Fund	1,267	32	235	1,534
Foreign Exhange	208,702	33,127	-20,302	221,526
Other claims	64	3	9	76
Liabilities (+ = increase)	**340,128**	**64,443**	**25,013**	**429,584**
Direct investment in Kenya	*225,603*	*51,665*	*-3,264*	*274,004*
Equity capital	125,579	15,399	0	140,978
Reinvested earnings	54,429	11,151	0	65,580
Other capital	45,596	25,114	-3,264	67,446
Portfolio investment	*1,513*	*293*	*-129*	*1,677*
Equity securities	950	97	153	1,200
Debt securities	564	196	-282	478
Other investment	*113,011*	*12,485*	*28,407*	*153,903*
Trade credits	7,929	363	1,488	9,780
Loans	88,838	12,122	16,708	117,667
Long-term	74,070	12,341	7,331	93,742
Short-term	14,767	-219	9,377	23,925
Currency and deposits	16,245	0	10,211	26,456
IIP NET	**-63,468**	**-23,240**	**-72,876**	**-159,584**

[1]Net transactions may not be the same as the ones reported in other tables due to revaluation and other adjustments.

3.4.2 A Comparison of BOP Financial Account Data with the FIS 2010

At national level, foreign capital data are primarily collected to record BOP transactions and to secure information for computing, analysing and monitoring the BOP impact of FDI. This data is also useful for macroeconomic studies, which are concerned with the causes of payment imbalances and the implementation of appropriate adjustment measures. Two different methods are currently in use by most countries for collecting foreign capital data. These are the traditional BOP transaction recordings which are reports of related cash-flows through the banking system and statistical surveys of investing companies. In Table 16.11 presents a comparison of both methods in detail of the major components of the financial account.

No record is made on Retained earnings from the official BOP statement while FIS2010 data reveal substantial values. This is because, according to IMF standards, FDI is recorded in the Current Account of the BOP as investment income and in the Capital and Financial Account as direct investment. Income on equity is divided into distributed income (dividends and distributed branch profits) and retained earnings (earnings that foreign affiliates do not remit to the parent. Differences occur also on the Capital and Financial Account on direct investment capital transactions. These transactions are recorded separately for FDI inflows (FDI that occurs in the reporting economy) and FDI outflows (FDI abroad) and reflect changes in the ownership positions of affiliates that are controlled by direct investors. FDI capital transactions contain equity capital (owner's equity), intercompany loans and retained earnings as principal components.

Comparison of survey based data vis-à-vis current BOP estimates of financial account is shown in Table 3.31. In 2007 the net direct investment abroad recorded a surplus of KSh 7,099 million as per the survey data against a deficit of KSh 2,426 million as per the official BOP statement. Likewise, in 2008, the net direct investment abroad recorded a surplus of KSh 7,281 million according to the survey data compared to a deficit of KSh 3,028 million as per the official BOP statement. The net direct investment inflows worth KSh 78,861 million were recorded in the survey data against KSh 49,078 million registered in the official BOP statement, in 2007. On the other hand, net direct investment inflows worth KSh 51,664 million were recorded in the survey data against KSh 6,612 million registered in official BOP statement, in 2007. In the category of direct investment, no data is available in official BOP statement for reinvested earnings compared to the survey data which collected data on the same. The same scenario is witnessed for other capital in the direct investment abroad. This is an indication of under-coverage. This clearly shows that the use of survey to collect data enhances the quality, reliability, completeness and accuracy of BOP statement by filling the existing gaps.

Net portfolio investment inflows in 2007 were KSh 564 million in relation to FIS 2010 data, higher than net portfolio investment inflows recorded in the official BOP statement which stood at KSh 53 million. In 2008, net portfolio investment inflows as per survey data were KSh 293 million, lower than net portfolio investment inflows recorded in the official BOP statement which were worth KSh 681 million. Net portfolio investment abroad recorded deficits of KSh 1,717 million and KSh 2,486 million in 2007 and 2008 respectively, in the official BOP statement. Whilst net portfolio investment abroad recorded surpluses of KSh 59 million and KSh 162 million in 2007 and 2008 respectively, as per survey data. This shows that for this category the data furnished by Nairobi Stock Exchange (NSE) is more reliable than the survey data. This could be attributed to the fact that NSE has access to the information pertaining to the listed enterprises.

Net other investment inflows in 2007 were KSh 140,549 million with regard to the official BOP statement, far much higher than net other investment inflows recorded in the survey data which stood at KSh 30,397 million.

Similarly, in 2008, net other investment inflows as per survey data were KSh 19,955 million, far much lower than net other investment inflows recorded in the official BOP statement which were worth KSh 148,191 million. Net other investment abroad recorded deficits of KSh 46,004 million and KSh 73,309 million in 2007 and 2008 respectively, in the official BOP statement. However, as per survey data, net other investment abroad recorded surpluses worth KSh 5,421 million and KSh 1,556 million in 2007 and 2008, respectively. The scenario where the official BOP statement records have extremely higher values compared to the survey is attributable to misclassification of data coupled with erroneous reporting by the commercial banks through the Monthly Foreign Exchange Statistics (FXS-M) returns. Thus, some financial transactions which cannot be readily classified are included under 'other' capital receipts/or payments in the other investments component. Hence, the survey to a large extent s addresses this problem.

Table 3.31: A Comparison of survey based and current BOP estimates of Financial Account, 2007 – 2008

KSh Million

Standard components (BPM 5) Financial Account	BOP Financial Account Transactions		FIS Net Transactions	
	2007	**2008**	**2007**	**2008**
Direct Investment Abroad	-2,426	-3,028	7,099	7,281
Equity capital	-2,426	-3,028	2,332	3,081
Reinvested earnings	0	0	2,191	2,857
Other capital	0	0	2,576	1,343
Direct Investment in Kenya	49,078	6,612	78,861	51,664
Equity capital	44,787	1,579	49,745	15,399
Reinvested earnings	0	0	12,343	11,151
Other capital	4,291	5,033	16,773	25,114
Portfolio Investment in Kenya	53	681	564	293
Equity securities	31	347	1	97
Debt securities	22	334	563	196
Portfolio Investment Abroad	-1,717	-2,486	59	162
Other Investment in Kenya	140,549	148,191	30,397	19,955
Trade credits	0	0	273	363
Long-term loans	37,912	32,850	28,858	12,341
o/w other sectors	7,429	10,123	28,858	12,341
Short-term loans	0	0	-91	-219
o/w other sectors	0	0	-91	-219
Currency and deposits	21,853	37,828	1,357	7,470
Other liabilities	80,784	77,513	0	0
o/w other sectors	79,389	75,440	0	0
Other Investment Abroad	-46,004	-73,309	5,421	1,556
Trade credits	0	0	535	752
Long-term loans	-22,667	-29,617	0	0
Short-term loans	0	0	3	-2
Currency and deposits	-19,262	-38,960	4,883	806
Other assets	-4,075	-4,732	0	0

CHAPTER 4: INVESTOR PERCEPTIONS (IP) FINDINGS

4.0 Introduction

The sustainability of a particular investment project is determined by many factors among them economic, financial, infrastructure, business and regulatory bodies, labour, environment and health. This section analyses selected factors that effect investment decisions in Kenya. The results of this survey may form the basis for formulation of effective investment promotion, retention and expansion strategies for both Foreign Direct Investment (FDI) and Domestic Direct Investment (DDI) in Kenya.

Investor perceptions were incorporated in the FIS survey because of the importance of investment climate and government policies on investment. These perceptions would be used to assess how best the government can maintain or increase investment level and maximize their (investments) contribution to national development. Investor perception surveys help to identify major constraints and challenges that policy makers need to address in order to increase production, productivity, investor confidence and to reduce cost of doing business.

The survey sought investor perceptions on the extent the identified factors impacted on investment decision of their operations. The factors were categorized in five broad areas namely; economic and financial factors; efficiency and cost of identified support services; labour, environment and health factors; business, regulatory and other bodies and direction of investment in the next three years. Investors were asked to rate the effect of each factor on their businesses.

4.1 Economic and Financial Factors

The survey captured investor perceptions relating to selected economic and financial factors. These factors include fiscal, monetary and trade policy, business environment and project financing factors. Respondents were to rate the extent to which each of the factors affected their business activities.

4.1.1 Business Environment

Domestic market was perceived to have the highest positive impact on business activities compared to other factors. Figure 4.1 shows that 62 per cent of respondents indicated that, domestic market had net positive effect. The 62 per cent comprised 38 per cent and 24 per cent who indicated a strong positive effect and limited positive effect respectively. This is because most sales are done in the domestic market.

Insecurity and corruption were perceived by many respondents to have a net negative impact on business activities. A whopping 83 per cent of those interviewed indicated that, insecurity and crime had a negative effect on their business activities while 51 per cent indicated that corruption had a strong negative effect. Corruption was ranked second highest among the factors that had net negative effect on investment at 77 per cent. From investors' comments, corruption led to delays in product registration, port clearance and overall increase in cost of doing business.

4.1.2 Trade Policy

Most respondents indicated that investment limit, insider trading and competition with imports, had an insignificant effect on their investment decisions. Insider trading and investment limit had no effect according to 73 per cent and 60 per cent of the respondents respectively as shown in Figure 4.2. However, access to international markets was perceived to have a net positive effect. This suggests that apart from domestic market, investors still place considerable importance to international markets.

Figure 4.1: Effect of Business Environment on Business Activities (per cent)

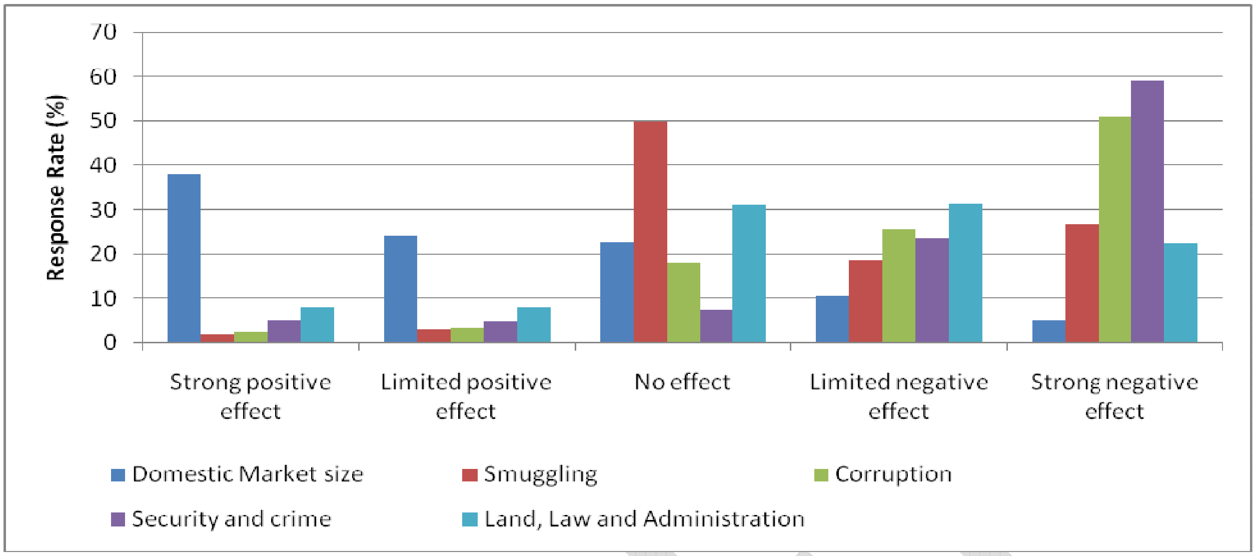
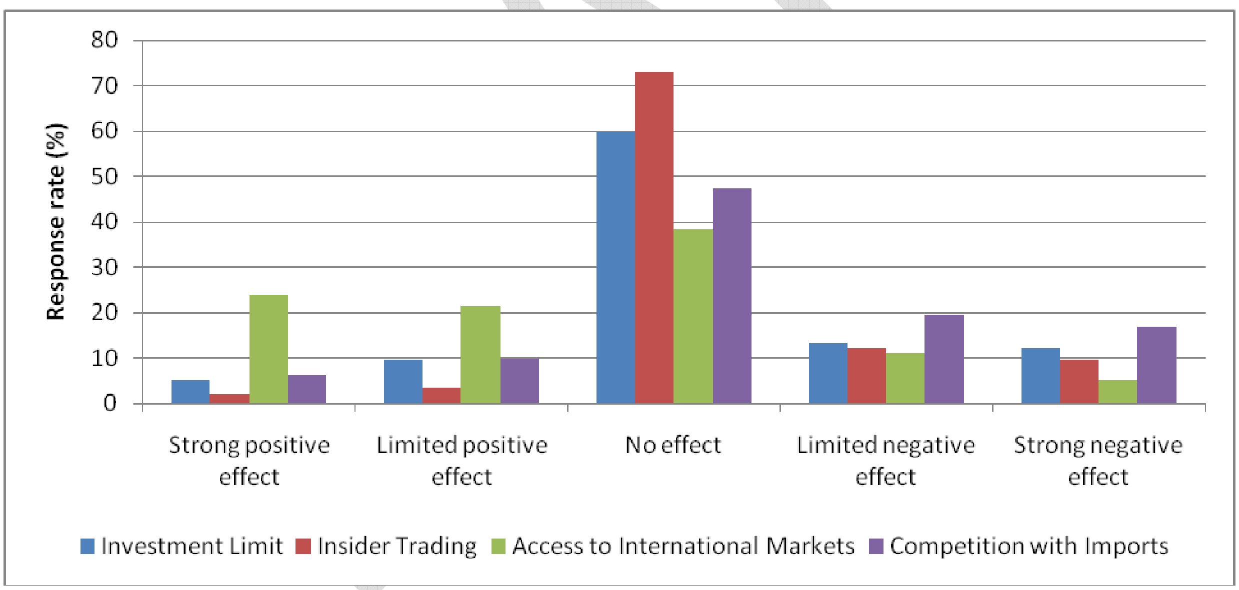


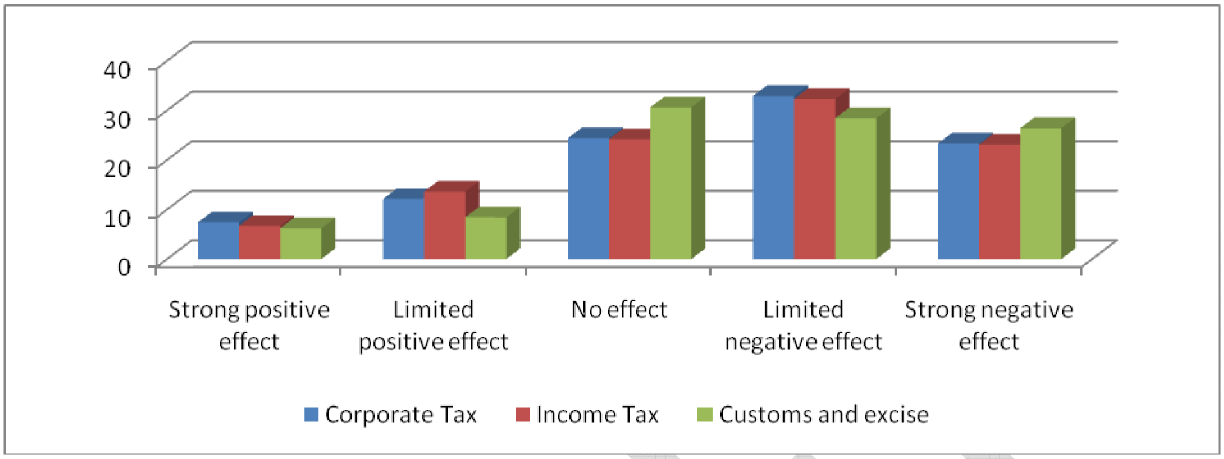
Figure 4.2: Effect of Trade Policy on Investment Decision (per cent)



4.1.3 Fiscal Policy

Kenya introduced a tax modernization programme in 1986 with the objective to enhance revenue collection, improve tax administration and reduce compliance and collection cost. Currently, the tax system is relatively straight forward and its administration is efficient and fair compared to those existing in the region and globally. Consistent with previous study results (UNCTAD, 2005), the survey findings show that tax regime, particularly, tax administration had a significant negative effect on business operations. The respondents indicated that corporate tax was high in addition to other taxes. The other issues of concern to enterprises were lack of tax holidays, the limited tax liability and high income tax rates. A comparative analysis of how the three main sources of tax affect business activities is presented in Figure 4.3.

Figure 4.3: Effect of Fiscal Policy on Investment Decision (per cent)



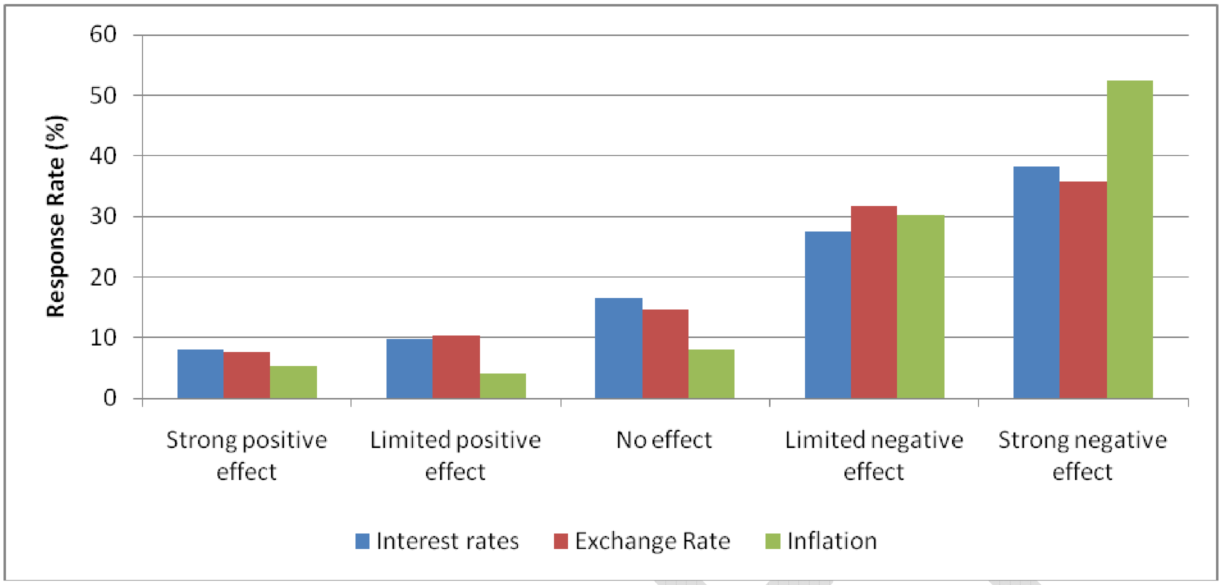
As shown in Figure 4.3, 56 per cent of respondents were of the view that corporate tax had a significant negative effect on investment decisions. About 33 per cent of the respondents indicated that corporate tax had limited negative effect and 23.1 per cent indicated that corporate tax had strong negative effect. Respondents viewed income tax and customs duties at 55.5 per cent and 54.8 per cent respectively, as having negative effect on their businesses.

4.1.4 Monetary Policy

Monetary policy in Kenya has been targeted to contain inflation so as to ensure a stable macroeconomic environment which is necessary to encourage investment in the private sector. From Figure 4.4, the general results indicate that interest rates, inflation rate and exchange rate were perceived to have a net negative effect on investment decision. Out of the three factors, inflation had a highest combined negative effect of 82.7 per cent compared with 9.3 per cent who perceived it to have positive effect.

Over 67 per cent of the enterprises indicated that exchange rate had a negative effect whereas 18.1 per cent of the enterprises indicated that exchange rate had a positive effect on their business. Further, over half of the respondents (65.8 per cent) perceived interest rates to have a net negative effect on investment decisions. This finding implies that interest rates that averaged 14 per cent during the review period were still perceived to be high by the investors.

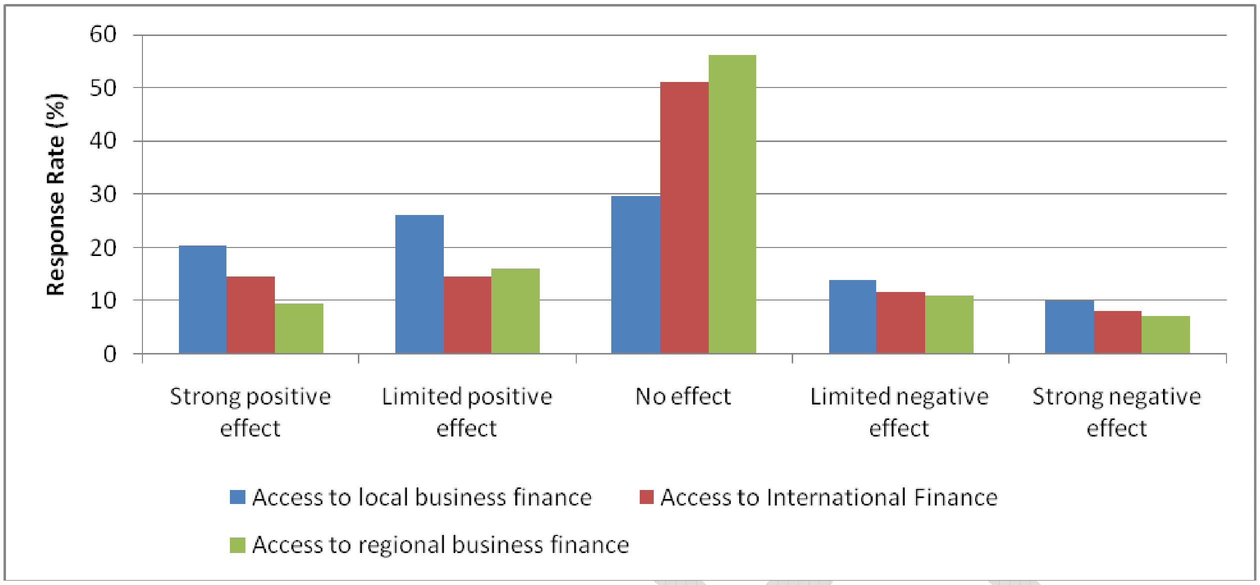
Figure 4.4: Effect of Monetary Policy on Business Activities (per cent)



4.1.5 Investment Project Financing

Despite high interest rates as shown in section 4.1.4, access to local business finance remained the major source of investment capital for many investors. Access to local business finance had a significant positive effect on investment decisions.As shown in Figure 4.5, while 46.2 per cent of the respondents indicated that local business finance had a net positive effect, only 27.7 per cent and 29.2 per cent of respondents respectively indicated that regional business and international finance had positive effect on business activities. More than half (51.1 per cent and 56.1 per cent) of respondents indicated that international finance and regional business finance had no effect at all.

Figure 4.5: Effect of Project Financing on Investment Decision (per cent)



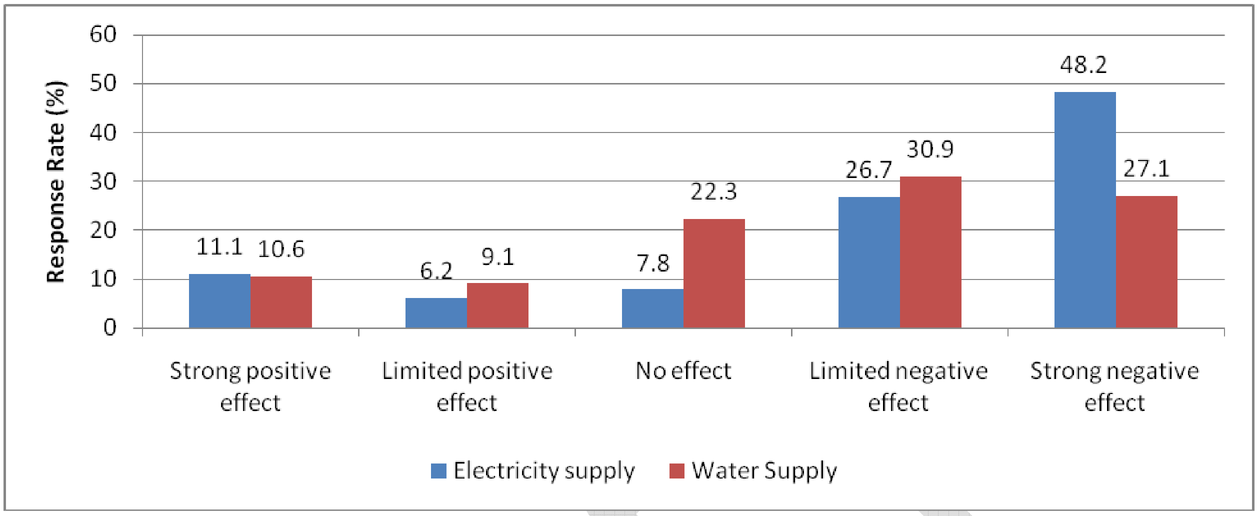
4.2 Efficiency and Cost of Support Services

High cost of doing business has been identified as one of the major constraints to growth and development of both domestic and foreign investments in Kenya. This is occasioned by high energy tariffs, poor transport infrastructure, port delays, corruption, and high cost of communication among others. Under this sub-section, investor perception concentrated on factors related to cost and efficiency of support services. These factors included water and electricity supply, post and telecommunication services including internet, postal services; transportation services including road, railway, water transport, inland transport and air transport; tax administration, financial services, public services among others.

4.2.1 Electricity and Water Supply

The cost and supply of electricity was perceived to have a net negative effect on business activities by 74.9 per cent of respondents. The 74.9 per cent comprised 48.2 per cent and 26.7 per cent of respondent indicating a strong negative effect and limited negative effect respectively (see Figure 4.6). Most investors noted that power tariffs were high and supply was unreliable owing to interruptions in the form of blackouts and power rationing. This was not a surprise finding, given that in 2008/09, the country experienced a prolonged drought which reduced power supply leading to power rationing and use of expensive diesel generators. Furthermore, the survey findings indicate that most investors rated water supply as having a negative impact on their operations with 59.7 per cent of the respondents indicating unreliable water supply as a constraining factor to business operations.

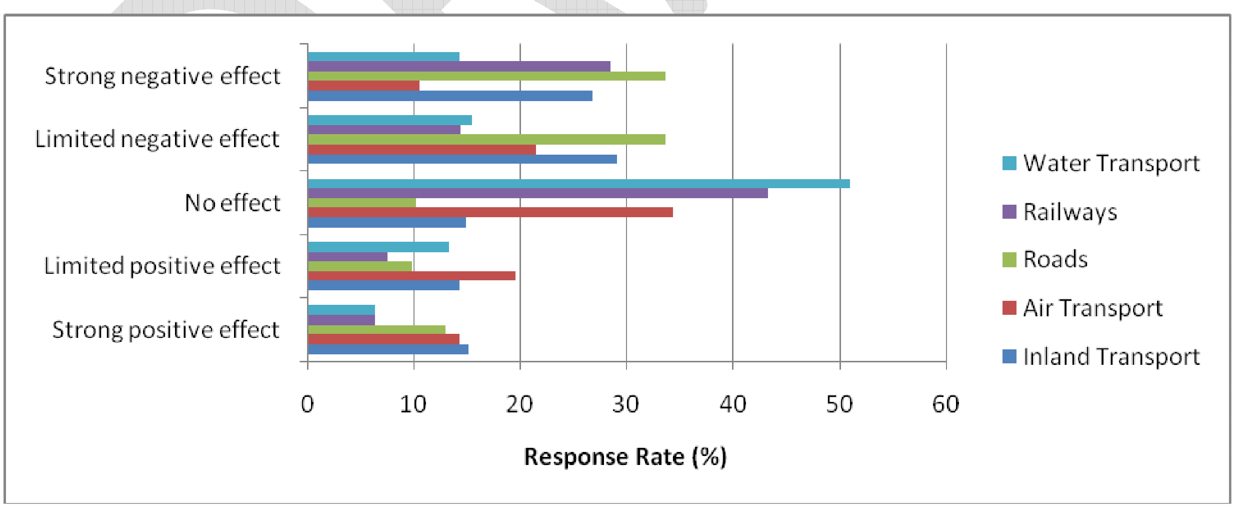
Figure 4.6: Effect of Cost and Efficiency of Water and Electricity Supply on Investment (per cent)



4.2.2 Transportation Services

Transport services facilitate delivery of raw materials to factories and distribution of finished products to the market. These factors include inland transport, road transport, water transport, air transport and railways. The results presented in Figure 4.7, indicate that the cost and efficiency of road and inland transport were perceived to have a net positive impact on investment, whereas the cost and efficiency of water, railway and air transport were perceived to have no effect. As shown in Figure 4.7, 67.2 per cent and 55.8 per cent of the respondents considered the use of road and inland transport to be significant in their operations. The percentage of respondents who perceived water, air and railway transport to have no effect on their business operations were 54.9 per cent, 34.3 per cent and 43.2 per cent, respectively.

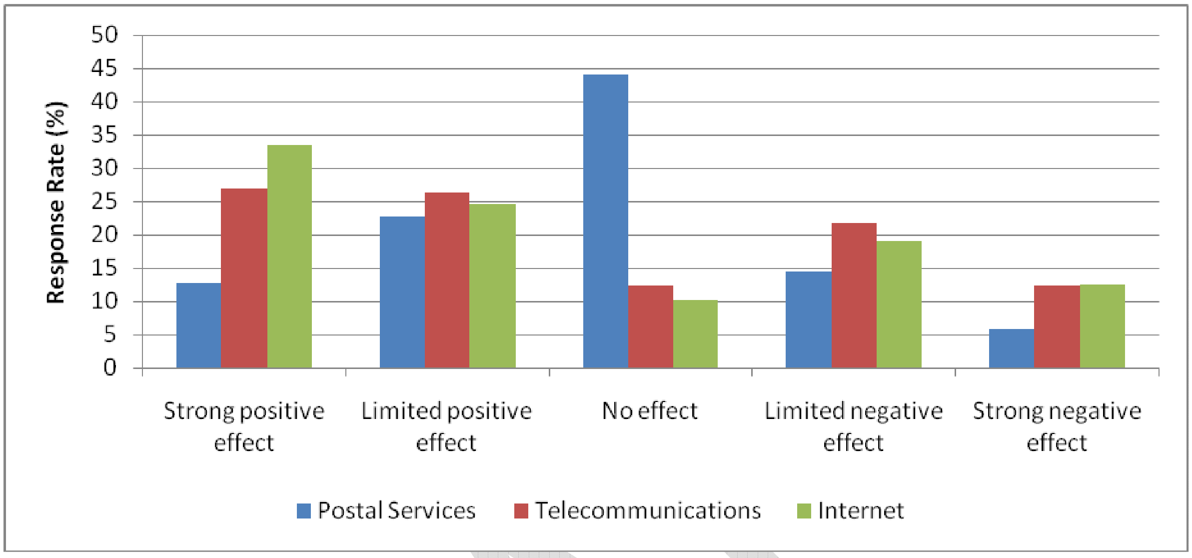
Figure 4.7: Effect of Cost and Efficiency of Transport on Investment (per cent)



4.2.3 Telecommunication Services

The survey findings indicate that both telecommunication and internet use had a significant impact on investment decisions. A notable 58.2 per cent and 52 per cent of the respondents indicated that internet and telecommunication had a positive effect on their business activities (See Figure 4.8). The cost and efficiency of postal services was considered to have no effect by 44 per cent of respondents.

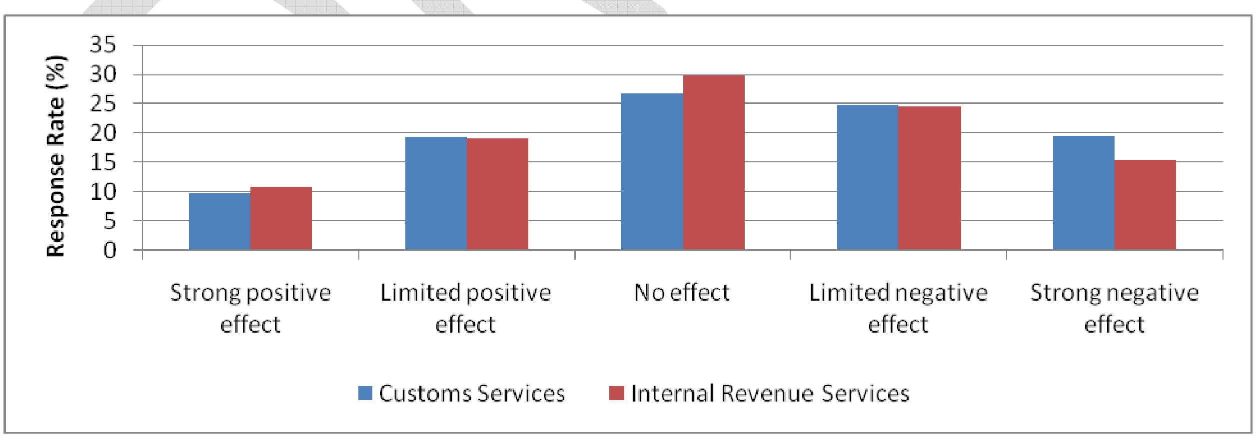
Figure 4.8: Effect of Telecommunication Services (per cent)



4.2.4 Tax Administration Services

Figure 4.9 presents the results of the effect of tax administration services namely customs and internal revenue on business activities. Overall, the cost and efficiency of customs and internal revenue administration were perceived to have a negative effect on business activities. Forty four per cent of the respondents indicated that the cost and efficiency of customs services had a negative effect while 29 per cent of the respondents perceived it to have a positive effect.

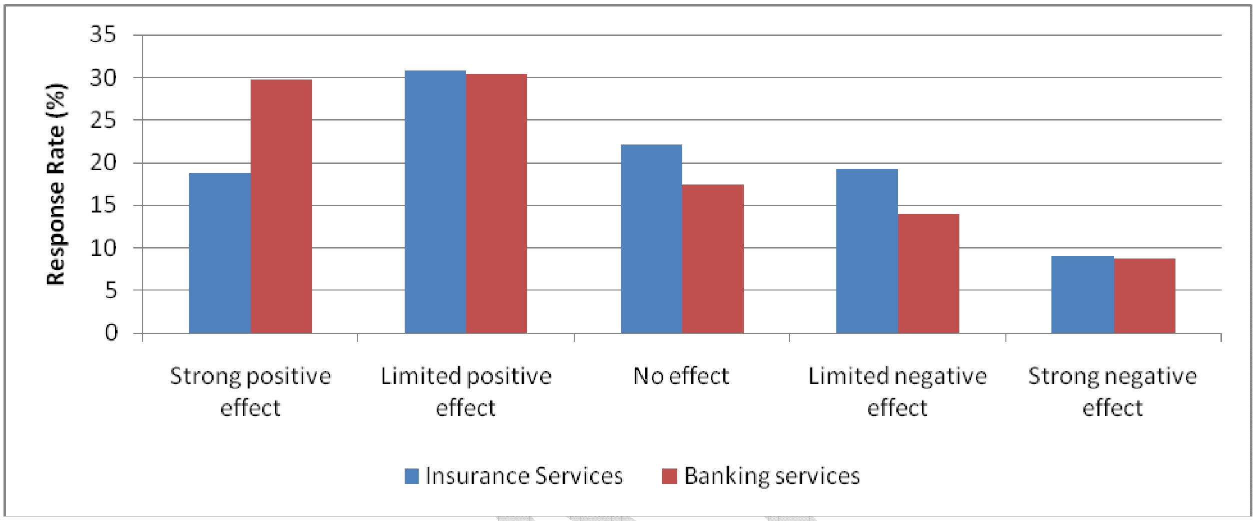
Figure 4.9: Effect of Tax Administration on Investment (per cent)



4.2.5 Cost and Efficiency of Financial Services on Investment

The finacial sector comprises of banking, insurance, capital markets and pension funds among others. A vibrant and globally competitive financial sector will not only create jobs but also promote high levels of saving to finance overall investment needs (Kenya Vision 2030). The results presented in figure 4.10 indicates that both banking and insurance services had a significant effect on respondents business activities. Consistent with the findings on access to local finance, the cost and efficiency of banking services was significant with more than 60 per cent of the respondents indicating a positive effect on business activities. Further, the cost and effeciency of insurance services were perceived to have a positive effect by 49.6 per cent of respondents.

Figure 4.10: Effect of Financial Services on Business Activities (per cent)

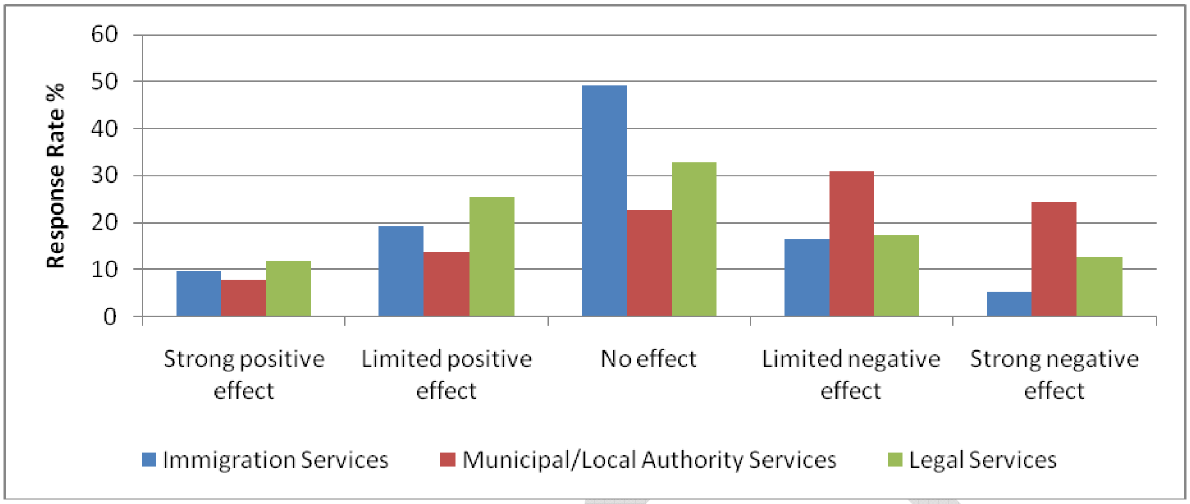


4.2.6 Effect of Public Services on Investment Decision

Government services directly or indirectly affect investment decisions of enterprises. Thus efficient public services are necessary for investment projects to flourish. Public services to both private and public sector are provided by government agencies and local authorities.

The survey findings on the effect of these services on business decisions are presented in Figure 4.11. The cost and efficiency of municipal/local authority services were percieved to have a negative effect while the cost and efficiency of legal services had positive effects. In addition, the cost and efficiency of immigration services was considered to have an insignificant effect on business activities. Whereas the cost and efficiency of municipal/local authority services was percieved to have a combined net negative effect by 55.5 per cent of the enterprises, the cost and efficiency of legal services was perceived to have a net positive effect by 37.3 per cent of the surveyed enterprises.

Figure 4.11: Cost and Efficiency of Public Services Effect on Investment (per cent)

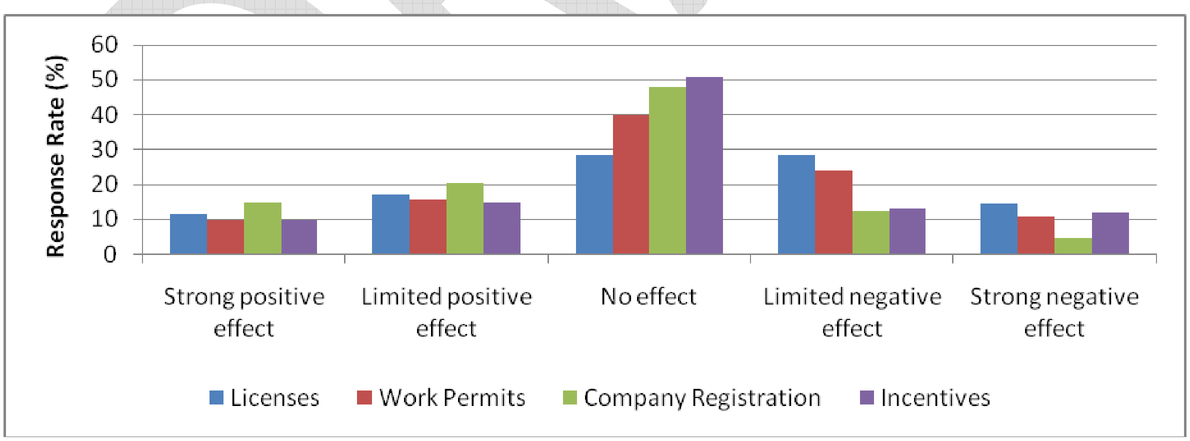


4.2.7 Cost and Efficiency of Other Support Services

The cost and efficiency of licenses, work permits, company registration and incentives affect business activities in one way or another depending on nature of the investment (domestic and foreign). The survey findings on the effect of these factors on business operations are presented in Figure 4.12.

Incentives, company registration and work permits were perceived to have no effect on business activities by 50.9 per cent, 48.0 per cent and 39.8 per cent of the respondents (see Figure 4.12) respectively. However, licenses were perceived to have a net negative effect by 42.9 per cent of the business entities.

Figure 4.12: Other Services Effect on Investment



4.3 Labour, Environmental and Health Factors

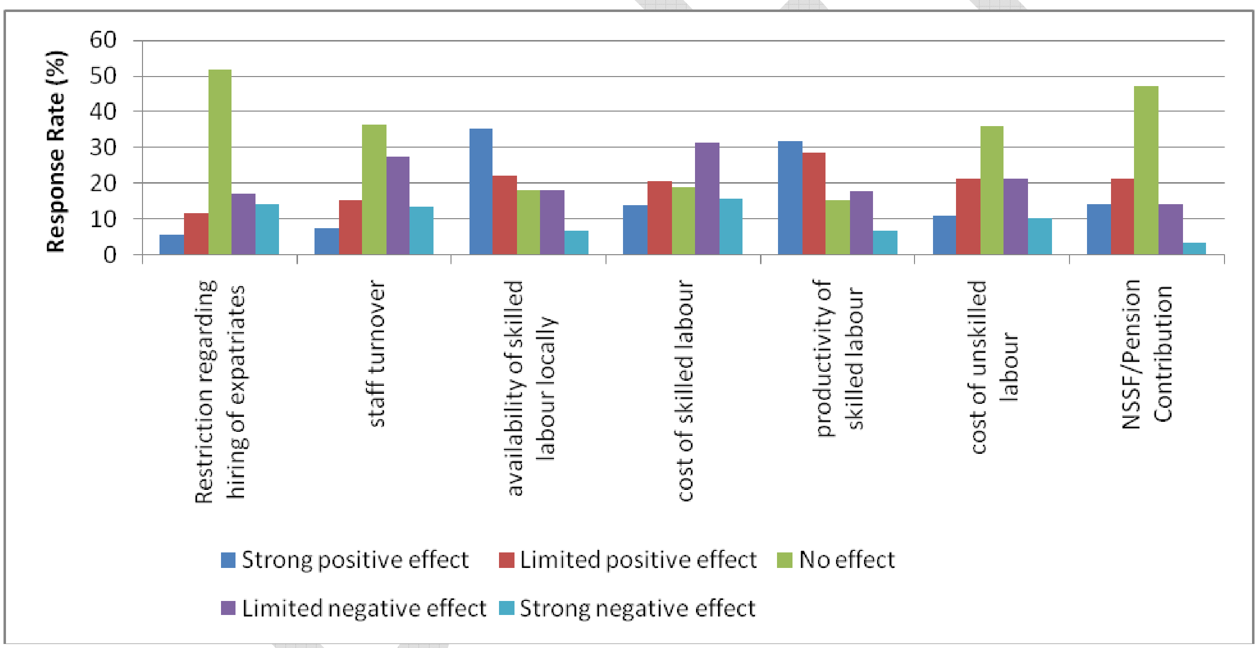
Labour, health and environmental factors directly or indirectly affect business activities. Through the national environmental regulatory body, the government ensures that investors conduct Environmental Impact Assessments (EIA) as a prerequisite for investment projects. In addition, good health plays a critical role in production as it enhances labour productivity. The survey sought the views of the enterprises on the effect of labour, environmental and health services on their business operations during the review period.

4.3.1 Labour Factors

With regard to labour, the survey instrument captured factors related to labour including restrictions on hiring expartriates, staff turnover, availability, cost and productivity of skilled labour, cost of unskilled labour and National Social Security Fund (NSSF)/pension contributions.

As presented in Figure 4.13 below, availability of skilled labour locally and productivity of skilled labour were perceived to have a net positive effect on business activities. Similarly cost of skilled labour and staff turnover had a net negative effect on business activities. Further, the cost of unskilled labour and NSSF/pension contribution was viewed to have no effect on business activities. Productivity of skilled labour recorded the highest positive effect at 60.3 per cent. On the other hand, cost of skilled labour registered the highest negative effect at 46.7 per cent.

Figure 4.13: Effects of Labour Factors on Investment (per cent)



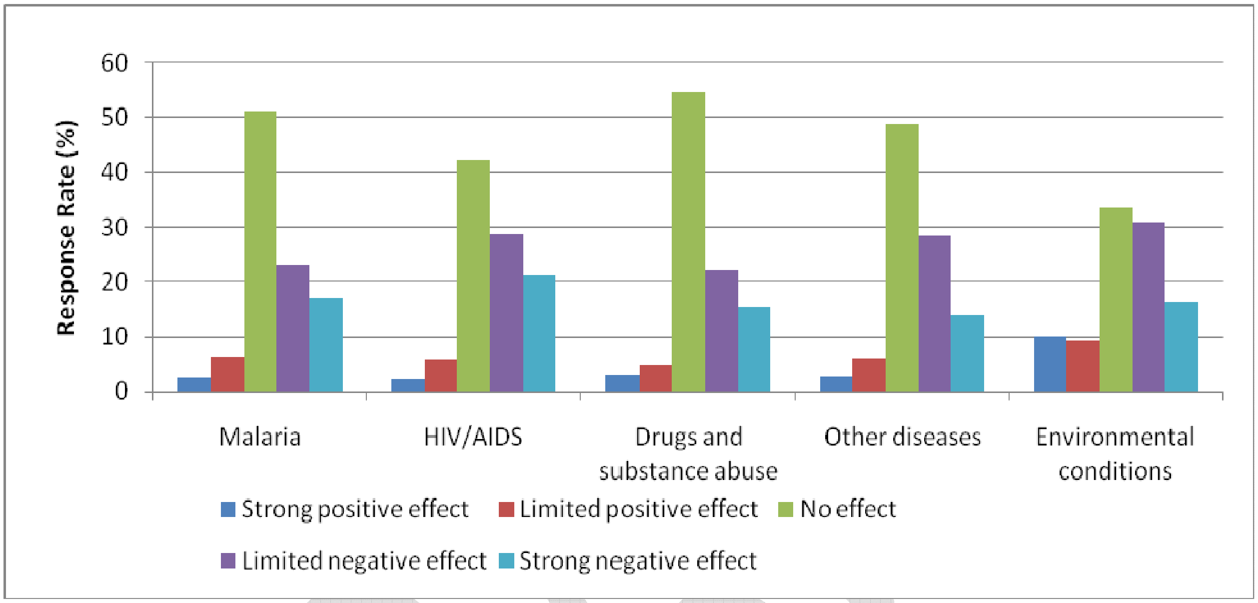
4.3.2 Environmental and Health Factors

Management of environmental resources such as water, air and soils contribute to economic development by increasing labour productivity.

Entities were asked to rate the effect of Malaria, HIV/AIDS, drug and substance abuse, other diseases and environmental conditions on their business operations. The findings are presented in Figure 4.14. Whereas Malaria, drug and substance abuse, and other disease were peceived to have an insigficant effect, HIV/AIDS and environmental factors were viewed to have a net negative effect.

About 50 per cent of the respondents indicated that HIV/AIDS had a negative effect on business activities. Close to 47 per cent of the respondents rated environmental conditions as having a negative effect on their business activities while 19.3 per cent of the respondents reported a positive effect.

Figure 4.14: Effect of Environmental and Health Factors on Business Decision (per cent)



4.4 Business, Regulatory and Other Bodies

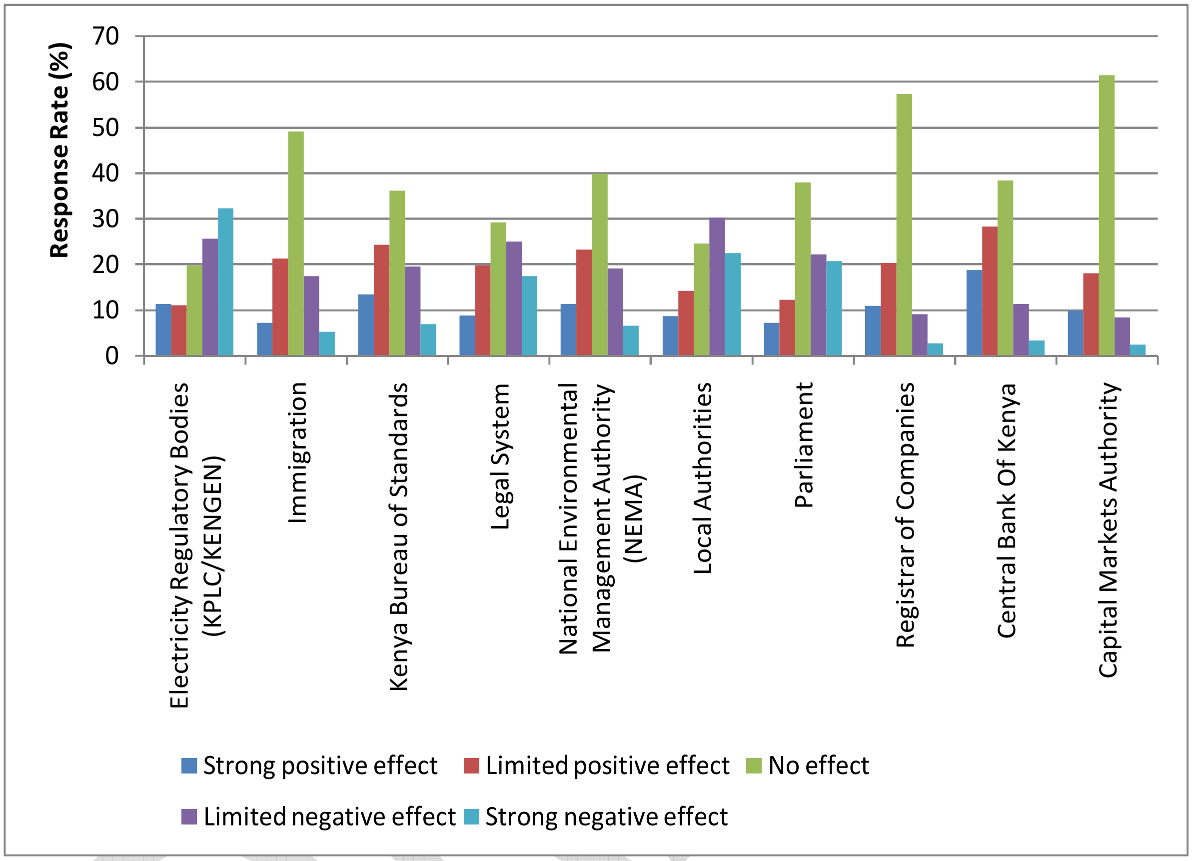
Business and regulatory bodies are established to serve the dual purpose of representing members' views and concerns to the relevant authorities, as well as protecting the public's interest and safety. The views of the enterprises on the effect of the business, regulatory and other bodies on their business activities were sought in the Survey.

4.4.1 Effect of Regulatory Bodies

With regard to regulatory bodies, respondents were asked to rate the extent to which National Environment Management Authority (NEMA), electricity regulatory bodies such as KENGEN, KPLC, Kenya Bureau of Standards (KEBS), Legal system, Local Authorities, Parliament, Central Bank of Kenya (CBK), Capital Markets Authority (CMA) and the Immigration Department impacted on their business activities. Figure 4.15 shows that most of these bodies were perceived to have had no effect on business activities. Immigration Department, Kenya Bureau of Standards, National Environmental Management Authority, Registrar of Companies and Capital Markets Authority had no effect on investment decisions. Out of these five Bodies, the Capital Markets Authority was ranked the highest with 61.4 per cent of the respondents indicating that it had no effect on their businesses. About 57 per cent of the surveyed enterprises reported that the Registrar of Companies had no effect on their business activities. The Central Bank of Kenya was the body with the highest net positive effect at 47.1 per cent.

Energy Regulatory Board and Local Authorities were perceived to have the highest net negative effects on the business activities by 57.8 per cent and 52.7 per cent of the respondents, respectively. Others with net negative effect were Legal services and Parliament as reported by 42.3 per cent and 42.7 per cent of the respondents respectively.

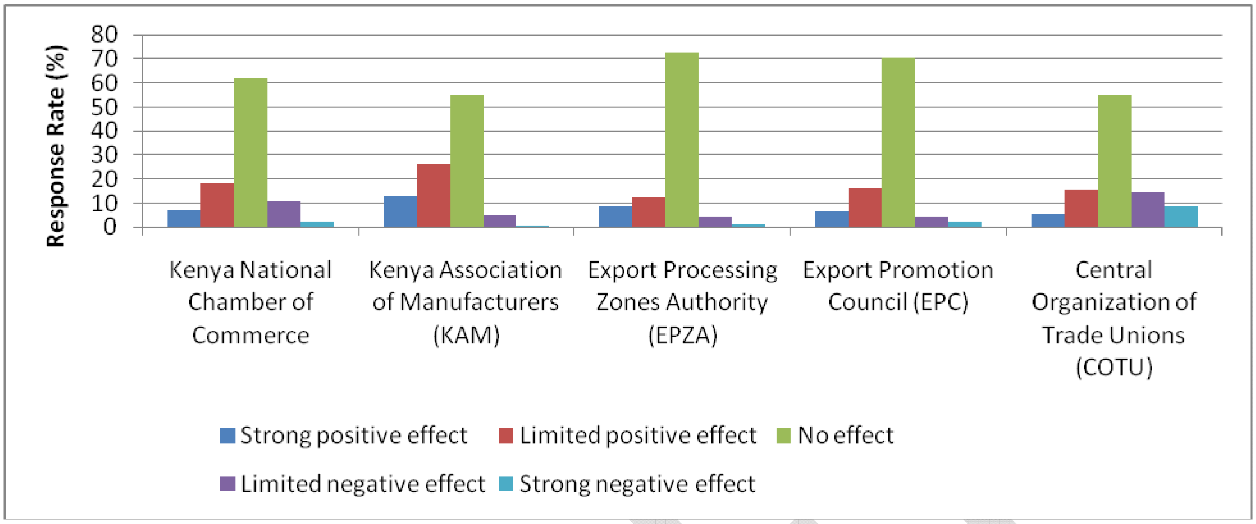
Figure 4.15: Effects of Regulatory Bodies on Investment Decisions (per cent)



4.4.2 Business Bodies

From the results presented in Figure 4.16, more than half of the respondents perceived each of the Bodies to have no effect on their investment decisions. Approximately 73 per cent of the respondents perceived the efficiency of EPZA to have no effect on their business activities while 39 per cent of the enterprises considered Kenya Association of Manufaturers (KAM) as having a positive effect. Central Organization of Trade Unions (COTU) was viewed to have a notable negative effects on business activities by 23.5 per cent of the business entities surveyed.

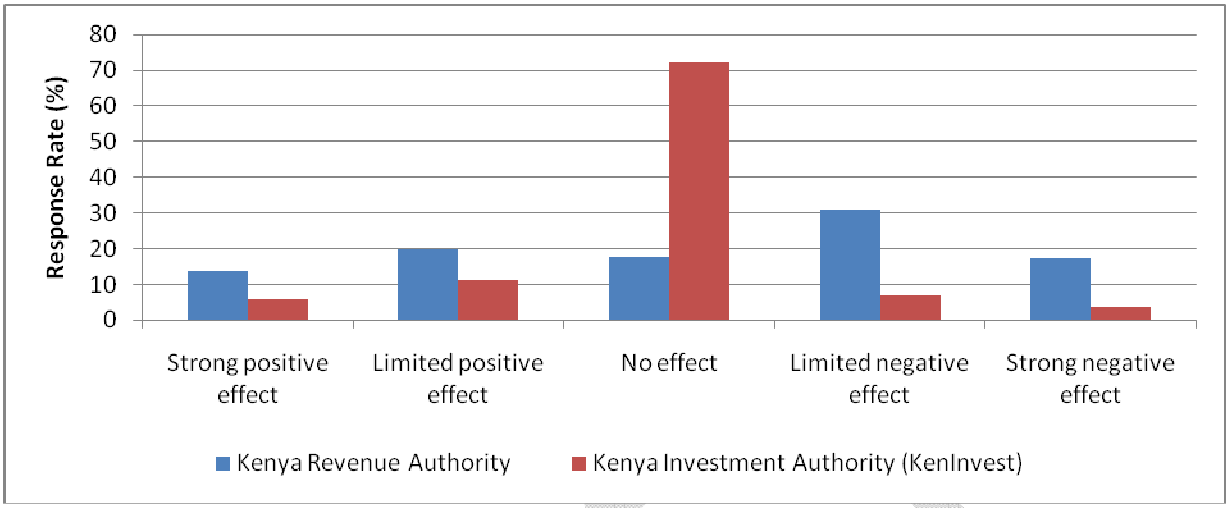
Figure 4.16: Effect on Investment Decision (per cent)



4.4.3 Other Bodies

A significant proportion of 72.1 per cent of the enterprises perceived Kenya Investment Authority as having no effect on their business activities, while 17.4 per cent perceived it to have a positive effect as shown in Figure 4.17. The efficiency of KRA was reported to have a net negative effect on business activities by 48.3 per cent of the enterprises while 33.9 of the enterprises perceived KRA's efficiency to have a positive effect on their enterprises.

Figure 4.17: Others Bodies and their Impact on Investment Decisions (per cent)



4.5 Direction of Enterprise Investment in Kenya

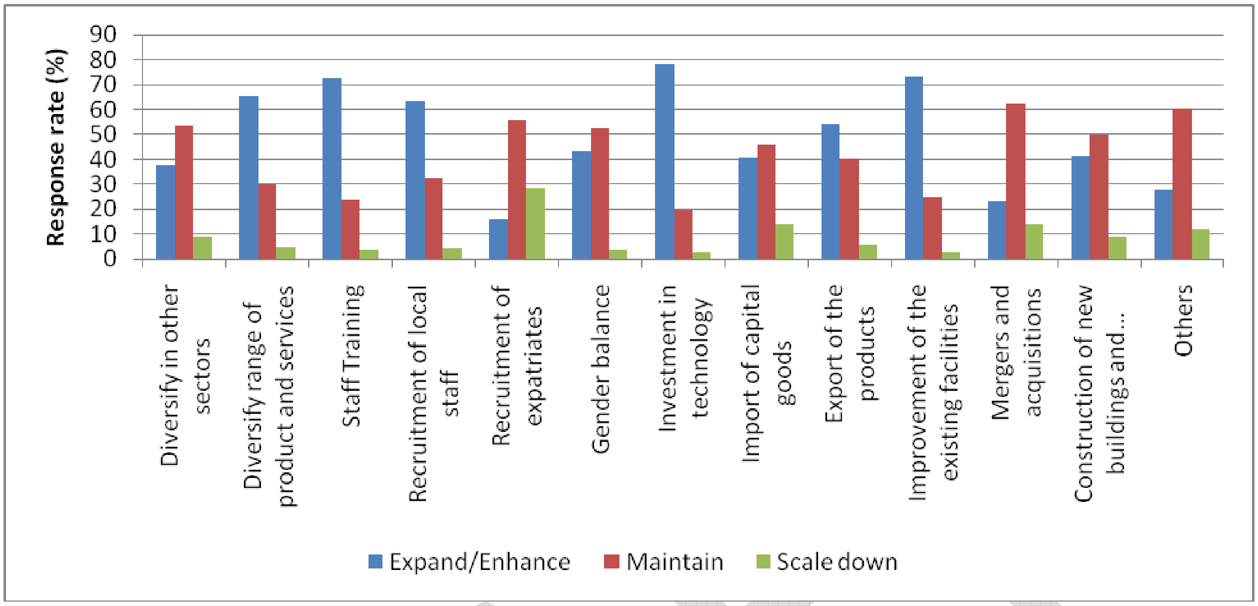
In this subsection the survey instrument focused on direction of entities' investmnet in the next three years. The survey required respondents to indicate the direction of their investment with respect to diversification to other sectors, diversification of range of products and services, staff training, recruitment of local staff and expatriates, gender balance, investment in technology among other aspects. The results as presented in Figure 4.18 indicate that investors were split between expanding and maintaining the status quo.

Enterprises reported that they were likely to expand the diversification of the range of products and services, staff training, recruitment of local staff, investment in technology, export of the products and improvemnet of existing facilities in the mid-term. Those who planned to expand their investment in technology comprised 78.1 per cent of the respondents while those intending to improve existing facilities and staff training were 72.9 per cent and 72.8 per cent of the enterprises, respectively. More than half of the enterprises had plans to expand their businesses in the next three years.

From the survey, the enterprises are likely to maintain the status quo in terms of diversification into other sectors, recruitment of expartriates, gender balance, importation of capital goods, mergers and acquisitions, construction of new buildings and structures and other aspects. A significant number of enterprises (40.5 per cent) indicated that they considered expanding importation of capital goods.

More than 62 per cent of the enterprises reported that they had no intention of going into mergers and acquisitions in the medium term. Despite much efforts by the government to reduce gender imbalance in employment, more than half of the enterprises (see Figure 4.18) indicated that they were not intending to alter the gender composition in their workforce.

Figure 4.18: Direction of Enterprise Investment in Kenya in the Next Three Years



CONCLUSION AND RECOMMENDATIONS

It is evident from available data that, as a result of increased globalization and liberalization, the size and role of Foreign Private Capital with regard to investment and growth of the economy has gained more significance, and is expected to continue playing an important role in the economy. There is need to consistently carry out similar surveys in future to strengthen the information base on foreign investment while improving on data quality for economic management and planning purposes to achieve Vision 2030 and the Millennium Development Goals (MGDs).
From investors' perspective, corruption led to delays in product registration, port clearance and overall increase in cost of doing business. The survey findings with regard to insecurity and crime suggest that policy measures should be targeted at creating a safe and secure environment for business and investment.

The survey revealed that investors perceived the interest rates to be high and thus the need for the monetary and fiscal policies to address the issues of cost of credit to investors.

The significance of technology on businesses as evidenced by the highest number of investors planning to expand investments in technology is consistent with the historical relationship between technology and business operations.

APPENDICES

Appendix 1

Glossary of Key Terms and Concepts
Introduction
This section describes the underlying technical concepts and definitions based on the IMF's *Balance of Payments Manual 5th Edition* (BPM5) among other international standards used in this survey.

1 Balance of Payments, Flows, Transactions, Foreign Assets and Liabilities
The Balance of Payments (BOP) is a systematic statistical statement. It summarizes for a given period (e.g. calendar year[1]), an economy's transactions (inflows and outflows reflecting creation, transformation, exchange, transfer or extinction of economic value) with the rest of the world. BOP comprises the Current Account (Goods and Services, Income, and Current Transfers) and the Capital and Financial Account, which includes all private capital flows. BOP captures transactions between residents and non-residents, irrespective of the currency in which the transaction is made. One of the justifications for this Survey is to improve Kenya's BOP according to international standards.

2 International Investment Position (IIP) / Stocks
IIP (a stock framework) relates closely to BOP (flows). IIP is compiled at a specific date (e.g. at calendar year-end), and includes value and composition of stock of an economy's financial assets (claims on rest of the world) and liabilities (claims by the rest of the world). As with the BOP, the survey enabled Kenya to initiate the compilation of the IIP according to international standards.

[1] Both BOP and IIP can be captured more frequently (i.e., quarterly or monthly)

3 Residents and Non-residents

All data for this Survey is concerned with residency. A resident is any individual, enterprise, or other organisation ordinarily living in Kenya. In other words, its centre of economic activity is in Kenya. All other entities are regarded non-residents. An enterprise[2] incorporated in Kenya is considered a resident of Kenya irrespective of the domicile of the owners of the enterprise. A branch of a foreign enterprise operating (or intending to operate) in Kenya for more than a year is treated as a resident of Kenya. An exception to this rule is foreign embassies and missions and international organisations such as the UN, though the rule applies to their employees. *BOP data are concerned with transactions between residents and non-residents, NOT with the currency of transaction. Typically, a transaction in foreign currency between two residents of Kenya is therefore not part of BOP.*

4 Financial Instruments (Equity and Non-Equity)

Financial Instruments include both equity and non-equity.

- **4.1** **Equity** means shares in companies, and equivalent ownership interest in unincorporated enterprises.

- **4.2** **Non-equity** means all other financial instruments including loans, trade credit and supplier credit (for goods and services, including from related companies), bonds, debentures, notes, money market instruments, shareholder and inter-enterprise loans, arrears of debt or interest, and deposits.

5 Foreign Direct Investment (FDI)

FDI refers to a situation where an investor resident in one economy obtains a lasting interest in an enterprise in another economy. This implies a long-term relationship and significant degree of influence by the direct investor in the FDI enterprise.

Thus, FDI comprise the entirety of funds (contributions to share capital; appropriations; loans; making available cash, suppliers credits or reinvested earnings) which, at a given time, a direct investor leaves to the disposition of enterprises with which it is in a direct investment relationship.

Direct investment therefore indicates "the investments which an entity resident in one economy (the direct investor) makes with the purpose of acquiring a lasting interest in an enterprise resident in another economy (the direct investment enterprise). By lasting interest, it is meant that there should exist a long-term relationship between the direct investor and the enterprise, and that the investor should exercise a significant influence on the management of the enterprise.

FDI Enterprise is one in which a direct investor resident in *another* economy owns 10% or more of the shares or **voting rights** in an **incorporated** enterprise or equivalent in an **unincorporated** one not registered such as small, informal businesses or branches. FDI enterprises comprise **subsidiaries** (a **non-resident** investor owns more than 50%), **associates** (an investor owns 10%-50%) and **branches** (wholly or jointly owned unincorporated enterprises).

The components of FDI captured in the survey are;

- New Equity

[2] Enterprises are entities such as companies, branches, partnerships and exploration companies. The entities are either corporations (separate legal entity from the owners) or quasi corporations.

- Reinvested (or retained) Earnings – this denotes income on equity. It is the direct investor's share (calculated as a proportion of direct equity held) of that part of net profit earned, not distributed as dividends by the direct investment enterprise, together with earnings of branches that are not remitted to the direct investor
- Shareholder and Inter-Enterprise Loans / Borrowing and suppliers credit. This is non-equity and comprised the borrowing or lending of funds among related enterprises between the direct investor, and the direct investment enterprise, where one is resident, and the other is non-resident.

6 Direct Investor

A direct investor is a public or private enterprise, incorporated or not, a group of related incorporated or unincorporated enterprises, a government, an individual or a group of related individuals possessing a direct investment enterprise which operates in a country different from the country or countries of residence of the direct investor or investors.

7 Direct Investment Enterprise

An enterprise in which a direct investor holds at least 10% of the ordinary shares or voting rights -in the case of a subsidiary or an associate – or the equivalent if it is a branch.

8 Relationship of Direct Investment Abroad

This is any connection which permits the direct investor to exercise a significant influence on the management of the direct investment enterprise and which testifies to a lasting interest of the direct investor in the enterprise. There is a presumption of the existence of a direct investment relationship when the direct investor holds at least 10% of the ordinary shares or the voting rights.

9 Trade Credit (Assets or Liabilities)

- ***Assets*** include prepayment on imports extinguished on delivery of imports, and trade credit extended on exports extinguished by actual payment (profit payment).
- ***Liabilities*** include prepayment of exports extinguished on delivery of exports, and trade credit received on imports, extinguished by actual payment (profit payment).

10 Supplier Credit

This includes trade credit, and advance payment for work in progress or to be undertaken. Most is short term (up to 1 year), but can be long-term (1 year and over). For the supplier of goods and services, they are assets (claims). For the buyer, they are liabilities. The survey disaggregated **supplier credit from related companies**, as this is one of the three components of FDI.

11 Loans

Loans are financial assets created through the lending of funds by a creditor (lender) directly to a debtor (borrower). These include loans (different from trade credits) to finance trade, mortgages, other loans and advances, financial leases for the purchase of goods (where payment consists of interest on the outstanding liability, and repayment of the loan liability). The survey classified the loans by maturity short term (original contractual maturity of one year or less) and long-term (original contractual maturity of more than one year).

12 Dividends and Branch Profits

Dividends are income on **equity** in incorporated enterprises (companies) and **branch profits** are the equivalent in unincorporated enterprises (branches). They are the distributed earnings allocated to shares for participation in the equity of incorporated private enterprises, co-operatives, and public corporations, and the equivalent for branches.

13 Foreign Portfolio Investment (FPI)

As with FDI, this is divided into **equity securities and debt (non-equity) securities** but portfolio investors hold less than 10% of the ordinary shares or voting rights. Portfolio investment instruments are traded or tradable, and for **BOP/IIP**, this must be between **non-residents** and **residents**:

13.1 **Equity Securities-** cover those instruments whose holders receive or bear the risks and rewards arising from ownership of the enterprise. It includes shares (in mutual funds, investment trusts and unit trusts); stocks; participation or similar documents such as depository receipts. But it exclude share securities such as certain preference shares if they do not entitle the holder to a specified return.

13.2 **Debt (Non-equity) Securities:**

- **Bonds, debentures** and **notes** usually provide the unconditional right to a fixed money income or a contractually determined variable money income. These instruments are traded or tradable, and have original maturities of more than one year. Examples include financial instruments (if issued with maturities of more than one year) such as debentures, non-participating preference shares, convertible bonds, perpetual bonds, negotiable certificates of deposits, collateralized mortgage obligations, dual currency bond, zero coupon and other deep discounted bonds, floating rate bonds, and index-linked bonds.

- **Money market securities** are issued with maturity of one year or less. These instruments generally provide the unconditional right to receive a stated amount on a specified date. Examples include financial instruments (if issued with maturities of one year or less) such as Treasury Bills, commercial paper, bankers' acceptances, short-terms negotiable certificates of deposit and short-term notes issued under note issuance facilities.

14 Investment income

This is income from ***interest, dividends,*** and ***remitted profits.***

Appendix II
Questionnaire

Confidential Serial No. **FIS2010/0001**

Foreign Investment Survey (FIS) 2010
QUESTIONNAIRE

Measuring Foreign Investment for Economic Development and Plan for Better Policies

January - April, 2010

Acknowledgement of receipt of the questionnaire

I, ………………………………………………...of…………………………………………………
(enter name of recipient) *(enter name of entity)*
acknowledge receipt of the Foreign Investment Survey (FIS) 2010 questionnaire.

Title:	
Tel.	
Signature and Stamp:	
Date:	
Interviewer:	
Date for collection of questionnaire and financial statements:	

Thank you for receiving and accepting to fill the questionnaire

This page should be filled-in by the person who is receiving the questionnaire on behalf of the entity at the time of delivery by the interviewer. After it is signed, the interviewer should retain the original copy of this page.

A. Background

1 Purpose of the Survey

The purpose of this Survey is to collect information from resident enterprises on their foreign assets and liabilities. The data so collected will be used in compiling balance of payments; investment promotion; and national policy formulation.

2 Legal Mandate

The Statistics Act 2006, empowers the Kenya National Bureau of Statistics (KNBS) to collect and compile Balance of Payments Statistics and external assets and liabilities position of Kenya, among others.

3 Offence

Failure to comply constitutes an offense as provided for in the Statistics Act 2006 and result into a legal and / or administrative action against non compliance.

4 Confidentiality

Information provided in the questionnaire by individual enterprises will be treated as confidential and used strictly for statistical , economic analysis and policy formulation purposes only. The data/ information collected will only be published in aggre

5 Due Date

Complete the questionnaire within 14 days after delivery. Our interviewers will collect the filled questionnaire on the due date or earlier as agreed. Retain the respondent's copy of the questionnaire for your own records.

6 Respondent

The respondents are expected to be the CEOs, Finance Managers, Accountants or any other person who is familiar with financial concepts and definitions

7 Queries

Queries or assistance regarding the completion of this questionnaire may be addressed by the interviewer. For more information contact the following persons:

1. Name:	Mr Z. Mwangi	**2. Name:**	Mr. B.K. Avusevwa
Title:	Director, Macroeconomic Statistics	**Title:**	Head, External Sector and Government Financial Statistics (Balance of Payments)
	KNBS		**KNBS**
Tel :	20-317583/6/8 Ext 168	**Tel :**	20-317588 Ext 174/176/178
E-mail:	zmwangi@knbs.go.ke	**E-mail:**	bakisiavuki@knbs.go.ke

8 Financial Statements

Much of the information required for this survey can be obtained from the Financial Statement for the years 2007 and 2008. Kindly attach the copies of your Financial Statements for the two years to the completed questionnaire.

9 Other Comments

In case you have any comments or information related to the data provided, please insert them in the comment box found on page 21.

B. Explanatory Notes for Completing the Questionnaire

1 Entity

An entity is an institutional unit in its capacity as a producer of goods and services, which may be any incorporated or unincorporated institution.

2 Enterprises

These are entities such as companies, branches, partnerships and exploration companies. This questionnaire seeks for information for "your enterprise". Your enterprise has been selected as one of the respondent enterprise. This applies to enterprises with

3 Residents and Non-Residents

Residents are individuals, enterprises and nonprofit institutions that have lived or operated in Kenya for a year or more, regardless of nationality; as well as the Government of Kenya, all its departments and other governmental bodies, and all local gove

Non-Residents include;

(1) Individuals or enterprises that have lived or operated abroad for a year or more, regardless of nationality;

(2) Governments, other than the Government of Kenya and local governments in Kenya.

Bilateral development assistance organisations e.g. DFID, JICA

(3) International Organisations with shareholders who are governments of more than one country e.g. International Finance Corporation, World Bank, African Development Bank etc.

If you are not sure of the residency of any organisation, please give its name.

4 The Reporting Period

This questionnaire asks for balances with nonresidents as at end of December 2006, 2007 and 2008 and for transactions with nonresidents taking place in 2007 and 2008. If you are unable to provide the required information on calender year basis, please pro

5 Valuation Principles

5.1 Currency

Please provide all data in Kenya Shillings. If the currency(ies) of any of your enterprise's foreign assets and liabilities is (are) not in Kenya Shillings, please convert to Kenya Shillings using the exchange rates on the sheet provided.

Balances: Apply the end-period exchange rates.

Transactions during the period: Please use the mid-point rate between buying and selling rates at the time the transaction was recorded in your books. If not, refer to the attached exchange rate sheet, and use the monthly average exchange rate closest to

5.2 Shareholders Funds

Should be reported on a book value basis, except for Section 2.1, which requests for estimates of the market value of the enterprise.

5.3 Loans and Trade Credit (assets and liabilities)

Please report on a nominal value basis. That is book value.

5.4 Debt Securities Issued

Report the market value of the securities issued at the balance sheet date for positions. Alternatively, report book or redemption values. For transactions, report amounts raised at issue or redemptions as appropriate.

5.5 Debt and equity securities held

Please report the market value of the securities held at the balance sheet date for positions and the actual purchase/sale price for transactions.

Section 1. General Information of the Enterprise/Entity

1.1 Name of Enterprise :……………………………………………………………………………………………………..

1.2 Physical Address :………………………………………………………………………………………………………

1.3 Postal Adress:……………………………………………P.O Box……………………………..Postal Code……………………………

1.4 Email Address: ……………………………………………

Tel No. ……………………………………. Fax No. :………. ……………………………………………………

1.5 Website of Enterprise:………………………………………………………………………………………………….

1.6 Name of Person completing questionnaire:……………………………………………………………………………………

Designation:…………………………………… E-Mail Address: …………………………………………………………

Tel No:…. …………………………………. Fax No. :………. ……………………………………………………

1.7 Name of Alternative Contact Person:……………………………………………………………………………..

Designation :………………………………… E-mail Address ……………………………………………………

Tel No.:……………… ……………………Fax No. :………. ……………………………………………………

1.8 If the questionnaire is being completed for the enterprise by an agent (such as an accounting firm), please provide the name, postal and email addresses, and phone number below:

Name of Firm ……………………………………………………………

Postal Address ……………………………………………………………

E-mail Address ……………………………………………………………

Tel No. ……………………………………………………………

Fax ……………………………………………………………

1.9 What is your enterprise's financial year?

1.10 How frequently do you prepare your financial accounts? (tick one):

1. Annually	
2. Semi-annually	
3. Quarterly	
4. Monthly	
5. Other (specify)……	

1.11 Is your enterprise part of local group (i.e of other enterprises operating within Kenya)?

Yes

No If No Go to Q 1.14

1.12 List the other enterprises in the Group:(In case the group has more than 6 enterprises, please mention them in the comment box on page21)

1 ……………………………………………………………**4**……………………………………………………………
2 ……………………………………………………………**5**……………………………………………………………
3 ……………………………………………………………**6**……………………………………………………………

1.13 Data for the local group (consolidated) is acceptable, but where the local group's activities cover more than one area of activity, please submit a separate return for each line of business.

Are you supplying data for: (tick one)

1. Unconsolidated for this enterprise only on this questionnnaire (or for enterprises within one line of business)	
2. Consolidated for the local group on this questionnaire	
3. Unconsolidated for each enterprise in the group on separate enclosed questionnaires	

1.14 Entity Turnover for 2007 and 2008 in KSh.

Please enter the total turnover of entity for the years 2007 and 2008

Year	2008	2007
Total Turnover		

1.15 What economic activities does your enterprise and its subsidiaries engage in (in Kenya) based on the total turnover? Where possible, enterprises are requested to fill and submit a separate questionnaire for each individual enterprise within a group

	Industrial Classification	Tick Relevant activity	percentage share contribution to company's total turnover
A	**Agriculture, hunting and forestry**		
1	Agriculture, hunting and related service activities		
2	Forestry, logging and related service activities		
B	**Fishing**		
C	**Mining and quarrying**		
D	**Manufacturing**		
15	Manufacture of food products and beverages		
16	Manufacture of tobacco products		
17	Manufacture of textiles		
18	Manufacture of wearing apparel; dressing and dyeing of fur		
19	Tanning and dressing of leather; manufacture of luggage, handbags, saddlery, harness and footwear		
20	Manufacture of wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials		
21	Manufacture of paper and paper products		
22	Publishing, printing and reproduction of recorded media		
23	Manufacture of coke, refined petroleum products and nuclear fuel		
24	Manufacture of chemicals and chemical products		
25	Manufacture of rubber and plastics products		
26	Manufacture of other non-metallic mineral products		
27	Manufacture of basic metals		
28	Manufacture of fabricated metal products, except machinery and equipment		
29	Manufacture of machinery and equipment n.e.c.		
30	Manufacture of office, accounting and computing machinery		
31	Manufacture of electrical machinery and apparatus n.e.c.		
32	Manufacture of radio, television and communication equipment and apparatus		
33	Manufacture of medical, precision and optical instruments, watches and clocks		
34	Manufacture of motor vehicles, trailers and semi-trailers		
35	Manufacture of other transport equipment		
36	Manufacture of furniture; manufacturing n.e.c.		
37	Recycling		

	Industrial Classification	Tick Relevant activity	Estimated percentage share contribution to company's total turnover
E	**Electricity, gas and water supply**		
F	**Construction**		
G	**Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods**		
50	Sale, maintenance and repair of motor vehicles and motorcycles; retail sale of automotive fuel		
51	Wholesale trade and commission trade, except of motor vehicles and motorcycles		
52	Retail trade, except of motor vehicles and motorcycles; repair of personal and household goods		
H	**Hotels and restaurants**		
55	Hotels and restaurants		
551	Hotels; camping sites and other provision of short-stay accommodation		
552	Restaurants, bars and canteens		
I	**Transport, storage and communications**		
60	Land transport; transport via pipelines		
61	water transport		
62	Air transport		
63	Supporting and auxilliary transport activities; activities of travel agencies		
64	Post and telecommunications		
641	Post and courier activities		
642	Telecommunications		
J	Financial intermediation		
65	Financial intermediation, except insurance and pension funding		
651	Monetary intermediation		
659	Other financial intermediation		
66	Insurance and pension funding, except compulsory social security		
672	Activities auxiliary to insurance and pension funding		
K	**Real estate, renting and business activities**		
702	Real estate activities on a fee or contract basis		
713	Renting of personal and household goods n.e.c.		
729	Other computer related activities		
732	Research and experimental development on social sciences and humanities (SSH)		
749	Business activities n.e.c.		
753	Compulsory social security activities		
M	**Education**		
N	**Health and Social work activities**		
O	**Other community, Social and personal services**		
Q	**Extra-territorial organizations and bodies**		

1.16 Do you regard your enterprise as part of Tourism industry? 1 Yes 2 No

1.17 State the number of employees in your enterprise and the wage expenditure.

(a) Number of employees as at 30th June 2007 and 30th June 2008.

	2008				**2007**			
	Local		**Foreign**		**Local**		**Foreign**	
Nature of Employment	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	**Female**
Managerial/Supervisory								
Skilled/Technical								
Unskilled/Casual								
Total								

(b) Wage expenditure

Type of Compensation	**2008**	**2007**
Salaries		
Fringe benefits		
NSSF/Pension		
Directors' fees		
Other (Specify)		
Total		

1.18 State the Values in Ksh of actual investment under each of the following type of investment.

Type of investment	**31st Dec 2008**	**31st Dec 2007**
Land		
Building and Civil Works		
Plant Machinery		
Vehicles		
Furniture and Fitting		
Pre- Start-up Expenses		
Working Capital		
Work in progress		
Other (Specify)		
Total		

Section 2 : Investment in Your Enterprise

2.1 Market Value of equity of your enterprise

Please indicate the basis upon which you would estimate the Market Value of Equity of your enterprise. This is what you would sell your enterprise for, to a willing buyer, based on commercial considerations alone.(Tick one)

	2008	2007
1. Stock market price (if your enterprise is listed)		
2. Estimate by Auditor		
3. Valuation of a similar sized enterprise in a similar sector		
4. Commercially motivated share transaction in your enterprise		
5. Estimate by Director / Financial Manager		
6. Net Asset Value		
7. Other (please specify)...		

2.2 Using your specified method in 2.1 indicate the Market Value of Equity of your enterprise?

	KSh
1. Closing balance (Market Value as at 31st December 2008)	....
2. Closing balance (Market Value as at 31st December 2007)	....
3. Closing balance (Market Value as at 31st December 2006)	....

Shareholders' Capital

2.3 Please report Book Value of the shareholders' capital

	Book value as at 31st Dec 2008	**Book Value as at 31st Dec 2007**	**Book value as at 31st Dec 2006**
1. Paid-up capital			
2. Share premium			
3. Retained earnings			
4. Others[1]			
Total Book Value			

[1] refers to revaluations and any other equity components e.g swaps

Equity Investment in Your Enterprise by Nonresidents

2.4 Does your enterprise have nonresident equity investors?

1. Yes

2. No **If no, go to 2.7**

2.5

Please indicate the value, <u>aggregated</u> <u>by</u> <u>direct</u> <u>source</u> <u>country</u> for enterprises, individuals or international organisations, that hold equity or equivalent voting rights in your enterprise in the rows, distinguishing between equity holdings of 10% or more

(A) Equity Investment in your enterprise by Non-residents in 2008

		KSh.					KSh.	
		Book Value as at 31st Dec 2007	Purchases of shares in your enterprise during 2008	Exchange rate changes	Price changes	Other changes	Sales of shares in your enterprise during 2008	Book Value as at 31st Dec 2008
Direct Investors (nonresident investors with 10% or more of the shares outstanding) by name and country of direct investor.								
Name	**Source Country**							
1.								
2.								
3.								
4.								
5.								
6. Others								

Portfolio Investors (nonresident investors with less than 10% of the shares outstanding).Please report total holdings by country of portfolio investor							
1.							
2.							
3.							
4.							
5. Others							

(B) Equity Investment in your enterprise by Non-residents in 2007

		KSh.					KSh.	
		Book Value as at 31st Dec 2006	Purchases of shares in your enterprise during 2007	Exchange rate changes	Price changes	Other changes	Sales of shares in your interprise during 2007	Book Value as at 31st Dec 2007
Direct Investors (nonresident investors with 10% or more of the shares outstanding) by name and country of direct investor.								
Name	Source Country							
1.								
2.								
3.								
4.								
5.								
6. Others								

Portfolio Investors (nonresident investors with less than 10% of the shares outstanding). Please report total holdings by country of portfolio investor							
1.							
2.							
3.							
4.							
5. Others							

2.7 (ii) Please complete the tables below in relation to explanation given in Question 2.7(i) above.

(A) Debt liabilities in 2008

			KSh.							
				Transactions[2] during 2008						
Source Country	Type of Debt (Write A, B, C, D,E and F as defined above)	Indicate Original Maturity in months	Opening balance[1] as at 1st Jan 2008	Disburse-ments received	Principal repayments	Foreign currency revaluations[3]	Closing balance[1] as at 31 Dec 2008	Interest Payable	Arrears (G)

(B) Debt liabilities in 2007

			KSh.						
				Transactions[2] during 2007					
Source Country	Type of Debt (Write A, B, C, D,E and F as defined above)	Indicate Original Maturity in months	Opening balance[1] as at 1st Jan 2007	Disburse-ments received	Principal repayments	Foreign currency revaluations[3]	Closing balance[1] as at 31 Dec 2007	Interest Payable	Arrears(G)

1 please see explanatory notes for guidance on valuation of balances

2 please see explanatory notes for guidance on valuation of transactions

3 please complete according to your accounting practice for liabilities denominated in foreign currencies

Section 3 : Investment by your Enterprise Abroad

3.1 Does your enterprise have Equity investment in non-resident enterprise ?

1 Yes

2 No If no, go to 3.6

3.2 Please report data for each Nonresident enterprise in which your enterprise holds equity or equivalent voting rights. If your enterprise has share holdings in 3 enterprises in

Country X, list all three. ***Calculate "Book Value" as Paid up capital + share pr***

(A) Equity Investment by your Enterprise Abroad in 2008

Equity Investment in Non – Resident Enterprises by Your Enterprise by Country			KSh.					
Country	Name	Share of Equity held (%)	Valuation as at 31st Dec 2007		Purchases of shares by your enterprise during 2008	Sales of shares by your enterprise during 2008	Valuation as at 31st Dec 2008	
			Book	Market			Book	Market

(B) Equity Investment by your Enterprise Abroad in 2007

Equity Investment in Non – Resident Enterprises by Your Enterprise by Country			KSh.					
Country	Name	Share of Equity held (%)	Valuation as at 31st Dec 2006		Purchases of shares by your enterprise during 2007	Sales of shares by your enterprise during 2007	Valuation as at 31st Dec 2007	
			Book	Market			Book	Market

3.3 How did you estimate the market value of equity in your enterprise abroad as indicated in question 3.2 above? Tick one :

	2008	2007
1. Stock market price (if your enterprise is listed)		
2. Estimate by Auditor		
3. Valuation of a similar sized enterprise in a similar sector		
4. Commercially motivated share transaction in your enterprise		
5. Estimate by Director / Financial Manager		
6. Net Asset Value		
7. Other (please specify)..		

3.4

Profits and Dividends Receivable and retained earnings by your enterprise from Nonresident Enterprises in which your Enterprise holds Equity.

(A) Profits and Dividends Receivable and retained earnings in 2008

KSh.

Country	Name of Company	Net Income (after tax)	Dividends paid/ profits received	Retained earnings

(B) **Profits and Dividends Receivable and retained earnings in 2007**

KSh.

Country	Name of Company	Net Income (after tax)	Dividends paid/ profits received	Retained earnings

3.5(i) Did your enterprise have the following claims on Nonresidents in 2007 and 2008?

	Yes	No
A. Loans to **affiliated** enterprises abroad in which your enterprise hold 10% or more of the shares or equivalent. "*Affiliates*" (also known as associated or related enterprises) include parent companies, branches, associate companies, subsidiaries etc.		
B. Trade credits to **affiliated** enterprises abroad in which your enterprise hold 10% or more of the shares or equivalent. "*Affiliates*" (also known as associated or related enterprises) include parent companies, branches, associate companies, subsidiaries e		
C. Trade credits to **non-affiliated** importers abroad or prepayments made to **non-affiliated** exporters abroad. "*Non-affiliates*" are entities with which your enterprise holds less than 10%, of the equity shares or equivalent voting rights.		
D. Other forms of lending to non-affiliates (i.e., excluding the information supplied in A and B above). This includes loans.		
E. Deposits with nonresident banks		
F. Funds placed by affiliated enterprises in Kenya with their parent company abroad, that is claims on direct investors.		
G. Any debt securities issued abroad		

3.5(ii)

Please provide the information by country of debtor and report revaluations in each category according to your accounting practice with regard to the explanation given in 3.5 (i) above

(A) Claims/ Foreign assets in 2008

			KSh.					
				Transactions during 2008				
Recipient Country	Types of Foreign Assets (Write A, B, C, D, E Fand G)	Indicate original maturity in months	Opening balance as at 1st Jan 2008	Disbursements made	Principal Repayments received	Foreign currency[2] revaluations	Closing balance as at 31st Dec 2008	Interest receivable

[2]please complete according to your accounting practise for assets denominated in foreign currency

(B) Claims/ Foreign assets in 2007

			KSh.					
				Transactions during 2007				
Recipient Country	Types of Foreign Assets (Write A, B, C, D, E F, and G)	Indicate original maturity in months	Opening balance as at 1st Jan 2007	Disbursements made	Principal Repayments received	Foreign currency[2] revaluations	Closing balance as at 31st Dec 2007	Interest receivable

Section 4: International Transactions in Services and Income

4.1
Please indicate in the table below how much your enterprise paid for services provided by non-residents

Type of service	**Amount paid during**	
	2008	2007
1 Royalties and licence fees		
2 Construction services		
3 Communication services		
4 Financial Services (brokerage, service fees, commission etc.)		
5 Salaries and wages		
6 Consultancy and technical services		
7 Insurance claims/ premium		
8 Other services (please specify)		
Total		

4.2 Please indicate in the table below how much your enterprise received for services it rendered to non-residents

Type of service	**Amount received during**	
	2008	2007
1 Royalties and licence fees		
2 Construction services		
3 Communication services		
4 Financial Services (brokerage, service feees, commission etc.)		
5 Salaries and wages		
6 Consultancy and technical services		
7 Insurance claims/ premium		
8 Other services (please specify)		
Total		

Section 5: Investor Perceptions
(All respondents should complete this part)

Instructions for Questions in Table 5.1 - 5.4

In tables 5.1 - 5.4 please rate the effect (on your business activities) of each factor on a scale of 1 to 5 where:
1 = "Strong positive effect", 2 = "Limited positive effect", 3 = "No effect", 4 = "Limited negative effect" and 5 = "Strong negative effect"

Please indicate your rating in the space provided (   )

5.1 Economic and Financial Factors

	Factor	Rating		Reason
5.1.1	Domestic market size	( )		
5.1.2	Smuggling	( )		
5.1.3	Corruption	( )		
5.1.4	Competition with imports	( )		
5.1.5	Access to international markets	( )		
5.1.6	Corporate tax	( )		
5.1.7	Income tax	( )		
5.1.8	Customs and excise duty	( )		
5.1.9	Interest rates	( )		
5.1.10	Inflation	( )		
5.1.11	Exchange rate	( )		
5.1.12	Investment limit	( )		
5.1.13	Insider trading	( )		
5.1.14	Access to local business finance/credit	( )		
5.1.15	Access to international finance	( )		
5.1.16	Access to regional business finance	( )		
5.1.17	Security and Crime	( )		
5.1.18	Land, law and administration	( )		

5.2 Efficiency and cost of the following support services

		Rating		
	Factor	Efficiency	Cost	Comments
5.2.1	Inland Transport	( )		
5.2.2	Air Transport	( )		
5.2.3	Electricity Supply	( )		
5.2.4	Water Supply	( )		
5.2.5	Roads	( )		
5.2.6	Railway	( )		
5.2.7	Water Transport	( )		
5.2.8	Postal Services	( )		
5.2.9	Telecommunication	( )		
5.2.10	Internet	( )		
5.2.11	Customs Services	( )		
5.2.12	Internal Revenue Services	( )		
5.2.13	Insurance Services	( )		
5.2.14	Banking Services	( )		
5.2.15	Immigration Services/Work permits	( )		
5.2.16	Municipal Services	( )		
5.2.17	Legal Services	( )		
5.2.18	Licenses	( )		
5.2.19	Work permits	( )		
5.2.20	Company registration	( )		
5.2.21	Incentives	( )		
5.2.22	Others (Specify)	( )		

5.3 Labour, Environmental and health factors

	Factor	Rating		Reason
5.3.1	Restrictions regarding hiring expatriates	( )		
5.3.2	Staff turnover	( )		
5.3.3	Wage levels	( )		
5.3.4	Availability of skilled labour locally	( )		
5.3.5	Cost of skilled labour	( )		
5.3.6	Productivity of skilled labour	( )		
5.3.7	Cost of unskilled labour	( )		
5.3.8	NSSF/Pension contribution	( )		
5.3.9	Malaria	( )		
5.3.10	AIDS	( )		
5.3.11	Substance abuse	( )		
5.3.12	Other Diseases	( )		

5.4 Regulatory and Other Bodies

	Factor	Rating		Reason
5.4.1	Electricity Regulatory Board (KPLC/KENGEN)	( )		
5.4.2	Kenya National Chamber of Commerce	( )		
5.4.3	Kenya National Bureau of Standards	( )		
5.4.4	Kenya Revenue Authority	( )		
5.4.5	Department of Immigration	( )		
5.4.6	Legal System	( )		
5.4.7	National Enviromental Management Authority (NEMA)	( )		
5.4.8	Local Authorities	( )		
5.4.9	Parliament	( )		
5.4.10	Kenya Investment Authority	( )		
5.4.11	Registrar of Companies	( )		
5.4.12	Central Bank of Kenya	( )		
5.4.13	Capital Markets Authority	( )		
5.4.14	Kenya Association of Manufacturers (KAM)	( )		

5.5 Please indicate the direction of your investment in Kenya in the next 3 years where:

1 = "Expand", 2 = "Maintain" and 3 = "Scale Down"

Please enter your score on each aspect in the space provided ( )

	Aspect	Score		Reason
5.5.1	Diversify in other sectors	( )		
5.5.2	Diversify range of product and servcies	( )		
5.5.3	Staff Training	( )		
5.5.4	Recruitment of nationals	( )		
5.5.5	Recruitment of expatriates	( )		
5.5.6	Gender balance	( )		
5.5.7	Investment in Technology	( )		
5.5.8	Import of Capital goods	( )		
5.5.9	Export of the products	( )		
5.5.10	Improvement of existing facilities	( )		
5.5.11	Mergers and Acquisition	( )		
5.5.12	Construction of New Building and Structure	( )		
5.5.13	Others (specify)	( )		

Comment

For Official use					
Province……………………………………					
District…………………………………………					
Municipality/ Town………………………					
Date Received	………………………………				
Edited by	(i)	……………………………	Input by	(i)	………………
	(ii)	…………………………………		(ii)	………………
Checked by		……………………	Verified by	…………………………	

End of Questionnaire

After completing this form, please retain a duplicate for reference purposes.

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