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Foreign Investment Survey

2013 Report















Foreign Investment Survey

2013 Report

Capturing Foreign Capital Flows and Stocks data to improve the quality of Balance of Payments Statistics and International Investment Position.

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Zachary Mwangi
Ag. Director General
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EXECUTIVE SUMMARY

Before 1993, all foreign exchange transactions were controlled by the Central Bank of Kenya (CBK), and therefore all data on foreign exchange transactions was available. The liberalization of economies has led to large inflows of private capital into the country. These flows have significant macroeconomic effects on the economy that demand urgent policy responses. Information on the level and composition of private capital flows are important for appropriate and timely decisions by policy makers. Despite of the importance of capital flows information, Kenya has conducted only one survey with a reference period of 2007 and 2008. Foreign Investment Survey 2013 which captured data on foreign private capital flows and stocks for the period 2009, 2010 and 2011 is an initiative intended to provide more information. The first Foreign Investment Survey (FIS 2010) collected data on a sample of 900 enterprises with foreign transactions/positions. The second Foreign Investment Survey (FIS 2013) targeted a sample of 500 enterprises which were selected on the basis of FIS 2010. These are enterprises that were found to have foreign transactions during the FIS 2010 and contributed to 90.0 per cent of the total foreign transactions.

The specific objectives of the survey was to; collect data necessary to improve the quality of Balance of Payments (BOP) statistics and 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 the Foreign Investment Survey 2013 was a questionnaire administered to enterprises with Foreign Assets and Liabilities (FAL). Additional information on flows was sought from Export Processing Zones Authority (EPZA), CBK, Capital Markets Authority (CMA) and Kenya Investment Authority (KenInvest). The survey was designed to capture data on foreign private capital for the reference period 2009, 2010 and 2011 and investor perceptions on the business environment in 2013.

The implementation of the survey was broadly in five stages namely; survey design and sourcing of funds; training of personnel and data collection; data capture and editing; data analysis and report writing and the dissemination of the results. The FIS 2013 personnel were intensively trained and the data collection exercise took three months. Sensitization of potential respondents through press advertisement while software development for the survey database by Macroeconomic and Financial Management Institute of

Eastern and Southern Africa (MEFMI) in collaboration with the Bureau, was done prior to the commencement of the data collection.

Foreign Liabilities

The stock of Foreign Liabilities increased by 16.9 per cent from KSh 526,262 million in 2009 to KSh 615,088 million in 2010. The stock of Foreign Direct Investment (FDI), Other Investment (OI), Portfolio Investment (PI) accounted for 65.2, 19.3 and 15.5 per cent of the total liabilities respectively, in 2010. In 2011, the stock of foreign liabilities increased by 14.0 per cent from KSh 615,088 million in 2010 to KSh 701,479 million. The stock of FDI had the largest share of 65.9 per cent, followed by Other Investment with a share of 19.0 per cent and Portfolio Investment accounting for 15.0 per cent of the total liabilities in 2011.The United Kingdom and Mauritius were the main sources of inflows each accounting for 20.4 per cent and 36.2 per cent in 2010 and 31.7 per cent and 34.8 per cent in 2011 of the total inflows. Inflows from China accounted for 20.3 per cent of the total inflows in 2010 and 4.7 per cent in 2011. South Africa's share of total inflows in 2010 was 2.0 per cent while in 2011 was 5.1 per cent. Inflows from Belgium accounted for 5.6 per cent of the total inflows in 2011.Manufacturing was the major investment sector by foreign investors accounting for 19.3, 21.5 and 21.4 per cent of the total external liabilities in 2009, 2010 and 2011 respectively. Financial and insurance activities and Electricity, gas, steam and air conditioning supply sectors came second and third with Human health and social work activities sector accounting for the least share of total liabilities of approximately 0.03 per cent on average across the reference period.

Total foreign liability inflows and outflows increased by 16.9 per cent and 52.6 per cent to KSh 201,704 million and KSh 89,664 million in 2010 compared to KSh 172,518 million and KSh 58,767 million recorded in 2009. This resulted into a decline of 1.5 per cent in the total net inflows in 2010. However, in 2011 the net inflows increased by 18.0 per cent to stand at KSh 132,261 million compared to KSh 112,040 million recorded in 2010. Foreign Direct Investment inflows contributed the largest component of total inflows in 2010 accounting for 73.9 per cent. In 2011, inflows in the form of direct investments increased by 33.0 per cent from KSh 149,122 million in 2010 to KSh 198,398 million and accounted for 71.8 per cent of the total inflows. Inflows were mainly in the form of Equity and Investment Fund Shares and short term debt instruments. In 2011, inflows of Portfolio Investment increased by 39.0 per cent to KSh 44,434 million from KSh 31,974 million in 2010. Other Investment inflows increased by 63.2 per cent in 2011 compared to a

growth of 52.4 per cent in 2010. Inflows of Other Investment in 2010 were mainly driven by short term trade credits and advances whereas in 2011 were on account of long term loans which more than tripled.

Total outflows of external liabilities increased by 52.6 per cent from KSh 58,767 million in 2009 to KSh 89,664 million in 2010. Similarly, outflows of total foreign liabilities increased by 60.8 per cent to KSh 144,204 million in 2011. Foreign Direct Investment outflows increased by 92.7 per cent in 2010 due to increase in short term outflows of debt instruments which more than doubled during the same period. Outflows of Foreign Direct Investments in 2011 increased by 60.3 per cent to KSh 86,933 million accounting for 60.3 per cent of the total outflows. In 2010, Portfolio Investment outflows more than doubled whereas outflows of Other Investment contracted by 14.5 per cent to KSh 19,849 million. The decline in Other Investment outflows was mainly in short term Accounts payables/receivables. In 2011, outflows of Other Investment followed a similar trend decreasing by 9.3 per cent mainly on account of decline in long term loans.

Foreign Assets

The total stock of Kenya's foreign assets increased from KSh 28,767 million in 2009 to KSh 42,272 million in 2010 and to KSh 63,005 million in 2011.Foreign Direct Investment, Portfolio Investment and Other Investment registered an upward trend in the three years. The increase in Foreign Direct Investment was mainly on Equity and Investment Fund share, which increased by 26.4 per cent to KSh 11,731 million in 2010 and more than doubled to KSh 27,141 million in 2011. Short term debt instruments increased by 87.0 per cent to KSh 18,133 million in 2010 but decreased by 3.9 per cent to KSh 17,419 million in 2011.Within Portfolio investment, long term debt securities increased from KSh 43.2 million to KSh 325 million and to KSh 408 million in 2009, 2010 and 2011, respectively. Under Other Investments, long term trade credits and advances increased by 19.1 per cent in 2010 and 56.2 per cent in 2011. Short term accounts receivables/payables increased by 13.0 per cent from KSh 556 million in 2009 to KSh 628 million in 2010 but declined by 22.1 per cent to KSh 489 million in 2011.The country's external assets were pre-dominantly held in Africa, with the least assets being held in Australia and Oceanic. Total external assets held in Africa in 2009, 2010 and 2011 stood at KSh 15,971 million, KSh 19,086 million and KSh 42,888 million respectively, translating into a share of 55.5, 45.2 and 68.1 per cent of the total stock of external assets, respectively.

Trade in Services

The amount paid for services provided by non-residents to Kenyans firms increased from KSh 29,387 million in 2009 to KSh 29,766 million in 2010 then to KSh 39,754 million in 2011 representing overall growth of 35.3 per cent. The huge jump between 2010 and 2011 was attributed to significant growth in amount paid for services provided in construction service and sectors. Amount paid by firms in construction sector more than doubled from KSh 1,359 million in 2010 to KSh 4,483 million in 2011 while that in telecommunication, computer & information service grew by 36.6 per cent from KSh 18,878 million in 2010 to KSh 25,778 million in 2011.

Investor Perception

Both customs & excise duty and corporate tax were viewed as having a negative effect on business by most enterprises during the survey. Access to domestic and international markets were however rated to have a net positive effect on business operations. Domestic sources of finance remained the major sources of project financing, though some firms indicated reliance on regional and international finance to drive their growth agenda. However, a large proportion of the respondents indicated that interest rates, inflation and exchange rate had a net negative effect on business operations.

Internet services had positive impact on business operations while electricity supply continued to impact negatively on investments decisions. Water and postal services were found to have a net positive effect as indicated by over half of the respondents. Banking and insurance services also had positive effect on business operations and although firms indicated that credit was expensive, it was easier to access.

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CHAPTER1: INTRODUCTION

1.1. Background

Before 1993, all foreign exchange transactions were controlled by the Central Bank of Kenya (CBK), and hence all data on foreign exchange transactions was available. It was therefore possible to capture all data on foreign capital flows, both public and private, through the CBK. The liberalization of the economy in 1993 led to 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 data is inadequate due to misclassification and under reporting by commercial banks. Secondly, there could be other capital transactions outside commercial banks which are missed out altogether leading to under/overestimation of data.

The liberalization of the economy has led to large inflows of private capital into the country. These 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 employment creation, foreign exchange inflows and other linkages in the economy. All countries therefore endeavor to create an enabling environment in order to attract foreign investment. Investor perception is therefore key to assessing the business environment and informing policy formulation to increase investment.

The first Foreign Investment Survey (FIS 2010) collected data for 2007 and 2008 from a sample of 900 enterprises thought to have had foreign transactions/positions. The second Foreign Investment Survey (FIS 2013) targeted a sample of 500 enterprises selected on the basis of FIS 2010. These were enterprises that were found to have foreign transactions during the FIS 2010 and contributed to 90.0 per cent of the total foreign transactions.

Foreign Investment Survey 2013 captured data on foreign private capital flows and stocks for the period 2009, 2010 and 2011. This is useful in building data series for comparison and improvement in the quality of Balance of Payments statistics (BOP), the flows and International Investment Position (IIP), the stocks.

1.2. Justification for the Survey

In view of the recent global financial crisis and the economic turbulence in the Euro Zone Area, Kenya requires up to date information on the levels and stocks of foreign capital in order to make appropriate policy decisions to cushion the economy against the negative effects of such shocks. The data will be useful for policy planning and decision making to achieve *Vision 2030*.

Kenya has also committed herself to participate in the Coordinated Direct Investment Survey (CDIS) which is a worldwide statistical data collection effort led by the International Monetary Fund (IMF) designed to improve the availability and quality of data on direct investment. This will be in compliance with international codes and standards as required by IMF and other international bodies. In addition, high frequency data is required for international comparisons and hence the need to generate annual and quarterly statistics on private capital flows and stocks.

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 were:

a) To collect data necessary to improve the quality of BOP statistics and 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 mandate 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 Central Bank of Kenya, Kenya Investment Authority (KenInvest), Capital Markets Authority (CMA), Export Processing Zones Authority (EPZA), The National Treasury, IMF and; Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI).

CHAPTER 2: SURVEY METHODS AND TECHNIQUES

2.1. Survey Implementation Overview

The main analytical tool for the Foreign Investment Survey 2013 was a questionnaire administered to enterprises with Foreign Assets and Liabilities (FAL). Additional information on flows was sought from EPZA, CMA, CBK and KenInvest. The survey was designed to capture data on foreign private capital for the reference period 2009, 2010 and 2011 and investor perceptions on the business environment in 2013. The implementation of the survey was broadly in five stages namely: survey design and sourcing of funds, training of personnel and data collection, data capture and editing, data analysis and report writing and dissemination of the results. The training of FIS 2013 personnel was conducted and the data collection exercise took three months. Sensitization of potential respondents through press advertisement while software development for the survey database by MEFMI in collaboration with the Bureau, were done prior to the commencement of the data collection.

2.2. Sample Selection

A total of 730 enterprises were purposively selected for FIS 2013 based on their FAL status. The sampling frame was developed using information on the lists of enterprises maintained by KNBS, Kenya Revenue Authority (KRA), EPZA, Export Promotion Council (EPC), KenInvest, CBK, Insurance Regulatory Authority (IRA), Nairobi Securities Exchange (NSE) and Communication Commission of Kenya (CCK). The list of enterprises comprised of leading companies across different sectors of the economy.

2.3. Survey Instruments

Data collection instruments (the manual and questionnaire) were developed by the various stakeholders represented in the Foreign Investment Survey Technical Committee (FISTC) established to oversee the implementation of survey activities. In addition, the survey instruments were reviewed by BOP experts from MEFMI and IMF to ensure compliance with Balance of Payments Manual, Sixth Edition (BPM 6).

The Questionnaire: The design of the questionnaire was consistent with the MEFMI generic questionnaire which is guided by BPM 6. The information sought was general information on enterprises, employment, external trade (exports and imports), foreign liabilities and assets, international trade in services and investor perceptions on the investment climate in the country. Appendix II contains a copy of the questionnaire.

Enumerators' Manual: For consistency and quality data, the Foreign Investment Survey Technical Committee developed Enumerators' Manual. The Manual was designed for training, and also for use as a reference material by survey personnel.

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. The overall survey process was overseen by a national coordinator assisted by regional coordinators and supervisors. The supervisors and coordinators were drawn from the collaborating institutions namely; KNBS, CBK and KenInvest. A total of forty five (45) research assistants were involved. Thirteen teams were deployed to administer the questionnaires in various parts of the country. The teams were distributed according to the estimated concentration of the target enterprises to be covered within a particular area.

2.4.2. Data Collection

Proper mechanism and procedures were followed to ensure that the selected survey personnel were competent and had relevant experience in collecting socio-economic data. Data collection exercise was carried out between February and April, 2013 for a period of 45 days. However, there were breaks during the data collection necessitated by General Elections and Easter Holiday. The research assistants visited the sampled enterprises and conducted face-to-face interviews with the respondents explaining how to complete the questionnaires. The questionnaires were then left with the respondents with a mutual agreement on the collection date. Field editing was also done by the research assistants prior to submitting the filled forms to the supervisor.

2.4.3. Data Validation, Standardization and Checking

The editing clerks were drawn from the research assistants who had participated in the data collection exercise. An intensive training for the clerks on data editing was conducted and the editing exercise carried out for a period of 15 days. It involved procedures and techniques of reconciling reported flows and positions data from submitted financial statements. Further follow up was done to seek clarification on questionnaires with unclear or missing information. The questionnaires indicated as having no Foreign Assets and Liabilities were examined for confirmation.

2.4.4. Data Processing

The data processing consisted of the following important steps:

Data Entry: This involved capturing all the information from the questionnaires and storing in electronic format. This was done using the Private Capital Monitoring System (PCMS-Version 2), a computer software developed by MEFMI. The system facilitates real-time processing of private capital survey and non-survey information in line with BPM6. In addition, CSpro data capture system by KNBS was used to complement the MEFMI PCMS software.

Data Tabulation: After data cleaning, the reporting modules of the PCMS software were used to generate tables. Data was subjected to further analysis to generate information disaggregated by sector, investment type and source country of the investment. Cross tabulation was done to provide analytical tables to present major findings of the survey relevant for policy formulation and for use by stakeholders.

2.5. Challenges of the Study

a. Pre-delivery of questionnaires: Some incidences of refusal to receive questionnaires and denial of entry to enterprises were experienced during the survey. In some cases, the relevant respondents were not available within the survey period. In addition, relocation and change of address, change of enterprise names and; mergers and acquisitions made it difficult to locate some enterprises.

b. Post-delivery of questionnaires: Some enterprises filled the questionnaires partially while others refused to complete the questionnaires. To avoid completing the entire questionnaire, some companies did not disclose cross border financial transactions. Most of the companies visited took more than the expected time to complete the questionnaires. It was also noted that the survey period coincided with auditing time for most enterprises. Further, most of the private limited companies declined to provide the comprehensive financial statements. There was a general concern from the enterprises on the size of the questionnaire. It was noted that most respondents were not conversant with the relevant regulatory framework that governs the collection and dissemination of statistics.

c. 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.

CHAPTER 3: SURVEY FINDINGS ON FOREIGN ASSETS AND LIABILITIES

This chapter presents analysis of the survey results on foreign investment in Kenya by non-resident enterprises and investment abroad by Kenyan resident enterprises. The main components of foreign investment covered are Direct Investment (DI), Portfolio Investment (PI) and Other Investment (OI).

A total of 670 questionnaires were distributed to the enterprises out of which 548 questionnaires were completed and collected as shown in Table 3.1. This translated to a response rate of 81.8 per cent. There were 43 refusals, 3 cases of mergers, 7 cases of closures and 7 cases of consolidated accounts. Out of the 670 enterprises surveyed, 440 or 65.7 per cent indicated that they had Foreign Assets and Liabilities. Of the 440 enterprises with FAL, 328 completed the questionnaire (a response rate of 74.5 per cent).

Table 3. 1: Response Rate

Enterprise Category	Number of Enterprises	Distributed Questionnaires	Comp. & Returned	Partially Completed & Returned	Refusals	Mergers	Closures	Consolidated Accounts	Response Rate (Completed)
Enterprises with FAL	440	440	328	69	33	3	7	7	74.5
Enterprises without FAL	230	230	220	0	10	0	0	0	95.7
Total	670	670	548	69	43	3	7	7	81.8

3.1. Kenya's Foreign Liabilities

Foreign investment is a significant source of economic development as it provides an inflow of foreign capital and funds as well as enhancing transfer of skills and technology and expanding job opportunities. Foreign investment liabilities comprise of Foreign Direct Investment (FDI), Portfolio Investment and Other Investment.

3.1.1. Stock of Foreign Liabilities

The stock of Foreign Liabilities increased by 16.9 per cent from KSh 526,262 million in 2009 to KSh 615,088 million in 2010 as shown in Table 3.2. The stock of Foreign Direct Investment, Other Investment, Portfolio Investment accounted for 65.2, 19.3 and 15.5 per cent of the total liabilities respectively, in 2010.The stock of foreign liabilities increased by 14.0 per cent from KSh 615,088 million in 2010 to KSh 701,479 million in 2011. FDI accounted for the largest share of total stock of liabilities at 65.9 per cent, followed by Other Investment and Portfolio Investment accounting for 19.0 per cent and 15.1 per cent of the total stock of liabilities, respectively in 2011.

The stock of Foreign Direct Investment increased by 9.4 per cent from KSh 366,792 million in 2009 to KSh 401,101 million in 2010 mainly driven by short term debt instruments which increased by 54.8 per cent. In 2011, the stock of FDI increased by 15.3 per cent to KSh 462,490 million from KSh 401,101 million in 2010. The stock of Equity and Investment Fund Shares increased by 14.9 per cent and accounted for 61.8 per cent of the total FDI stocks in 2011.

Portfolio Investment stocks rose by 88.7 per cent in 2010 mainly as a result of the stock of Equity and Investment Fund Shares which increased by 91.0 per cent. In 2011, the stock of Portfolio Investment stocks

increased by 10.8 per cent to KSh 105,778 million from KSh 95,439 million in 2010. In 2011, Portfolio Investment stocks was mainly in Equity and Investment Fund Shares.

In 2010, Other Investment stocks increased by 8.9 per cent to KSh 118,550 million from KSh 108,902 million in 2009. The stock increased further by 12.4 per cent to KSh 133,211 million in 2011. Long term loans contributed the largest share of Other Investment stocks accounting for 83.3 per cent and 85.5 per cent of the total OI stocks in 2010 and 2011, respectively.

Table 3.2: Stock of External Liabilities, 2009-2011

Components	2009		2010		2011	
	KSh Million	% Share	KSh Million	% Share	KSh Million	% Share
Foreign Direct Investment (FDI)	**366,792.28**	**69.7**	**401,100.84**	**65.2**	**462,490.37**	**65.9**
Equity and Investment Fund Shares	255,993.67	48.8	245,702.05	40.1	285,818.80	40.7
Equity and Investment Fund Shares other than Reinvested Earnings	205,234.16	39.0	190,153.06	30.9	213,923.54	30.5
Accumulated Retained Earnings	31,759.51	9.8	38,548.97	9.5	71,925.26	10.3
Debt Instruments	109,798.62	20.9	152,398.80	24.8	176,511.57	25.2
Long Term	52,111.78	10.0	63,621.98	10.3	61,961.47	8.8
Short Term	57,353.84	10.9	88,773.83	14.4	114,577.10	16.3
Portfolio Investment	**50,567.82**	**9.6**	**95,438.48**	**15.5**	**105,777.86**	**15.1**
Equity and Investment Fund Shares	49,345.72	9.4	94,265.82	15.3	104,525.69	14.9
Debt Securities	1,222.10	0.2	1,172.66	0.2	1,251.16	0.2
Long Term	1,222.10	0.2	1,172.66	0.2	1,251.16	0.2
Short Term						
Financial Derivatives						
Forwards						
Options						
Other Investments	**108,902.13**	**20.7**	**118,549.15**	**19.3**	**133,211.78**	**19.0**
Other Equity	23.72	0.0	35.51	0.0	45.52	0.0
Currency and Deposits	295.77	0.1	478.85	0.1	408.72	0.1
Long Term						
Short Term	295.77	0.1	478.85	0.1	408.72	0.1
Trade Credits and Advances	4,669.63	0.9	6,821.64	1.1	6,548.12	0.9
Long Term	540.75	0.1	1,997.69	0.3	1,642.47	0.2
Short Term	4,128.92	0.8	4,826.95	0.8	4,905.65	0.7
Loans	99,652.70	18.9	108,429.25	17.6	123,859.75	17.7
Long Term	88,241.58	16.8	98,729.66	16.1	113,939.99	16.2
Short Term	11,411.12	2.2	9,699.60	1.6	9,919.77	1.4
Insurance, Pension and Standardised Guarantees			128.78	0.0	159.06	0.0
Life & Non-life Insurance Reserves						
Pension Entitlements / Claims						
Standardised Guarantees			128.78	0.0	159.06	0.0
Other Accounts Payables / Receivables	4,259.28	0.8	2,652.28	0.4	2,189.61	0.3
Long Term	1,586.35	0.3	979.51	0.2	787.10	0.1
Short Term	2,672.93	0.5	1,672.74	0.3	1,122.51	0.2
Total Foreign Liabilities	**526,262.23**	**100.0**	**615,088.47**	**100.0**	**701,479.01**	**100.0**

3.1.2. Flows of Foreign Liabilities

The flows of external liabilities into the country in 2009, 2010 and 2011 are presented in Table 3.3.Total foreign liability inflows increased by 16.9 per cent to KSh 201,704 million in 2010 from KSh 172,518 million in 2009 while outflows increased by 52.6 per cent from KSh 58,767 million in 2009 to KSh 89,664 million in 2010. This resulted into a decline of 1.5 per cent in the total net inflows in 2010. However, in

2011 the net inflows increased by 18.1 per cent to stand at KSh 132,262 million from KSh 112,040 million recorded in 2010.

Foreign Direct Investment inflows constituted the largest share of73.9 per cent of the total inflows in 2010. In 2011, inflows in the form of Direct Investment increased by 33.0 per cent from KSh 149,122 million in 2010 to KSh 198,398 million and accounted for 71.8 per cent of the total inflows. Inflows were mainly in the form of Equity and Investment Fund Shares and short term debt instruments.

In 2011, inflows of Portfolio Investment increased by 39.0 per cent to KSh44,434 million from KSh 31,974 million in 2010. Other Investment inflows increased by 63.2 per cent in 2011 compared to a growth of 52.4 per cent in 2010. Inflows in 2010 were mainly driven by short term trade credits and advances whereas inflows in 2011 were on account of long term loans which more than tripled.

Total outflows of external liabilities increased by 52.6 per cent from KSh 58,767 million in 2009 to KSh 89,664 million in 2010. Similarly, outflows of total foreign liabilities increased by 60.8 per cent to KSh 144,204 million in 2011. Foreign Direct Investment outflows increased by 92.7 per cent in 2010 due to an increase in outflows of short term debt instruments which more than doubled during the same period. Outflows of Foreign Direct Investment in 2011 increased by 60.3 per cent to KSh 86,933 million accounting for 60.3 per cent of the total outflows. In 2010, Portfolio Investment outflows more than doubled whereas outflows of Other Investment contracted by 14.5 per cent to KSh 19,849 million. The decline in Other Investment outflows was mainly in short term loans. In 2011, outflows of Other Investment followed a similar trend decreasing by 9.3 per cent mainly due to a drop in outflows of long term loans.

Net foreign liability inflows declined by 1.5 per cent in 2010 to register KSh 112,040 million from KSh 113,751 million in 2009. However, net foreign liability inflows in 2011 increased by 18.1 per cent to KSh 132,261 million mainly on account of net FDI inflows which increased by 17.5 per cent after registering a decline in 2010. Net FDI inflows in 2010 and 2011 accounted for the largest share of total net liability inflows at 84.7 per cent and 84.3 per cent, respectively. Net inflows of Other Investment liabilities increased from KSh 759 million in 2010 to KSh 15,634 million in 2011. Net portfolio inflows accounted for 14.6 per cent and 3.9 per cent in 2010 and 2011 of the total net liability inflows, respectively. Net Portfolio Investment inflows declined by 68.5 per cent in 2011 after posting a significant increase in 2010.

Table 3.3: Flows of External Liabilities, 2009 – 2011

KSh M illio.s

	2009			2010			2011		
Components	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
Foreign Direct Investment (FDI)	143,505.05	28,149.77	115,353.28	149,122.17	54,236.18	94,885.99	198,397.80	86,932.56	111,465.24
Total Equity and Investment Fund Shares	92,734.87	90.28	92,644.60	66,381.00	324.04	66,056.96	95,410.62	742.40	94,668.22
Equity and Investment Fund Shares other than Reinvested Earnings	83,764.40	90.28	83,674.12	52,330.92	324.04	52,032.28	75,370.06	742.40	74,627.20
Retained Earnings	8,970.47	-	8,970.47	14,044.09	-	14,044.09	20,040.56	-	20,040.56
Debt Instruments	50,769.17	28,059.49	22,709.68	82,741.17	53,911.54	28,829.62	102,986.98	86,190.16	16,796.82
Long Term	2,681.49	5,088.97	(2,407.48)	4,140.66	4,192.30	(51.64)	1,910.64	6,382.06	(4,472.21)
Short Term	48,176.68	24,260.52	24,116.16	78,600.50	49,719.24	28,881.26	101,076.34	79,807.04	21,269.30
Portfolio Investment	15,493.29	7,397.00	8,096.29	31,973.60	15,579.00	16,394.60	44,433.77	39,272.00	5,161.77
Equity and Investment Fund Shares	15,723.00	7,597.00	8,126.00	30,709.00	15,579.00	15,127.00	39,452.00	39,272.00	220.00
Debt Securities	(229.71)	-	(229.71)	1,267.60	-	1,267.60	4,981.77	-	4,981.77
Long Term	(10.67)	-	(10.67)	575.89	-	575.89	3,744.06	-	3,744.06
Short Term	(219.04)	-	(219.04)	691.71	-	691.71	1,237.14	-	1,237.14
Financial Derivatives	-	-	-	-	-	-	-	-	-
Forwards	-	-	-	-	-	-	-	-	-
Option	-	-	-	-	-	-	-	-	-
Other Investments	13,521.42	23,220.14	(9,698.71)	20,608.02	19,848.91	759.11	33,634.32	17,999.88	15,634.44
Other Equity	-	-	-	-	-	-	-	-	-
Currency and Deposits	-	-	-	-	-	-	-	-	-
Long Term	0.00	0.00	0.00	-	-	-	-	-	-
Short Term	-	-	-	-	-	-	-	-	-
Trade Credits and Advances	9,810.06	11,139.61	(1,329.55)	14,313.25	12,340.58	1,972.67	11,954.74	11,821.80	132.95
Long Term	514.31	453.78	60.53	2,285.79	884.63	1,401.17	-	227.00	(227.00)
Short Term	9,295.75	10,685.82	(1,390.08)	12,029.46	11,461.96	567.50	11,954.74	11,594.80	359.95
Loans	3,482.27	4,862.63	(1,380.36)	5,417.05	6,037.16	(620.11)	22,456.44	5,804.36	16,652.08
Long Term	3,131.40	4,605.71	(1,474.31)	5,269.58	5,851.81	(582.23)	20,577.07	4,885.63	15,691.44
Short Term	350.87	256.12	92.75	147.47	185.35	(37.88)	115.37	118.74	(3.64)
Insurance, Pension and Standardised Guarantees	-	-	-	128.78	-	128.78	50.26	-	50.26
Life & Non-life Insurance Reserves	-	-	-	-	-	-	-	-	-
Pension Entitlements / Claims	-	-	-	-	-	-	-	-	-
Standardised Guarantees	-	-	-	128.78	-	128.78	50.26	-	50.26
Other Accounts Payables / Receivables	1,033.16	412.56	620.60	746.95	572.06	174.87	952.86	1,173.73	(220.87)
Long Term	541.22	4.57	536.65	-	32.23	(32.23)	-	186.34	(186.34)
Short Term	491.87	7,211.79	(6,719.92)	746.95	1,432.95	(685.98)	952.86	987.39	(34.53)
Total Foreign Liabilities	172,519.76	58,766.91	113,750.86	201,703.79	89,664.09	112,039.70	276,485.89	144,204.45	132,281.45

3.1.3. Stock of External Liabilities by Economic Bloc

The stock of external liabilities by economic bloc is shown in Table 3.4. Europe, in particular, the European Union (EU) remained the major source of external liabilities accounting for 47.4, 42.6 and 44.0 per cent of the total liability stocks in 2009, 2010 and 2011, respectively. During the period under review, Asia, America and Africa accounted for a significant share of total stock of foreign liabilities. On the other hand, Australia and Oceanic had the lowest share of total foreign liabilities accounting for an average of 0.5 per cent.

In 2011, the stock of external liabilities attributable to Europe, Africa and America increased by 17.9, 26.2 and 28.8 per cent to record KSh 308,763 million, KSh138,051 million and KSh 55,770 million respectively. The increase in stocks from Europe and Africa was occasioned by the increase in stocks from EU and Common Market of Eastern and Southern Africa (COMESA).

Table 3. 4: Stock of External Liabilities by Economic Bloc, 2009-2011

	2009		2010		2011	
Region	**Ksh Million**	**% Share**	**Ksh Million**	**% Share**	**Ksh Million**	**% Share**
Africa	**84,861.68**	**16.1**	**109,419.26**	**17.8**	**138,050.60**	**19.7**
COMESA	63,805.67	12.1	86,360.66	14.0	109,301.30	15.6
EAC	1,153.21	0.2	2,076.89	0.3	2,126.92	0.3
Other Africa	19,902.80	3.8	20,981.71	3.4	26,622.38	3.8
America	**54,068.21**	**10.3**	**43,312.72**	**7.0**	**55,769.74**	**8.0**
America north	42,963.32	8.2	31,518.08	5.1	44,151.42	6.3
America south	11,104.88	2.1	11,794.64	1.9	11,618.32	1.7
Asia	**72,942.36**	**13.9**	**128,022.92**	**20.8**	**111,517.46**	**15.9**
Far east	67,940.03	12.9	119,541.90	19.4	100,307.44	14.3
Middle east	5,002.33	1.0	8,481.02	1.4	11,210.02	1.6
Europe	**249,423.86**	**47.4**	**261,956.38**	**42.6**	**308,763.34**	**44.0**
Eastern europe	2,457.57	0.5	2,211.88	0.4	2,282.60	0.3
EU	234,569.64	44.6	248,234.82	40.4	293,833.71	41.9
Western europe	12,396.65	2.4	11,509.68	1.9	12,647.03	1.8
Australia & oceanic	**2,980.31**	**0.6**	**3,102.63**	**0.5**	**3,462.08**	**0.5**
International Financial Institution/Organization	25,382.95	4.8	27,798.31	4.5	39,446.22	5.6
Country Not Stated	36,602.86	7.0	41,476.26	6.7	44,469.57	6.3
Grand total	**526,262.23**	**100.0**	**615,088.47**	**100.0**	**701,479.01**	**100.0**

3.1.4. Flows of External Liabilities by Economic Bloc

The flows of external liabilities by economic bloc are shown in Table 3.5. Africa had the highest share of inflows in 2010 and was the second leading source of the total inflows after Europe in 2009 and 2011. Asia contributed 5.6 per cent and 8.1 per cent of the total inflows in 2009 and 2011 in that order, mainly from the Far East countries. In 2010, the inflows from Africa, Europe and Asia accounted for 40.0, 27.8 and 26.5 per cent of the total inflows, respectively. America accounted for 11.7, 3.4 and 3.6 per cent of the total inflows in 2009, 2010 and 2011, respectively. Inflows from Asia more than tripled from KSh 9,647 million in 2009 to KSh 53,501 million in 2010, with those from Africa increasing by 43.6 per cent to KSh 80,704 million. Significant declines of 66.2 per cent and 33.7 per cent in inflows from America and Europe, respectively, were recorded in 2010.

Outflows of investment liabilities were mainly to Europe and Africa, jointly accounting for 86.2, 90.6 and 96.1 per cent of the total outflows in 2009, 2010 and 2011, respectively. Outflows to Africa more than doubled from KSh 20,012million in 2009 to KSh 48,079million in 2010. Outflows to America, Asia and Australia & Oceanic decreased by 37.4, 31.4 and 12.4 per cent respectively, in 2011.

Europe and Africa combined accounted for the largest share of net inflows in 2009 and 2011 at 79.1 per cent and 67.6 per cent, respectively. Net inflows from Europe more than doubled while those from Africa increased by 7.6 per cent in 2011. Net inflows from Asia increased more than six times in 2010 to KSh 49,064 million and declined by 60.8 per cent to KSh 19,236 million in 2011.

Table 3. 5: Flows of External Liabilities by Economic Bloc, 2009-2011

KSh Million

	2009			2010			2011		
Region	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
Africa	56,165.25	20,012.14	36,153.11	80,704.15	48,059.24	32,634.84	113,302.04	58,208.34	55,093.70
COMESA	35,631.43	7,[illegible]	35,487.35	76,[illegible]	46,[illegible]	30,[illegible]	69,[illegible]	25,[illegible]	37,[illegible]
EAC	58.95	58.95	0.00	371.97	6.35	365.62	390.97	32.62	37.35
Other Africa	3,484.89	437.07	3,047.82	4,300.17	1,950.05	3,352.13	14,[illegible]	2,[illegible]	11,[illegible]
America	20,260.41	4,106.83	16,153.58	6,850.04	2,842.06	4,008.83	5,878.23	1,777.06	5,101.24
America, North	18,827.49	290.13	17,447.29	4,[illegible]	1,[illegible]	3,[illegible]	2,[illegible]	240.35	2,[illegible]
America, South	1,[illegible]	3,[illegible]	1,[illegible]	1,[illegible]	1,[illegible]	1,[illegible]	3,[illegible]	1,[illegible]	[illegible]
Asia	5,646.74	2,644.62	3,002.11	53,500.73	4,436.54	49,064.15	22,280.81	3,044.24	19,235.53
Far East	2,871.19	1,[illegible]	1,[illegible]	46,[illegible]	3,[illegible]	44,[illegible]	15,[illegible]	2,[illegible]	13,[illegible]
Middle East	1,775.55	1,[illegible]	[illegible]	6,[illegible]	1,[illegible]	4,[illegible]	6,[illegible]	[illegible]	5,[illegible]
Europe	54,400.15	20,649.71	33,840.45	55,876.80	33,168.04	22,706.88	114,715.54	60,405.65	54,309.74
Eastern Europe	1,[illegible]	1,[illegible]	1,[illegible]	1,[illegible]	1,[illegible]	1,[illegible]	1,[illegible]	1,[illegible]	1,[illegible]
EU	50,[illegible]	15,[illegible]	35,[illegible]	34,[illegible]	31,[illegible]	2,[illegible]	111,[illegible]	63,[illegible]	47,[illegible]
Non-aligned	1,[illegible]	1,[illegible]	14,[illegible]	1,[illegible]	1,[illegible]	[illegible]	1,[illegible]	[illegible]	1,[illegible]
Australia & Oceania	110.20	392.35	(282.15)	56.48	172.42	(115.94)	163.59	150.59	12.91
International Financial Institutions Organization	1,[illegible]	210.83	1,474.17	1,[illegible]	795.39	1,[illegible]	1,[illegible]	388.87	1,[illegible]
Grand Total	132,[illegible]	58,766.91	113,[illegible]	201,[illegible]	89,664.89	112,[illegible]	276,[illegible]	144,[illegible]	132,[illegible]

3.1.5. Stock of External Liabilities by Country

The United Kingdom remained the major source of foreign investment stock accounting for 23.3, 24.4 and 27.2 per cent of total liabilities in 2009, 2010 and 2011, respectively as shown in Table 3.6. This could be partly explained by the long standing trade relationship between the two countries over the years. Other major sources during the period under review were Mauritius, Japan, Netherlands, US and France. International Financial Organizations accounted for 4.8, 4.5 and 5.6 per cent of the total stock of foreign liabilities in the three year period. The stock of foreign liabilities from Belgium increased significantly from KSh 4,190 million in 2010 to KSh 19,417million in 2011.

Table 3.6: Stock of External Liabilities by Country, 2009-2011

Country	2009		2010		2011	
	KSh Million	% Share	KSh Million	% Share	KSh Million	% Share
United Kingdom	122,303.52	23.3	150,228.90	24.4	190,521.44	27.2
Mauritius	53,517.82	10.2	82,979.06	13.5	106,521.78	15.2
Japan	53,510.83	10.2	61,718.86	10.0	69,404.50	9.9
US	41,897.07	8.0	31,200.92	5.1	41,536.21	5.9
Netherlands	64,194.24	12.2	38,423.35	6.2	33,110.54	4.7
Germany	7,958.15	1.5	21,628.63	3.5	22,669.45	3.2
South Africa	15,001.18	2.9	14,252.57	2.3	22,007.17	3.1
Belgium	4,234.26	0.8	4,189.63	0.7	19,417.15	2.8
China	4,370.98	0.8	43,896.30	7.1	18,046.91	2.6
France	26,304.64	5.0	25,999.73	4.2	17,184.86	2.4
Switzerland	9,258.36	1.8	8,203.61	1.3	9,717.55	1.4
Panama	5,125.73	1.0	5,472.24	0.9	5,572.85	0.8
Yemen	-	-	-	-	5,043.00	0.7
India	5,360.18	1.0	5,618.66	0.9	4,621.33	0.7
Luxembourg	2,633.60	0.5	3,255.80	0.5	4,460.52	0.6
Finland	1,404.61	0.3	2,172.85	0.4	4,179.02	0.6
United Arab Emirates	2,682.53	0.5	2,713.69	0.4	4,066.25	0.6
Cayman Islands	4,352.56	0.8	4,630.96	0.8	4,020.89	0.6
Australia	2,927.87	0.6	3,031.95	0.5	3,371.05	0.5
Korea - South	50.38	0.0	3,012.58	0.5	3,005.86	0.4
Pakistan	1,697.51	0.3	2,616.60	0.4	2,492.98	0.4
Togo	1,945.99	0.4	4,533.42	0.7	2,474.48	0.4
Canada	1,097.69	0.2	329.54	0.1	2,263.95	0.3
British Virgin Island	1,346.77	0.3	1,535.35	0.2	1,628.08	0.2
Uganda	870.65	0.2	1,468.47	0.2	1,618.46	0.2
Seychelles	595.04	0.1	682.16	0.1	1,504.22	0.2
Leichtenstein	1,682.77	0.3	1,691.25	0.3	1,490.78	0.2
Hong Kong	1,448.42	0.3	1,399.09	0.2	1,405.95	0.2
Isle of Man	1,354.50	0.3	1,392.51	0.2	1,303.41	0.2
Cyprus	1,051.23	0.2	535.02	0.1	1,219.95	0.2
Egypt	1,367.72	0.3	1,896.87	0.3	1,174.04	0.2
Norway	1,130.47	0.2	1,191.11	0.2	1,159.86	0.2
International Financial Institution/Organization	25,382.95	4.8	27,798.31	4.5	39,446.22	5.6
Country Not Stated	36,602.86	7.0	41,476.26	6.7	44,469.57	6.3
Others	**21,399.14**	**4.1**	**13,912.20**	**2.3**	**9,348.72**	**1.3**
Grand Total	**526,262.23**	**100.0**	**615,088.47**	**100.0**	**701,479.01**	**100.0**

3.1.6. Flows of External Liabilities by Country

The United Kingdom and Mauritius were the main sources of inflows accounting for 20.4 per cent and 36.2 per cent in 2010 and; 31.7 per cent and 34.8 per cent in 2011 of the total inflows, respectively. Inflows from China accounted for 20.3 per cent of the total inflows in 2010 and 4.7 per cent in 2011. South Africa's share of total inflows in 2010 was 2.0 per cent while in 2011 was 5.1 per cent. Inflows from Belgium accounted for 5.6 per cent of the total inflows in 2011.

Mauritius was the leading destination of outflows during the review period accounting for 28.4, 49.2 and 50.8 per cent of total outflows 2009, 2010 and 2011, respectively. United Kingdom followed with outflows accounting for 25.4, 23.8 and 34.7 per cent of the total outflows during the review period.

Net inflows from China increased substantially to KSh 40,583 million in 2010 but declined by 69.0 per cent in 2011whereas net inflows from India declined by 50.8 per cent in 2010 and 40.7 per cent in 2011 as shown in Table 3.7.

Table 3.7: Flows of External Liabilities by Country, 2009-2011

KSh Million

Country	2009			2010			2011		
	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
United Kingdom	2,160.98	17,341.06	27,249.92	41,128.41	21,345.52	19,782.89	87,274.05	66,210.84	21,063.21
Mauritius	71,673.52	14,701.48	57,072.40	73,063.23	32,313.03	40,750.21	94,08...77	21,213.69	72,869.08
Belgium	1...0.36	176.36	934.00	723.7.	151.35	572.36	15,355...7	827	15,349.90
China	1,455.93	527.84	1...28.09	41,967.98	1,384.53	40,583...5	12,956.56	561.68	12,564.91
South Africa	5,296.32	1,813.13	3,483.19	4,02.68	1,811.20	2,209.48	13,389.23	2...81.39	11,607.84
US	17,209.40	776.97	16,432.43	1,3...9.93	101.69	1,323.22	6,5...0.0	718.00	5,203.0.
Yemen							60...0.00		60...0.00
Switzerland	2,391.20	5,928.47	(3,536.27)	1...13.06	1,293.53	(...80.47)	2,52...55	9.06	2,51...50
Germany	5,815.09	7,331.91	(1,516.82)	8,793.1.	7,388.27	1,201.87	12,406.34	8,925.0.	1,982.29
Finland	824.40		824.40	918.1.	136.61	782.77	1,698.15	106.44	1,592.01
Curacao	944.27	3.22	941.05	2...0.20	2.67	238.53	1,353.95	5.26	1,348.69
Netherlands	23,05...58	9,16.43	26,702...1	3,30...8.	1,02...02	2,281.82	1,562.87	281.88	1,280.99
India	1,08...95	11.8.	1,072.73	2,058.1.	57.73	2,001.68	1,26...06	77.50	1,...88.16
Luxembourg	166.97		166.97	1,58.1.	67.17	1,10.61	12,1...12	573.96	9,67.16
Egypt	1,3...9.75	1,4...0.19	126.38	2,293.67	1,809.57	1,61.10	2,981.26	2,358.01	623.25
Isle of Man	580.57	2...00	1,76.57	1,23.33	27.73	75.6.	812.76	2...3.	868.45
Panama	(6.41)		(6.41)	1,27.84		1,27.84	1,97.67		1,97.67
Norway	1,20.66		1,20.66	1,17.85		1,17.85	1,95.09		1,95.09
Saudi Arabia	1,81.03	1,14.69	116.03	596.34	529.75	66.79	561.85		561.85
Korea, South	23.50		23.50	1,011.03		1,011.03	703.61		703.61
Qatar	365.61		365.61	(66.1.)		(66.1.)	2...1.85		2...1.85
Russia Federation	236.10		236.10	7.25		7.25	225.00		225.00
Lebanon	117.00		117.00	116.00		116.00	211.70		211.70
United Arab Emirates	2...1.42	75.64	1,65.79	854.74	1,13.74	1,1.6.	211.32	5.70	205.62
Togo	(723.1.)		(723.1.)	113.38		113.38	163.38		163.38
Sweden	712.69	1.01	672.68	1,4.02	66.66	75.36	1,6.03	7.52	131.5.
Turkey				110.00		110.00	122.38		122.38
British Virgin Island	86.21		86.21	155.19		155.19	162.68		162.68
International Financial Institutions Organization	1,785.03	310.87	1,47...17	1,80.89	345.25	1,35.63	8,7...23	253.87	8,478.36
Country Not Stated	92.16	650.60	(600...1)	2,81.65	455.47	2,...55.18	7,39...09	1,2...15	7,01...92
Others	13,150.31	5,918.69	7,231.65	9,668.47	6,688.63	2,979.81	(4,560.50)	5,402.49	(9,962.99)
Grand Total	172,517.76	58,766.91	113,750.86	201,703.79	89,661.09	112,039.70	276,165.89	144,201.45	132,361.45

3.1.7. Stock of External Liabilities by Sector

Stock of external liabilities by economic activities based on International Standard of Industrial Classification Rev. 4 (ISIC Rev. 4) is presented in Table 3.8.Manufacturing sector had the highest stock of external liabilities accounting for 19.3, 21.5 and 21.4 per cent of the total stock of external liabilities in 2009, 2010 and 2011, respectively. Financial and insurance activities and; Electricity, gas, steam and air conditioning supply sectors had the second and third highest proportion of stock of external liabilities. Human health and social work activities sector accounted for the least share of total stock of liabilities during the review period.

Stock of external liabilities in the Accommodation and food service sector more than doubled from KSh 3,194 million in 2009 to KSh 8,366 million in 2010 while those in Administrative and support service sector

declined by 91.7 per cent from KSh 10,379 million to KSh 862 million in the same period. Stock of liabilities in the Information and communication sector decreased by 57.3 per cent in 2011.

Table 3. 8: Stock of External Liabilities by Sector, 2009-2011

KSh Million

Sectors	2009	2010	2011
Manufacturing	101,707.84	131,912.95	149,784.07
Professional, scientific and technical activities	783.63	813.69	1,009.41
Accommodation and food service activities	3,194.06	8,366.08	11,378.19
Financial and insurance activities	93,343.15	111,362.46	136,937.33
Other service activities	5,819.56	2,332.68	7,204.42
Transportation and storage	39,714.53	41,488.82	31,279.65
Arts, entertainment and recreation	-	-	-
Agriculture, forestry and fishing	57,076.63	45,443.55	54,521.67
Mining and quarrying	9,504.88	8,433.57	9,146.69
Information and communication	21,428.32	16,779.24	7,169.82
Electricity, gas, steam and air conditioning supply	81,582.44	97,742.45	134,780.89
Human health and social work activities	174.33	191.32	226.40
Water supply; sewerage, waste management and remediation	-	-	-
Wholesale and retail trade; repair of motor vehicles and	73,390.46	104,825.45	131,810.10
Construction	27,709.60	43,813.11	24,662.91
Education	-	-	-
Administrative and support service activities	10,378.99	861.55	840.22
Activities of extraterritorial organizations and bodies	453.83	721.54	727.24
Real estate activities	-	-	-
Grand Total	**526,262.23**	**615,088.17**	**701,479.01**

3.1.8. Flows of External Liabilities by Sector

Inflows of external liabilities to the Manufacturing and Financial and insurance sectors more than doubled from KSh 22,271 million and KSh 6,219 million in 2009 to KSh 52,973 million and KSh 15,689 million in 2010, respectively. Inflows to Accommodation and food service sector grew by more than seven times during the same period. Inflows of liabilities to Wholesale and retail trade sector accounted for the largest share of inflows at 38.5 and 36.0 per cent in 2010 and 2011 in that order, as reflected in Table 3.9.

Outflows of liabilities from the Agriculture, forestry and fishing sector grew from KSh 108 million in 2009to KSh15, 963 million in 2010 and maintained an upward trend increasing to KSh 40,120 million in 2011. Outflows from Manufacturing sector accounted for the largest share of 46.8 per cent of total outflows in 2009. Outflows of liabilities from Wholesale and retail sector accounted for the largest share of outflows in 2010 and 2011 at 55.5 per cent and 52.2 per cent, respectively.

Net inflows to the Electricity, gas, steam and air conditioning supply sector recorded mixed performance over the review period. Net outflows from the Information and communication sector recorded an increase of 53.6 per cent in 2010 and further increased to KSh 7,828 million in 2011.

Table 3.9: Liability Flows by Sector in KSh Million, 2009-2011

KSh Million

Sector	2009			2010			2011		
	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
Manufacturing	46,870.05	42,405.72	(5,464.33)	52,975.05	38,850.57	33,124.49	32,359.65	18,319.01	14,040.65
Professional, scientific and technical activities	140.78	4.91	135.87	182.49	172.59	109.90	101.80	-	101.80
Accommodation and food service activities	54.61	-	54.61	3,691.05	776.85	3,005.20	4,043.55	900.19	3,143.36
Financial and insurance activities	9,210.43	1,251.05	7,958.38	15,689.00	1,250.76	14,438.25	43,436.14	1,998.24	38,437.90
Other service activities	4,913.43	150.38	4,763.06	1,467.01	351.89	1,095.12	4,451.10	14.98	4,436.12
Transportation and storage	2,092.05	4,402.14	(2,310.09)	3,718.56	4,838.68	(1,120.09)	2,953.57	4,035.39	(1,082.82)
Arts, entertainment and recreation	-	-	-	-	-	-	-	-	-
Agriculture, forestry and fishing	43,114.37	137.08	42,976.30	57,457.34	15,053.43	42,403.92	43,047.48	43,119.51	(72.03)
Mining and quarrying	423.08	-	423.08	(322.04)	-	(322.04)	3,693.62	3,582.50	111.12
Education and training	(3,715.04)	1.44	(3,716.48)	(3,720.92)	44.08	(3,765.00)	(4,315.04)	14.55	(4,329.59)
Electricity, gas, steam and air conditioning supply	9,211.29	-	9,211.29	3,553.78	100.56	3,553.22	23,329.31	215.79	23,113.52
Human health and social work activities	49.99	-	49.99	59.44	-	59.44	55.05	-	55.05
Water supply; sewerage, waste management and remediation activities	-	-	-	-	-	-	-	-	-
Wholesale and retail trade; repair of motor vehicles and motorcycles	4,703.13	35,149.61	(30,446.48)	7,553.05	40,791.53	(33,238.48)	9,043.71	15,830.48	(6,786.76)
Construction	26,436.25	75.31	26,360.95	43,085.53	-	43,085.53	23,114.48	26.24	23,088.24
Education	-	-	-	-	-	-	-	-	-
Administrative and support service activities	9,760.72	8.58	9,750.57	55.68	18.64	45.24	(91.05)	90.50	(181.55)
Activities of extraterritorial organizations and bodies	48.57	-	48.57	238.42	-	238.42	9.55	-	9.55
Real estate activities	-	-	-	-	-	-	-	-	-
Grand Total	172,517.76	88,766.91	113,750.86	201,706.79	89,664.09	112,039.70	276,465.89	144,204.45	132,261.45

3.1.9. Stock of Foreign Direct Investment Liabilities by Economic Bloc

Europe contributed the highest proportion of FDI stock, with the EU leading at 45.9, 33.8 and 38.8 per cent of the total stock in 2009, 2010 and 2011 respectively, as shown in Table 3.10. Europe was followed by Africa with COMESA contributing17.4, 21.5 and 23.6 per cent of total stock of FDI liabilities in 2009, 2010 and 2011, respectively. The stock of FDI from the COMESA increased by 35.6 per cent to KSh 86,273 million in 2010 and by 26.5 per cent to KSh 109,137 million in 2011.

The stock of FDI liabilities from Asia, mainly driven by investments from countries in the Far East, was 10.9, 23.0 and 14.6 per cent of total stock respectively, in the years under review. America's contribution was 13.6, 9.4 and 10.8 per cent during the same period.FDI liabilities from Asia more than doubled in 2010 but dipped in 2011 by 26.7 per cent to KSh 67,719 million.

Table 3.10: Stock of FDI Liabilities by Economic Bloc, 2009-2011

Region	2009		2010		2011	
	KSh Million	% Share	KSh Million	% Share	KSh Million	% Share
Africa	**82,995.19**	**22.6**	**107,437.53**	**26.8**	**135,507.85**	**29.3**
COMESA	63,644.61	17.4	86,273.35	21.5	109,137.01	23.6
EAC	439.61	0.1	1,111.09	0.3	1,131.87	0.2
Other Africa	18,910.97	5.2	20,053.10	5.0	25,238.96	5.5
America	**49,939.85**	**13.6**	**37,746.65**	**9.4**	**50,178.48**	**10.8**
America North	39,205.23	10.7	26,349.57	6.6	38,971.86	8.4
America South	10,734.62	2.9	11,397.08	2.8	11,206.61	2.4
Asia	**40,111.73**	**10.9**	**92,423.19**	**23.0**	**67,719.32**	**14.6**
Far East	36,485.37	9.9	85,466.50	21.3	57,040.50	12.3
Middle East	3,626.36	1.0	6,956.68	1.7	10,678.81	2.3
Europe	**181,112.70**	**49.4**	**148,076.56**	**36.9**	**193,138.23**	**41.8**
Eastern Europe	2,322.40	0.6	2,093.72	0.5	2,119.00	0.5
EU	168,425.79	45.9	135,483.30	33.8	179,434.54	38.8
Western Europe	10,364.50	2.8	10,499.54	2.6	11,584.69	2.5
Australia & Oceanic	**282.20**	**0.1**	**208.87**	**0.1**	**397.07**	**0.1**
International Financial Institution/Organization	8,986.77	2.5	9,303.38	2.3	8,971.16	1.9
Country Not Stated	3,363.84	0.9	5,904.66	1.5	6,578.27	1.4
Grand Total	**366,792.28**	**100.0**	**401,100.84**	**100.0**	**462,490.37**	**100.0**

3.1.10. Flows of Foreign Direct Investment Liabilities by Economic Bloc

Inflows of FDI maintained an upward trend from KSh 143,503 million in 2009 to KSh 149,122 million in 2010 and KSh 198,398 million in 2011 as presented in Table 3.11. Africa and Europe were the major sources of FDI inflows in 2011 representing 55.8 per cent and 30.6 per cent of total inflows, respectively. COMESA contributed the largest proportion of the FDI inflows from Africa while inflows from EU were the highest from Europe. There was a marked decline in FDI inflows from Asia from KSh 50,126 million in 2010 to KSh 14,951 million in 2011.

Total FDI outflows increased from KSh 54,236 million in 2010 to KSh 86,933 million in 2011. Africa was the main destination of FDI outflows in 2009, 2010 and 2011. Outflows to America declined by 50.1 per cent from KSh 3,662 million in 2009 to KSh 1,829 million in 2010, and by a further by 21.4 per cent to KSh1,438 million in 2011. There was a surge in outflows to Asia from KSh296 million in 2009 to KSh 1,736 million in 2010, and a decline of 26.9 per cent in 2011.

Table 3.11: Flows of FDI Liabilities by Economic Bloc, 2009-2011

KSh Million

Region	2009			2010			2011		
	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
Africa	54,690.14	18,634.14	36,057.01	78,704.71	46,434.84	32,266.87	110,737.43	76,415.06	34,322.37
COMESA	53,599.01	5,076.11	48,522.90	76,072.95	46,069.52	30,003.43	98,069.52	75,912.69	22,156.83
EAC	(6.20)		(6.20)	242.03		242.03	66.01		66.01
Other Africa	1,101.01	395.02	705.01	2,389.73	365.03	2,024.70	1,598.39	482.38	1,115.22
Americas	20,240.56	3,662.49	16,578.07	4,506.64	1,029.30	3,477.34	9,567.98	1,437.69	8,130.27
America North	5,217.17	333.65	4,883.52	2,293.70	6.37	2,287.33	7,599.52		7,599.52
America South	2,023.38	3,328.84	(1,305.46)	2,212.94	1,022.93	989.21	1,968.46	1,437.69	530.76
Asia	6,098.10	295.66	6,702.44	50,125.52	1,736.30	48,389.22	14,950.71	1,269.42	13,681.29
Far East	6,529.38	295.66	6,229.72	45,429.33	1,719.16	43,709.58	8,873.56	1,266.42	7,607.14
Middle East	472.72		472.72	4,695.19	17.14	4,679.25	6,080.15	3.00	6,077.15
Europe	61,739.60	5,307.04	56,432.57	14,036.94	4,172.87	10,764.26	60,805.02	7,752.20	53,054.81
Eastern Europe	761.05	21.00	740.05	71.57	27.71	43.87	530.12	15.55	514.57
EU	58,919.26	5,278.84	53,640.41	13,191.48	4,145.54	9,045.94	57,547.87	7,736.65	49,811.18
Western Europe	2,119.49	7.20	2,112.28	1,773.89		1,773.89	2,728.76	0.00	2,728.76
Australia & Oceania	100.00	3.20	96.80	56.46		56.46	163.89	0.09	163.80
International Financial Institution/Organization	(77.56)	68.99	(146.55)	3.67	53.07	(49.40)	84.79	97.06	(12.27)
Country Not States	(188.76)	5.72	(194.48)	776.07		776.07	2,115.60	2.32	2,113.28
Grand Total	145,603.05	28,148.77	115,353.28	149,122.47	54,236.16	94,886.99	198,307.60	86,932.86	111,465.34

3.1.11. The Stock of Foreign Direct Investment Liabilities by Country

As shown in Table 3.12, Mauritius and United Kingdom accounted for 20.7 per cent and 16.8 per cent of the total FDI stock, respectively in 2010 and 23.0 per cent and 22.3 per cent, in that order in 2011. The stock of FDI liabilities originating from China increased from KSh 2,222 million in 2009 to KSh 42,564 million in 2010 but decreased to KSh 10,269 million in 2011. The stock of liabilities from Netherlands decreased by nearly half from KSh 52,343 million in 2009 to KSh 26,769 million in 2010 and increased to KSh 28,569 million in 2011.

Table 3.12: Stock of FDI Liabilities by Country, 2009-2011

Region	2009		2010		2011	
	KSh Million	% Share	KSh Million	% Share	KSh Million	% Share
Mauritius	53,417.26	14.6	82,916.46	20.7	106,450.83	23.0
United Kingdom	77,473.75	21.1	67,547.85	16.8	103,285.25	22.3
US	38,167.67	10.4	26,060.63	6.5	36,384.68	7.9
Japan	24,715.60	6.7	29,599.61	7.4	34,454.69	7.4
Netherlands	52,343.06	14.3	26,768.51	6.7	28,568.84	6.2
South Africa	14,323.93	3.9	13,766.01	3.4	21,027.66	4.5
Belgium	2,363.34	0.6	2,680.06	0.7	17,598.44	3.8
France	24,805.79	6.8	23,266.48	5.8	14,995.35	3.2
Germany	5,099.47	1.4	11,752.80	2.9	11,276.19	2.4
China	2,221.98	0.6	42,563.83	10.6	10,269.42	2.2
Switzerland	7,226.21	2.0	7,361.41	1.8	8,839.68	1.9
Panama	5,125.73	1.4	5,472.24	1.4	5,572.85	1.2
Yemen	-	-	-	-	5,043.00	1.1
India	4,952.49	1.4	5,071.39	1.3	4,172.02	0.9
Cayman Islands	4,352.56	1.2	4,630.96	1.2	4,020.89	0.9
United Arab Emirates	1,906.76	0.5	1,713.78	0.4	3,682.50	0.8
Korea - South	11.58	0.0	3,012.58	0.8	3,006.86	0.6
Togo	1,945.99	0.5	4,533.42	1.1	2,474.48	0.5
Pakistan	1,634.78	0.4	2,541.32	0.6	2,403.76	0.5
Canada	1,069.00	0.3	301.33	0.1	2,236.94	0.5
Seychelles	595.04	0.2	682.16	0.2	1,504.22	0.3
Leichtenstein	1,682.77	0.5	1,691.25	0.4	1,490.78	0.3
Hong Kong	1,448.42	0.4	1,399.09	0.3	1,405.95	0.3
Isle of Man	1,354.50	0.4	1,392.51	0.3	1,303.41	0.3
British Virgin Island	1,005.27	0.3	1,193.84	0.3	1,286.58	0.3
Cyprus	1,051.22	0.3	535.00	0.1	1,219.91	0.3
Egypt	1,367.68	0.4	1,896.82	0.5	1,173.98	0.3
Luxembourg	709.94	0.2	896.14	0.2	1,016.01	0.2
Norway	1,130.47	0.3	1,023.18	0.3	975.40	0.2
Uganda	369.23	0.1	817.52	0.2	859.17	0.2
Indonesia	939.66	0.3	398.60	0.1	813.69	0.2
Qatar	539.46	0.1	533.11	0.1	775.00	0.2
Sweden	1,040.23	0.3	652.78	0.2	768.58	0.2
Nigeria	996.02	0.3	911.04	0.2	728.19	0.2
International Financial Institution/Organization	8,986.77	2.5	9,303.38	2.3	8,971.16	1.9
Country Not Stated	3,363.84	0.9	5,904.66	1.5	6,578.27	1.4
Others	17,054.82	4.65	10,309.06	2.57	5,857.29	1.27
Grand Total	**366,792.28**	**100.0**	**401,100.84**	**100.0**	**462,490.37**	**100.0**

3.1.12. Flows of Foreign Direct Investment Liabilities by Country

As shown in Table 3.13, Mauritius was the leading source of FDI inflows representing 31.0, 49.0 and 48.4 per cent of total inflows in 2009, 2010 and 2011, respectively. Inflows from United Kingdom which was the second leading source increased substantially from KSh 9,420 million in 2010 to KSh 46,918 million in 2011. There was a substantial increase in inflows from Belgium from KSh478 million in 2010 to KSh15,358 million in 2011.Inflows from China recorded mixed performance increasing to KSh40,415 million in 2010

and declining to KSh6,364 million in 2011.Inflows from the Netherlands decreased significantly by 88.8 per cent in 2010 to stand at KSh3,305 million from KSh29,481 million in 2009 and further to KSh1,563 million in 2011.

Mauritius had the highest share of outflows during the review period representing 59.0, 81.6 and 84.2 per cent of the total outflows in 2009, 2010 and 2011, respectively. United Kingdom also registered notable increases in outflows from KSh1,929 million in 2010 to KSh6,592 million in 2011.

Table 3.13: Flows of FDI Liabilities by Country, 2009-2011

KSh Million

Country	2009			2010			2011		
	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
United Kingdom	26,122.96	4,555.90	21,567.06	9,419.56	1,929.10	7,490.46	16,914.21	6,591.67	10,326.53
Mauritius	11,541.76	16,598.72	27,948.27	73,011.11	11,260.27	29,750.47	96,081.77	73,213.69	22,868.08
Belgium	274.73	1.75	272.68	474.03	1.56	176.47	15,354.17	8.27	15,319.90
South Africa	1,910.74	596.08	1,314.66	2,200.25	330.91	1,869.34	11,173.53	182.36	10,993.17
China	911.11		911.11	10,115.73		10,115.73	6,363.93		6,363.93
US	17,209.71	335.45	16,873.53	2,037.61	5.57	2,029.05	6,221.83		6,221.83
Yemen							5,013.00		5,013.00
Switzerland	1,929.34	1.20	1,925.14	1,116.06		1,116.06	2,218.10	0.00	2,218.10
Netherlands	29,481.33	274.93	29,206.40	3,307.87	64.05	3,236.79	1,562.87	8.68	1,554.19
Canada	990.96		990.96	237.03	1.00	236.03	1,318.90		1,318.90
India	1,072.87		1,072.87	2,002.72		2,002.72	1,158.97		1,158.97
Egypt	1,519.75	1,410.39	109.35	2,260.67	1,509.57	181.10	2,991.26	2,328.01	663.25
Isle of Man	530.57	27.01	176.57	103.35	27.73	75.61	612.76	27.31	584.75
Germany	1,102.41	236.76	865.63	1,016.07	511.17	107.90	914.71	103.61	511.10
Panama	(6.47)		(6.47)	427.41		427.41	497.67		497.67
Norway	120.96		120.96	417.48		417.48	495.09		495.09
Japan	583.67		583.67	641.96		641.96	437.97		437.97
Saudi Arabia	(9.39)		(9.39)	372.90		372.90	351.48		351.48
Korea, South	29.50		29.50	1,011.00		1,011.00	303.94		303.94
Qatar	385.61		385.61	(66.71)		(66.71)	241.48		241.48
Russia	236.10		236.10	7.25		7.25	225.01		225.01
Lebanon	117.01		117.01	119.01		119.01	211.70		211.70
United Arab Emirates	(19.97)		(19.97)	107.66	0.82	103.41	211.32	5.70	205.62
Country Not Stated	(198.78)	181.26	(380.04)	776.01		776.01	2,116.60	21.32	2,095.24
Others	11,157.58	3,602.93	7,554.66	7,676.05	5,160.46	2,515.59	(5,095.22)	2,841.95	(8,930.17)
Grand Total	**113,503.05**	**28,149.77**	**115,353.28**	**119,123.17**	**54,236.18**	**94,885.99**	**198,397.80**	**86,932.56**	**111,465.24**

3.1.13. Distribution of Stock of FDI Liabilities by Sector

Distribution of stock of FDI liabilities by sector is presented in Table 3.14. Wholesale and retail trade sector contributed the largest share of total stock of FDI liabilities in 2010 and 2011 accounting for 25.6per cent and 28.2 per cent of the total stock, respectively. Manufacturing, Financial and insurance activities, and Electricity, gas, steam and air conditioning supply sectors followed at 21.2, 18.7 and 15.1 per cent of total stock of FDI liabilities respectively, in 2011.

The Information and communication sector recorded a downward trend in the stock of FDI liabilities from KSh 15,538 million in 2009, KSh 11,488 million in 2010 to KSh 2,256 million in 2011. Similarly, the stock of FDI liabilities in the Mining and quarrying sector decreased by 11.3 per cent in 2010 and by 32.2 per cent in 2011.The stock of FDI liabilities in the Construction sector declined from KSh 43,037million in 2010 to KSh 23,874million in 2011.

Table 3. 14: Stock of FDI Liabilities by Sector, 2009-2011

KSh Million

Sectors	2009	2010	2011
Manufacturing	73,487.08	79,569.72	97,926.80
Professional, scientific and technical activities	783.63	813.69	1,009.41
Accommodation and food service activities	3,168.74	7,651.24	10,553.04
Financial and insurance activities	63,209.87	78,414.56	86,620.13
Other service activities	5,284.27	2,332.68	7,204.42
Transportation and storage	9,270.16	10,199.14	10,967.76
Arts, entertainment and recreation	-	-	-
Agriculture, forestry and fishing	41,057.30	13,816.35	14,462.53
Mining and quarrying	9,504.88	8,433.57	5,719.45
Information and communication	15,537.74	11,487.52	2,256.05
Electricity, gas, steam and air conditioning supply	37,883.00	41,033.98	69,924.80
Human health and social work activities	117.12	133.57	165.62
Water supply; sewerage, waste management and	-	-	-
Wholesale and retail trade; repair of motor	70,846.66	102,603.20	130,247.17
Construction	25,811.02	43,036.83	23,874.45
Education	-	-	-
Administrative and support service activities	10,377.50	853.79	832.12
Activities of extraterritorial organizations and	453.32	720.98	726.62
Real estate activities	-	-	-
Grand Total	**366,792.28**	**401,100.84**	**462,490.37**

3.1.14. Flows of Foreign Direct Investment Liabilities by Sector

The Wholesale and retail trade sector was the largest beneficiary of FDI inflows in the period under review as shown in Table 3.15. Inflows to this sector accounted for 32.0, 50.3 and 49.2 per cent of the total inflows in 2009, 2010 and 2011, respectively. The share of inflows to the Manufacturing sector was 10.0, 7.5 and 14.5 per cent in 2009, 2010 and 2011 in that order. Inflows to this sector more than doubled in 2011 to KSh 28,707 million from KSh 11,132 million in 2010. The Construction sector also registered significant inflows during the review period with inflows to the sector reaching KSh 40,685 million in 2010.

The bulk of FDI outflows were recorded in the Wholesale and retail trade sector constituting 59.1, 86.1 and 84.6 per cent of the total FDI outflows in 2009, 2010 and 2011, respectively. Outflows from the Manufacturing sector increased from KSh 4, 998 million in 2010 to KSh 7, 204 million in 2011 representing 9.2 per cent and 8.3 per cent of the total FDI outflows, respectively.

Net inflows to the Agriculture, forestry and fishing decreased by 83.3 per cent in 2010 and further by 88.4 per cent in 2011. Electricity, gas, steam and air conditioning supply, Wholesale and retail trade and Manufacturing sectors contributed 23.9, 21.6 and 19.3 per cent of the total net inflows of FDI liabilities in 2011.

Table 3.15: Flows of FDI Liabilities by Sector, 2009-2011

KSh Million

Sectors	2009			2010			2011		
	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
Manufacturing	14,541.93	9,735.16	4,606.77	11,131.73	4,997.78	6,133.95	28,706.58	7,204.44	21,502.14
Professional, scientific and technical activities	134.84	-	134.84	152.48	172.39	(19.95)	101.80	-	101.80
Accommodation and food service activities	524.67	-	524.67	2,389.41	273.84	2,115.57	3,662.84	600.19	3,062.65
Financial and insurance activities	6,264.21	1,006.17	5,248.04	13,283.72	171.25	13,112.07	20,434.21	530.49	19,903.72
Other service activities	4,375.14	169.38	4,205.76	1,467.91	361.79	1,096.12	4,451.10	14.62	4,436.48
Transportation and storage	1,671.93	491.21	1,180.72	1,625.02	678.11	946.92	2,602.04	604.76	1,997.28
Arts, entertainment and recreation	-	-	-	-	-	-	-	-	-
Agriculture, forestry and fishing	32,584.65	107.88	32,476.65	5,747.84	370.15	5,377.69	1,455.28	832.88	622.40
Mining and quarrying	428.88	-	428.88	(322.00)	-	(322.00)	433.54	3,552.40	(3,118.86)
Information and communication	(3,889.40)	0.88	(3,890.38)	(3,851.65)	1.38	(3,853.03)	(7,853.52)	-	(7,853.52)
Electricity, gas, steam and air conditioning supply	7,059.41	-	7,059.41	977.58	-	977.58	26,610.14	-	26,610.14
Human health and social work activities	29.99	-	29.99	16.44	-	16.44	92.05	-	92.05
Water supply; sewerage, waste management and remediation activities	-	-	-	-	-	-	-	-	-
Wholesale and retail trade; repair of motor vehicles and motorcycles	45,874.24	16,630.51	29,243.53	74,984.43	46,696.85	28,287.57	97,625.09	73,518.34	24,106.75
Construction	24,160.24	-	24,160.24	40,685.38	-	40,685.38	20,141.48	24.24	20,117.25
Education	-	-	-	-	-	-	-	-	-
Administrative and support service activities	5,767.74	8.38	5,759.37	55.38	12.64	43.24	(31.19)	30.20	(61.39)
Activities of extraterritorial organizations and bodies	404.67	-	404.67	268.42	-	268.42	6.35	-	6.35
Real estate activities	-	-	-	-	-	-	-	-	-
Grand Total	**143,503.05**	**28,149.77**	**115,353.28**	**149,122.17**	**54,236.18**	**94,885.99**	**198,397.80**	**86,932.56**	**111,465.24**

3.1.15. Stock of External Portfolio Investment Liabilities by Economic bloc

In 2011, Europe accounted for most of the Portfolio Investment liabilities at 68.2 per cent of the total stock as summarized in Table 3.16. Stock of portfolio liabilities attributed to Africa, Asia and America were insignificant in 2011. The stock of portfolio liabilities attributable to Asia, mainly Far East, recorded mixed performance increasing by 25.6 per cent in 2010 but declining to KSh 787 million in 2011.

Table 3. 16: Stock of External Portfolio Investment Liabilities by Economic Bloc, 2009 - 2011

	2009		2010		2011	
Region	**KSh Million**	**% Share**	**KSh Million**	**% Share**	**KSh Million**	**% Share**
Africa	**622.73**	**1.2**	**885.81**	**0.9**	**1,004.15**	**0.9**
COMESA	54.07	0.1	62.64	0.1	71.02	0.1
EAC	492.63	1.0	513.70	0.5	594.33	0.6
Other Africa	76.04	0.2	309.46	0.3	338.80	0.3
America	**181.35**	**0.4**	**194.31**	**0.2**	**209.59**	**0.2**
America North	181.35	0.4	194.31	0.2	209.59	0.2
America South	-	-	-	-	-	-
Asia	**669.66**	**1.3**	**841.21**	**0.9**	**786.55**	**0.7**
Far East	668.56	1.3	839.90	0.9	784.53	0.7
Middle East	1.09	0.0	1.31	0.0	2.01	0.0
Europe	**24,442.72**	**48.3**	**63,660.62**	**66.7**	**72,156.51**	**68.2**
Eastern Europe	148.80	0.3	131.42	0.1	177.84	0.2
EU	24,293.89	48.0	63,361.23	66.4	71,794.17	67.9
Western Europe	0.04	0.0	167.97	0.2	184.50	0.2
Australia & Oceanic	**23.72**	**0.0**	**35.34**	**0.0**	**45.52**	**0.0**
International Financial Institution/Organization	1,222.10	2.4	2,128.47	2.2	2,772.34	2.6
Country Not Stated	23,405.54	46.3	27,692.73	29.0	28,803.21	27.2
Grand Total	**50,567.82**	**100.0**	**95,438.48**	**100.0**	**105,777.86**	**100.0**

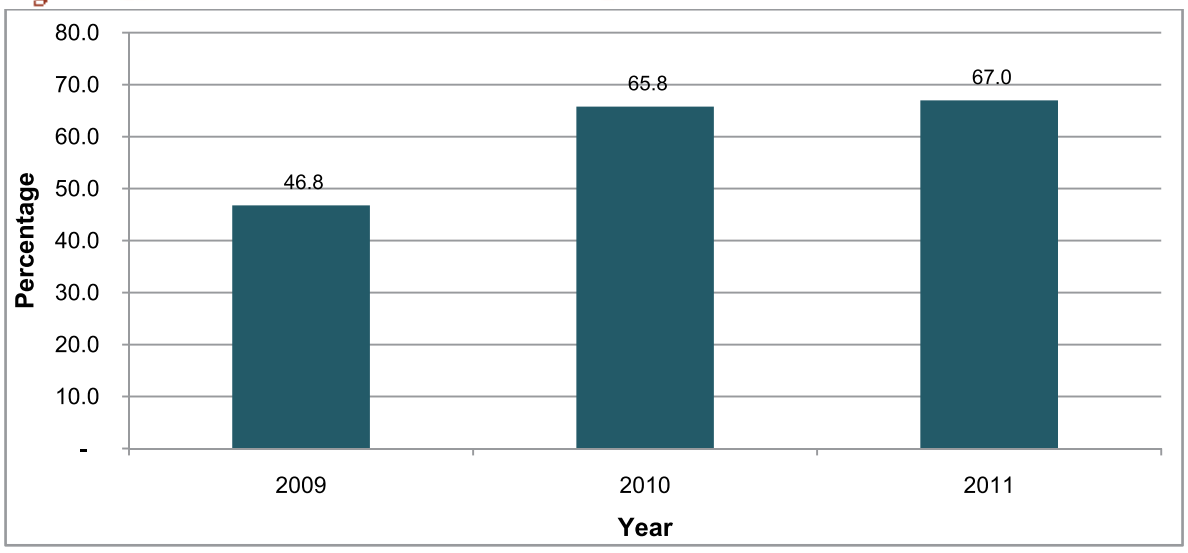
3.1.16. Stock of External Portfolio Investment Liabilities by Country

United Kingdom remained the leading source of portfolio liabilities accounting for 65.8 per cent in 2010 and 67.0 per cent in 2011, as shown in Table 3.17. In 2011, Belgium recorded the most tremendous improvement. The stock of portfolio liabilities attributable to Bosnia and Herzegovina, New Zealand and Nigeria contributed 35.3, 28.8and 19.9 per cent of the total portfolio liabilities respectively, in 2011.The stock of portfolio liabilities attributed to International financial institutions/organizations grew by 30.3 per cent in 2011.

Table 3.17: Stock of Portfolio Investment Liabilities by source country, 2009-2011

Country	2009		2010		2011	
	KSh Million	% Share	KSh Million	% Share	KSh Million	% Share
United Kingdom	23,656.27	46.8	62,787.66	65.8	70,853.57	67.0
Uganda	492.56	1.0	513.63	0.5	594.23	0.6
Netherlands	617.93	1.2	586.29	0.6	567.22	0.5
Belgium	111.96	0.2	58.08	0.1	438.61	0.4
India	386.13	0.8	524.73	0.5	427.57	0.4
Japan	219.20	0.4	239.31	0.3	267.12	0.3
Tunisia	-	-	223.92	0.2	245.96	0.2
US	181.35	0.4	194.31	0.2	209.59	0.2
Norway	-	-	167.94	0.2	184.47	0.2
Bosnia and Herzegovina	145.68	0.3	128.67	0.1	174.11	0.2
Pakistan	62.74	0.1	75.28	0.1	89.23	0.1
Mauritius	54.03	0.1	62.59	0.1	70.95	0.1
Nigeria	40.05	0.1	48.33	0.1	57.74	0.1
New Zealand	23.72	0.0	35.34	0.0	45.52	0.0
South Africa	35.99	0.1	37.22	0.0	35.11	0.0
Sweden	24.06	0.0	24.06	0.0	24.06	0.0
Germany	10.67	0.0	13.05	0.0	13.08	0.0
Finland	4.11	0.0	5.55	0.0	8.57	0.0
International Financial Institution/Organization	1,222.10	2.42	2,128.47	2.23	2,772.34	2.62
Country Not Stated	23,405.54	46.3	27,692.73	29.0	28,803.21	27.2
Others	(126.24)	(0.2)	(108.69)	(0.1)	(104.39)	(0.1)
Grand Total	**50,567.82**	**100.0**	**95,138.48**	**100.0**	**105,777.86**	**100.0**

Figure 3.1: UK share of Stock of Portfolio Liabilities



3.1.17. Stock of Portfolio Investment Liabilities by Sector

As presented in Table 3.18, Agriculture, forestry and fishing, Manufacturing, Financial and insurance activities, Electricity, gas, steam and air conditioning supply sectors had the highest stock of portfolio liabilities in the review period. Stock of portfolio liabilities in Manufacturing, Agriculture, forestry and fishing and Financial and insurance activities sectors accounted for 32.9, 37.8 and 14.5 per cent to the total stock of portfolio liabilities in 2011, respectively. Stock of portfolio liabilities in Agriculture, forestry and fishing and; Electricity, gas, steam and air conditioning supply increased by 26.7 per cent and 12.3 per cent in 2011, respectively.

Table 3.18: Stock of External Portfolio Liabilities by Sector, 2009-2011

KSh Million

Sectors	2009	2010	2011
Manufacturing	10,959.37	34,274.42	34,838.12
Professional, scientific and technical activities	-	-	-
Accommodation and food service activities	1.11	3.49	3.45
Financial and insurance activities	10,758.90	14,980.71	15,338.21
Other service activities	-	-	-
Transportation and storage	2,768.73	3,418.05	2,856.36
Arts, entertainment and recreation	-	-	-
Agriculture, forestry and fishing	15,880.85	31,555.22	39,989.82
Mining and quarrying	-	-	-
Information and communication	452.96	733.57	966.32
Electricity, gas, steam and air conditioning supply	9,498.16	10,143.28	11,390.51
Human health and social work activities	57.20	57.75	60.78
Water supply; sewerage, waste management and	-	-	-
Wholesale and retail trade; repair of motor vehicles	39.75	135.22	147.72
Construction	148.80	131.42	177.84
Education	-	-	-
Administrative and support service activities	1.49	7.76	8.10
Activities of extraterritorial organizations and bodies	0.51	0.56	0.62
Real estate activities	-	-	-
Grand Total	**50,567.82**	**95,438.48**	**105,777.86**

3.1.18. Stock of Other Investment Liabilities by Economic Bloc

The stock of Other Investment liabilities by economic bloc is analysed in Table 3.19. Europe remained the leading source of stock of Other Investment liabilities accounting for 40.3, 42.4 and 32.6 per cent of the total stock in 2009, 2010 and 2011, respectively. Asia was the second largest source of the stock of Other Investment liabilities during the review period. In 2011, stock of Other Investment liabilities from Asia, International Financial Institutions/Organisations and America accounted for 32.3, 20.8 and 4.0 per cent of the total stock of Other Investment liabilities, respectively.

In 2010, the highest growths were recorded in stocks of other liabilities from America and Europe. However, in 2011, the highest growth was recorded for stock of Other Investment liabilities from International Financial Organisations which increased by 69.3 per cent followed by those from Africa which increased by 40.4 per cent. Other Investment liabilities from Asia increased by 23.7 per cent to reach KSh

43,012 million during the same period. Notable declines were recorded in the stock of Other Investment liabilities from Europe and EAC which dropped by 13.4 per cent and 11.4 per cent in 2011, respectively.

Table 3. 19: Stock of Other Investment Liabilities by Economic Bloc, 2009-2011

	2009		2010		2011	
Region	**KSh Million**	**% Share**	**KSh Million**	**% Share**	**KSh Million**	**% Share**
Africa	**1,243.76**	**1.1**	**1,095.91**	**0.9**	**1,538.60**	**1.2**
COMESA	106.99	0.1	24.67	0.0	93.27	0.1
EAC	220.97	0.2	452.10	0.4	400.71	0.3
Other Africa	915.79	0.8	619.15	0.5	1,044.62	0.8
America	**3,947.01**	**3.6**	**5,371.76**	**4.5**	**5,381.67**	**4.0**
America North	3,576.74	3.3	4,974.21	4.2	4,969.96	3.7
America South	370.26	0.3	397.56	0.3	411.71	0.3
Asia	**32,160.97**	**29.5**	**34,758.52**	**29.3**	**43,011.59**	**32.3**
Far East	30,786.10	28.3	33,235.50	28.0	42,482.40	31.9
Middle East	1,374.88	1.3	1,523.02	1.3	529.19	0.4
Europe	**43,868.44**	**40.3**	**50,219.19**	**42.4**	**43,468.61**	**32.6**
Eastern Europe	-	-	-	-	-	-
EU	41,836.33	38.4	49,377.02	41.7	42,590.77	32.0
Western Europe	2,032.11	1.9	842.18	0.7	877.84	0.7
Australia & Oceanic	**2,674.39**	**2.5**	**2,858.43**	**2.4**	**3,019.50**	**2.3**
International Financial Institution/Organization	15,174.08	13.9	16,366.46	13.8	27,702.72	20.8
Country Not Stated	**9,833.48**	**9.0**	**7,878.87**	**6.6**	**9,088.09**	**6.8**
Grand Total	**108,902.13**	**100.0**	**118,549.15**	**100.0**	**133,210.78**	**100.0**

3.1.19. Flows of Other Investment Liabilities by Economic Bloc

The flows of Other Investment liabilities by economic bloc for the period 2009 to 2011 are presented in Table 3.20. In 2010, inflows from Europe and Africa increased by 47.0 per cent and 34.0 per cent to KSh 10,334 million and KSh 2,003 million, respectively. In 2011, inflows of Other Investment liabilities from Asia doubled while those from International Financial Institutions/ Organizations increased by almost five times. Inflows from Europe rose by 39.5 per cent to reach KSh 14,417 million while those from Africa increased to KSh 2,565 million in 2011.

The highest proportion of Other Investment inflows was from Europe accounting for 52.0, 50.1 and 42.9 per cent of the total inflows in 2009, 2010 and 2011. Inflows of Other Investment liabilities from Asia and Africa accounted for 21.8 per cent and 7.6 per cent of the total inflows in 2011 while those from International Financial Institutions/Organizations constituted 25.8 per cent of the total inflows during the same period.

In 2010, outflows to Europe and International Financial Organisations declined by 25.2 per cent and 5.2 per cent, respectively. Those to America however, more than doubled to reach KSh 1,013 million in 2010 while those to Africa and Asia also rose significantly. There was a marked decline in outflows to all regions except to Africa in 2011. Outflows to America recorded the highest decline of 66.4 per cent to KSh 340 million in 2011. Outflows of Other Investment liabilities to Asia dropped by 34.2 per cent while those to Europe remained fairly constant during the review period.

Europe was the main destination of Other Investment liability outflows contributing 77.3, 67.7 and 74.3 per cent of the total outflows in 2009, 2010 and 2011, respectively. Outflows to Africa accounted for 13.6 per cent and 10.0 per cent of the total Other Investment liabilities in 2010 and 2011 in that order while those to Asia accounted for 8.3 per cent and 9.9 per cent of the total outflows during the same period.

In 2010,net inflows of Other Investment liabilities reached KSh 759 million, a reversal from a net disinvestment of KSh 9,699 million recorded in 2009.Net inflows of Other Investment liabilities was mainly from America while net disinvestments were recorded from Europe. The largest share of net inflows of Other Investments was International Financial Organizations accounting for 54.1 per cent of net Other Investment liability inflows in 2011.

Table 3. 20: Flows of Other Investment Liabilities by Economic Bloc, 2009-2011

KSh Million

	2009			2010			2011		
Region	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
Africa	1,494.13	1,378.00	116.12	2,002.46	1,644.39	358.07	2,564.92	1,793.28	771.64
COMESA	52.4.	105.76	(53.35)	52.12	52.19	(0.07)	-	-	-
EAC	67.86	58.20	9.66	129.99	6.86	123.32	51.2.	12.6.	38.56
Other Africa	1,389.60	1,214.05	175.81	1,820.45	1,585.05	235.42	2,512.71	1,780.63	731.08
America	19.86	444.34	(424.49)	2,344.30	1,012.76	1,331.54	320.26	340.26	(19.99)
America North	5.72	444.34	(441.02)	2,312.45	1,012.76	1,299.69	320.26	340.26	(19.99)
America South	14.14	-	14.14	31.84	-	31.84	-	-	-
Asia	2,648.63	2,348.96	299.67	3,375.22	2,700.29	674.93	7,330.10	1,776.16	5,553.94
Far East	945.90	383.90	562.00	1,327.64	525.22	802.42	6,236.27	926.59	5,309.68
Middle East	1,302.63	1,466.56	(163.93)	1,547.58	2,116.24	(568.66)	893.83	849.24	44.59
Europe	7,027.55	17,945.67	(10,918.12)	10,333.99	13,428.37	(3,094.38)	14,416.57	13,381.65	1,034.93
Eastern Europe	-	-	-	-	-	-	-	-	-
EU	6,563.74	11,101.40	(4,537.67)	10,253.99	12,177.84	(1,923.85)	14,211.12	13,272.60	938.52
Western Europe	463.82	6,844.27	(6,380.45)	-	1,250.53	(1,250.53)	205.45	109.05	196.40
Australia & Oceania	-	388.95	(388.95)	-	172.42	(172.42)	-	150.89	(150.89)
International Financial Institutions/ Organization	1,362.01	244.38	1,117.63	1,782.05	223.21	1,558.84	8,867.74	216.79	8,650.95
Country Not Stated	468.65	469.33	(0.68)	770.01	658.47	111.54	334.72	340.85	(6.13)
Grand Total	13,521.42	23,220.14	(9,698.71)	20,608.02	19,848.91	759.11	33,634.32	17,999.88	15,634.44

3.1.20. Stock of Other Investment Liabilities by Country

Analysis of stock of Other Investment liabilities by source country for the period 2009 to 2011 is presented in Table 3.21. Japan was the leading source of Other Investment liabilities in the period under review accounting for 26.2, 26.9 and 26.0 per cent of the total liabilities in 2009, 2010 and 2011, respectively. International organizations overtook United Kingdom to become the second largest source of Other Investment liabilities, accounting for 20.8 per cent of the total stock of Other Investment liabilities in 2011.

The stock of Other Investment liabilities from Germany more than tripled from KSh 2,848 million in 2009 to KSh 9,863 million in 2010 while those from Uganda shot up from KSh 9 million to KSh137 million during the same period. Stock of Other Investment liabilities from Finland doubled with those from France increasing by 74.7 per cent to reach KSh 2,847 million in 2010. Notable growths were also recorded for stock of Other Investment liabilities from International Financial organizations in 2010. Stock of Other Investment liabilities from Switzerland and United Kingdom however, declined during the same period.

The stock of Other Investment liabilities from China increased by almost six times to reach KSh 7,378 million in 2011 while those from Finland and South Africa doubled during the same period. Other Investment liabilities from Luxembourg and Germany rose remarkably, by 460.0 per cent and 15.4 per cent, respectively in 2011. The stock of Other Investment liabilities from Japan increased by 8.8 per cent to reach KSh 14,685 million in 2011, while those from International Financial Institutions/ Organizations grew by 69.3 per cent in 2011. Significant declines were however recorded for stock of Other Investment liabilities from Netherlands (64.3 per cent), United Arab Emirates (61.6 per cent) and France (19.1 per cent). Other notable declines were recorded for United Kingdom with stock of Other Investment liabilities dropping from KSh 19,895 million in 2010 to KSh 16,585 million in 2011.

Table 5.21: Stock of Other Investment Liabilities by Country, 2009-2011

Country	2009		2010		2011	
	KSh. Million	% Share	KSh. Million	% Share	KSh. Million	% Share
Japan	13,477.84	8.5	13,479.84	10.9	14,665.70	9.1
United Kingdom	21,721.93	13.6	19,895.39	16.0	16,585.47	10.3
Germany	7,844.83	4.9	8,805.75	7.1	10,158.49	6.3
China	1,149.80	0.7	1,231.47	1.0	7,377.39	4.6
US	7,344.85	4.6	6,845.99	5.5	6,841.95	4.2
Netherlands	17,337.76	10.9	11,898.15	9.6	4,254.48	2.6
Finland	899.93	0.6	1,797.86	1.5	3,715.93	2.3
Luxembourg	1,817.46	1.1	1,379.86	1.1	3,442.81	2.1
Australia	3,999.87	2.5	3,613.89	2.9	3,175.95	2.0
France	1,835.09	1.1	2,848.73	2.3	2,301.88	1.4
Belgium	2,119.87	1.3	2,681.45	2.2	2,261.83	1.4
South Africa	2,811.85	1.8	2,826.11	2.3	2,811.85	1.7
Switzerland	2,208.11	1.4	2,418.58	2.0	2,017.84	1.2
United Arab Emirates	774.87	0.5	999.80	0.8	383.75	0.2
British Virgin Islands	141.80	0.1	141.80	0.1	141.80	0.1
Tanzania	118.78	0.1	114.78	0.1	183.86	0.1
Uganda	8.85	0.0	157.83	0.1	183.85	0.1
Israel	120.76	0.1	123.59	0.1	127.86	0.1
Botswana	174.58	0.1	159.80	0.1	159.80	0.1
Seychelles	95.46	0.1	144.87	0.1	85.77	0.1
Indonesia	84.31	0.0	89.85	0.1	92.81	0.1
New Zealand	35.75	0.0	15.81	0.0	15.81	0.0
Canada	18.93	0.0	15.81	0.0	15.85	0.0
Japan	31.81	0.0	15.81	0.0	31.84	0.0
International Financial Institutions/Organizations	11,774.89	7.4	12,969.85	10.5	17,703.73	11.0
Common Fund for Commodities	2,171.49	1.4	2,171.87	1.8	2,085.04	1.3
Others	0.00	0.0	15.81	0.0	1.77	0.0
Grand Total	**155,985.13**	**100.0**	**118,549.15**	**100.0**	**35,165.78**	**100.0**

3.1.21. Flows of Other Investment Liabilities by Country

Transactions of Other Investment liabilities by country for the period 2009 to 2011 are presented in Table 3.22. Germany remained the leading source of Other Investment inflows accounting for 34.9, 37.6 and 29.7 per cent of the total inflows in 2009, 2010 and 2011, respectively. The share of Other Investment liabilities from International Financial Organisations declined from 13.8 per cent in 2009 to 8.6 per cent in 2010 while that from South Africa dropped from 10.2 per cent to 8.8 per cent during the same period.

In 2011, the leading sources of Other Investment inflows (Germany, China and South Africa) jointly accounted for 56.8 per cent of the total Other Investment liabilities inflows. Finland accounted for 5.0 per cent of the total liabilities while Luxembourg contributed 3.8 per cent of the total liability inflows in 2011. Inflows of Other Investment liabilities from China increased eleven fold to stand at KSh 6,593 million in 2011, while those from Luxembourg tripled from KSh 387 million in 2010 to KSh 1,278 million in 2011. Inflows of Other Investment liabilities from International Financial Organizations increased by almost five times to reach KSh 8,668 million in 2011. During the same period, inflows of Other Investment liabilities from Finland, South Africa, Germany and Singapore increased by 86.4, 38.1, 29.0 and 6.5 per cent, respectively.

Outflows of Other Investment liabilities to Germany were the highest in the period under review accounting for 30.6, 35.0 and 47.3 per cent of the total Other Investment liability outflows in 2009, 2010 and 2011, respectively. Outflows to Germany rose by 22.7 per cent from KSh 6,947 million in 2010 to KSh 8,522 million in 2011 while those to South Africa grew by 14.9 per cent to reach KSh 1,701 million during the same period. Outflows of Other Investment liabilities to Switzerland, Finland, China and International Financial Organisations dropped by 99.3, 21.5, 12.8 and 6.6 per cent, respectively in 2011.

In 2011, net foreign liabilities of Other Investment were mainly from International Financial Organisations and China accounting for 54.1 per cent and 39.9 per cent of the total net foreign Other Investment liabilities, respectively.

Table 5.22: Flows of Other Investment Liabilities by Country, 2009-2011

Region	2009			2010			2011		
	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
[illegible]									
[illegible]									
[illegible]									
[illegible]									
[illegible]									
[illegible]									
[illegible]									
[illegible]									
[illegible]									
[illegible]									
[illegible]									
[illegible]									

5.1.22 Stock of Other Investment Liabilities by Sector

Table 5.23 shows the stock of Other Investment liabilities by economic activities. Electricity, gas, steam and air conditioning supply sector accounted for the largest proportion of Other Investment liability stocks at 51.4, 38.5 and 40.1 per cent in 2009, 2010 and 2011, respectively. Other sectors with significant stocks of Other Investment liabilities were Transport and storage; financial and insurance and; Manufacturing sectors in the review period.

The stock of Other Investment liabilities in Electricity, gas, steam and air conditioning supply sector increased from KSh 34,201 million in 2009 to KSh 46,565 million and KSh 53,466 million in 2011. The stock of Other Investment liabilities in the Transport and storage sector increased from KSh 27,476 million in 2009 to KSh 27,877 in 2010 before dropping to KSh 17,456 million in 2011. The stock of Other Investment liabilities in the
financial and insurance sector dropped from KSh 19,374 million in 2009 to KSh 17, 907 million in 2010 but almost doubled to KSh 34,979 million in 2011.

Table 3.23: Stock of External Other Investment Liabilities by Sector, 2009-2011

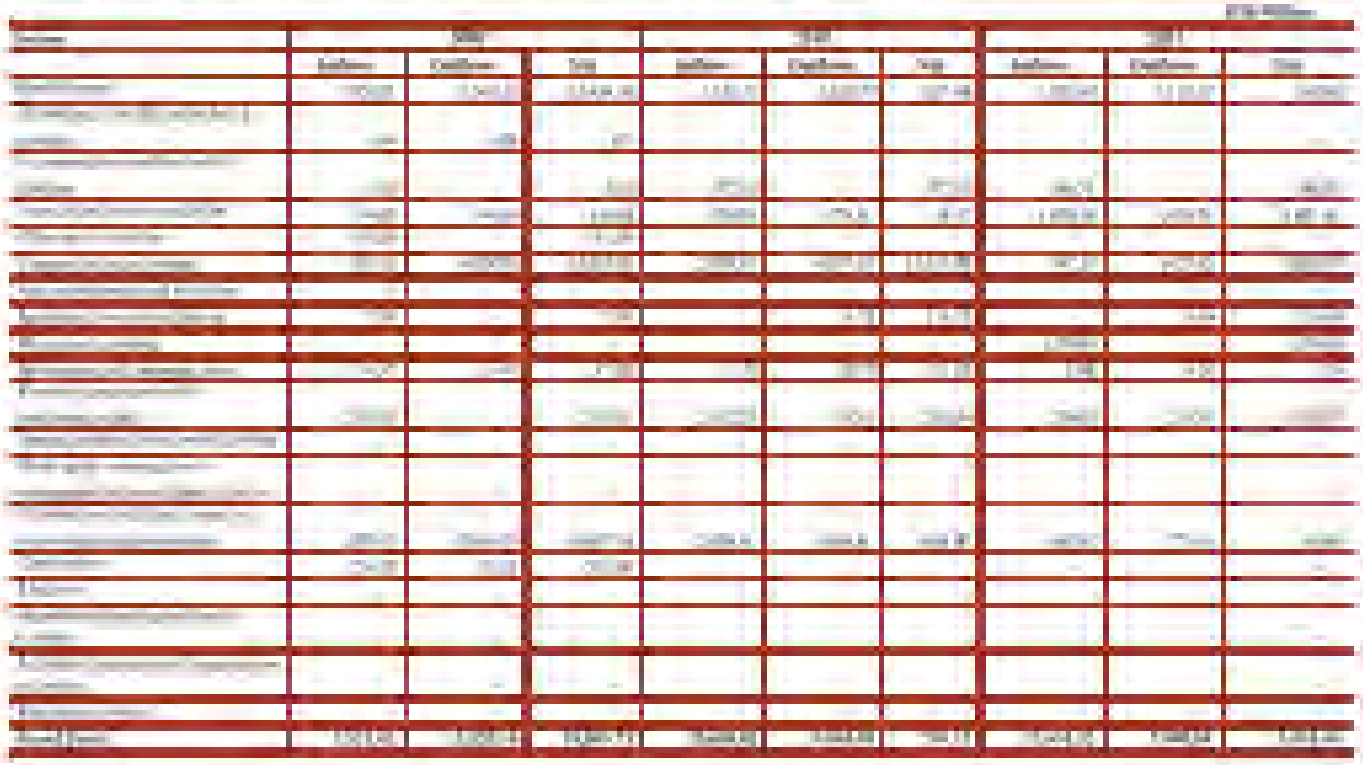
Sector	2009		2010		2011	
	KSh Million	% share	KSh Million	% share	KSh Million	% share
Manufacturing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Professional, scientific and technical activities						
Accommodation and food service activities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Financial and insurance activities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Administrative activities	[illegible]	[illegible]				
Transport and storage	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Public administration and defence	-	-		-	-	
Agriculture, forestry and fishing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mining and quarrying	-	-	-	-	[illegible]	[illegible]
Information and communication	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Electricity, gas, steam and air conditioning supply	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Human health and social work activities	-	-	-	-	-	
Water supply; sewerage, waste management and remediation activities	-	-		-	-	
Wholesale and retail trade; repair of motor vehicles and motorcycles	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Construction	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Education	-	-			-	
Administrative and support service activities	-	-		-	-	
Activities of extraterritorial organizations and bodies	-	-		-	-	
Real estate activities	-	-	-	-	-	
Grand Total	[illegible]	100.0	[illegible]	100.0	[illegible]	100.0

3.1.25 Flows of Other Investment Liabilities by Sector

Manufacturing, Electricity, Gas, Steam and Air conditioning supply and Wholesale and retail trade; repair of motor vehicles sectors were the leading beneficiaries of Other Investment liability inflows as shown in Table 3.24. In 2010 and 2011, Manufacturing accounted for 54.0per cent and 32.9 per cent, Electricity, Gas, Steam and air conditioning supply accounted for 12.4per cent and 5.1per cent whileWholesale and retail trade; repair of motor vehicles accounted for12.7per cent and 5.5per cent of the total Other Investment liability inflows, respectively. The inflows to Financial and insurance activities increased from KSh 1,158million in 2010 to KSh 15,038 million in 2011.

Outflows of Other Investment from the Manufacturing sector declined marginally from KSh 11,263 million in 2010to KSh 11,114 million in 2011. Outflows of Other Investment from Transport and storage and Wholesale and retail trade; repair of motor vehicles sectors declined to KSh 3,428 million and KSh 1,776 million in 2011 from KSh 4,208 million and KSh 5,065 million in 2010, respectively.

Table 3.24: Flows of Other Investment Liabilities by Sector, 2009-2011



3.1.24 Stock of Private Sector External Debt

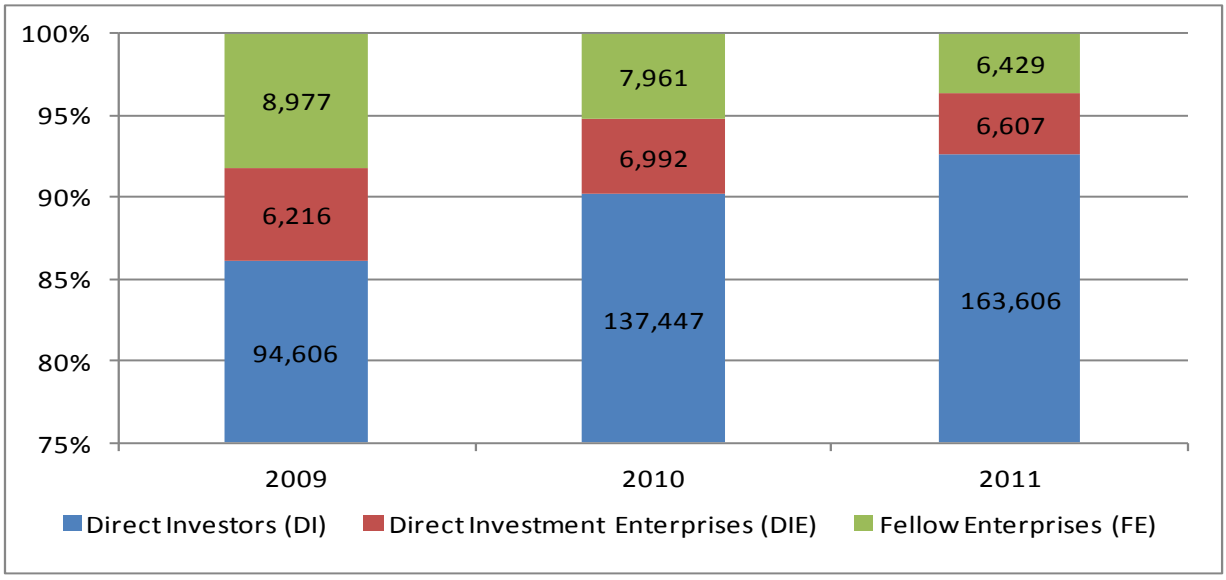
Stock of Private Sector External Debt (PSED) liabilities is presented in Table 3.25. PSED liability stock increased by 23.7 per cent to KSh 272,086 million in 2010 from KSh 219, 899 million in 2009. It expanded further by 14.3 per cent in 2011 to KSh 311,050 million. The stock of non-equity liabilities were mainly held by enterprises in Foreign Direct Investment relationship accounting for 49.9, 56.0 and 56.8 per cent in 2009, 2010 and 2011, in that order. The largest contributors under this category were the direct investors/parent companies to the enterprise as shown in Figure 3.2. Liability stocks attributed to enterprises in Portfolio Investment relationship accounted for less than one per cent of the total stock of PSED liabilities in the review period.

Stock of Other Investment liabilities attributed to unrelated enterprises were significant accounting for 49.5, 43.6 and 42.8 per cent of the total stock of PSED liabilities in 2009, 2010 and 2011, respectively. These were mainly in the form of long term loans, which accounted for the highest proportion in the period under review.

Table 5.25: Stock of Foreign Investment Liabilities 2009-2011

Components	2009		2010		2011	
	US$ Million	% Share	US$ Million	% Share	US$ Million	% Share
Foreign Direct Investment (FDI)	109,778.63	19.9	152,589.81	16.0	176,611.57	16.8
Debt Instruments	102,756.50	93.6	143,194.62	93.8	170,644.52	96.6
Long Term	1,022.13	1.0	4,762.89	3.3	23,984.47	14.1
Short Term	7,955.04	7.8	9,977.31	7.0	11,687.12	6.9
Portfolio Investment	202.49	0.4	1,777.66	0.8	1,541.16	0.9
Debt Instruments	1,211.14	2.0	1,777.66	0.8	1,541.16	0.9
Long Term	1,211.14	2.0	1,777.66	0.8	1,541.16	0.9
Short Term	-	-	-	-	-	-
Financial Derivatives	-	-	-	-	-	-
Commercial	-	-	-	-	-	-
Others	-	-	-	-	-	-
Other Investments	330,977.61	59.9	118,431.61	45.9	511,115.20	90.6
Currency and Deposits	307.7	0.1	1,000.0	0.2	400.2	0.1
Long Term	-	-	-	-	-	-
Short Term	307.7	0.1	1,000.0	0.2	400.2	0.1
Loans and Advances	2,000.0	0.1	2,000.0	0.5	2,000.0	0.4
Long Term	2,000.0	0.1	2,000.0	0.5	2,000.0	0.4
Short Term	-	-	-	-	-	-
Trade Credits	4,119.87	0.8	4,862.97	1.9	4,862.97	0.9
Long Term	-	-	-	-	-	-
Short Term	4,119.87	0.8	4,862.97	1.9	4,862.97	0.9
Others	324,550.04	59.0	110,568.64	43.3	503,852.01	89.2
Long Term	324,550.04	59.0	110,568.64	43.3	503,852.01	89.2
Short Term	-	-	-	-	-	-
Reserve Assets	-	-	-	-	-	-
Monetary Gold	-	-	-	-	-	-
Special Drawing Rights	-	-	-	-	-	-
Reserve Position in the Fund	-	-	-	-	-	-
Other Reserve Assets	-	-	-	-	-	-
Currency	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Securities	-	-	-	-	-	-
Financial Derivatives	-	-	-	-	-	-
Other Claims	-	-	-	-	-	-
Total Gross Foreign Liabilities	440,958.73	100.0	272,799.09	100.0	689,268.93	100.0

Figure 3.2: Proportion of Stock of PSED liabilities held by Category of FDI Relationship



3.1.25. Private Sector External Debt Liability Flows

PSED Liability Flows are presented in Table 3.26. Private sector non-equity inflows increased by 60.8 per cent from KSh 64,060 million in 2009 to KSh 104,617 million in 2010 and rose further to KSh 141,563 million in 2011. Increased non-equity inflows were largely reflected in enterprises in direct investment relationships accounting for 79.1 per cent in 2010 and 72.7 per cent in 2011. Loans and trade credits and advances from unrelated enterprises within the category of Other Investments also contributed to the increase in inflows. Inflows attributed to enterprises in foreign direct investment relationship increased by 63.0 per cent and 24.5 per cent in 2010 and 2011, respectively; from KSh 50,768 million in 2009 to KSh 82,741 million in 2010 and to KSh 102,987 million in 2011. Non-equity inflows attributed to portfolio investment increased from KSh 1,268 million in 2010 to KSh 4,942 million in 2011.

Non-equity outflows increased by 43.9 per cent from KSh 51,280 million in 2009 to KSh 73,780 million in 2010 and further by 41.2 per cent to KSh 104,190 million in 2011.The expansion was mainly attributed to enterprise in Foreign Direct Investment relationship accounting for 54.7 per cent in 2010 and 73.1 per cent in 2011. Outflows under this category increased by 92.2 per cent from KSh 28,059 million in 2009 to KSh 53,932 million in 2010; and by 59.8 per cent to KSh 86,190 million in 2011.

Non-equity net inflows more than doubled from KSh 12,780 million in 2009 to KSh 30,836 million in 2010; and by 21.2 per cent to KSh 37,373 million in 2011. Net inflows in Foreign Direct Investment relationship increased by 26.9 per cent from KSh 22,709 million in 2009 to KSh 28,810 million in 2010, and declined by 41.7 per cent to KSh 16,797 million in 2011. Within Other Investment category, which relates to unrelated enterprises, non-equity net inflows improved from a net outflow of KSh 9,699 million in 2009 to a net inflow of KSh 759 million in 2010 and to KSh 15,634 million in 2011.

Table 3.26: Flows of Private Sector External Debt Liabilities, 2009-2011

KSh Million

Components	2009			2010			2011		
	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
Foreign Direct Investment (FDI)	**50,768.17**	**28,059.49**	**22,708.68**	**82,741.17**	**53,931.54**	**28,809.62**	**102,986.98**	**86,190.10**	**16,796.88**
Debt Instruments	50,768.17	28,059.49	22,708.68	82,741.17	53,931.54	28,809.62	102,986.98	86,190.10	16,796.88
Long Term	2,591.49	3,998.97	(1,407.48)	4,140.86	4,192.30	(51.44)	1,910.84	6,383.06	(4,472.21)
Short Term	48,176.68	24,060.52	24,116.16	78,600.30	49,739.24	28,861.06	101,076.14	79,807.04	21,269.10
Portfolio Investment	**(229.71)**	**-**	**(229.71)**	**1,267.60**	**-**	**1,267.60**	**4,941.77**	**-**	**4,941.77**
Debt Securities	(229.71)	-	(229.71)	1,267.60	-	1,267.60	4,941.77	-	4,941.77
Long Term	(10.67)	-	(10.67)	379.89	-	379.89	3,744.63	-	3,744.63
Short Term	(219.04)	-	(219.04)	887.71	-	887.71	1,197.14	-	1,197.14
Financial Derivatives	-	-	-	-	-	-	-	-	-
Forwards	-	-	-	-	-	-	-	-	-
Option	-	-	-	-	-	-	-	-	-
Other Investments	**13,521.42**	**23,220.14**	**(9,698.71)**	**20,608.02**	**19,848.91**	**759.11**	**33,634.32**	**17,999.88**	**15,634.44**
Currency and Deposits	0.00	0.00	0.00	-	-	-	-	-	-
Long Term	0.00	0.00	0.00	-	-	-	-	-	-
Short Term	-	-	-	-	-	-	-	-	-
Trade Credits and Advances	9,000.06	11,139.61	(2,139.55)	14,313.23	12,346.58	1,966.67	11,954.74	11,821.80	132.95
Long Term	814.51	453.78	60.73	2,285.79	884.63	1,401.17	-	227.00	(227.00)
Short Term	8,485.55	10,685.82	(2,200.28)	12,029.46	11,461.96	567.50	11,954.74	11,594.80	359.95
Loans	3,482.27	4,863.83	(1,381.56)	5,417.05	6,037.16	(620.11)	20,696.44	5,004.36	15,692.08
Long Term	3,131.40	4,605.71	(1,474.31)	5,269.58	5,851.81	(582.23)	20,577.07	4,885.63	15,691.44
Short Term	350.87	258.12	92.75	147.47	185.35	(37.88)	119.37	118.74	0.64
Insurance, Pension and Standardised Guarantees	-	-	-	128.78	-	128.78	30.28	-	30.28
Life & Non-life Insurance Reserves	-	-	-	-	-	-	-	-	-
Pension Entitlements / Claims	-	-	-	-	-	-	-	-	-
Standardised Guarantees	-	-	-	128.78	-	128.78	30.28	-	30.28
Other Accounts Payables / Receivables	1,039.09	7,216.70	(6,177.61)	746.95	1,465.16	(718.22)	952.86	1,173.73	(220.87)
Long Term	341.22	4.91	336.31	-	32.23	(32.23)	-	186.34	(186.34)
Short Term	697.87	7,211.79	(6,513.92)	746.95	1,432.93	(685.98)	952.86	987.39	(34.53)
Total Non-Equity Liabilities	**64,059.89**	**51,279.63**	**12,780.26**	**104,616.79**	**73,780.45**	**30,836.34**	**141,563.08**	**104,189.98**	**37,373.09**

3.1.26. Stock of PSED Liabilities by Economic Bloc

Analysis of private sector external debt liabilities by economic bloc is presented in Table 3.27. The major sources of PSED liability stock were Africa, Europe and Asia accounting for 33.8, 20.8 and 24.7 per cent of the total PSED liability stocks in 2011. The stock of PSED liability to Africa increased by 58.7 per cent from KSh 51,118 million in 2009 to KSh 81,107 million in 2010 and further by 29.7 per cent to KSh105,215 million in 2011. These liabilities were mainly to COMESA region, which increased by 62.8 per cent to KSh 73,675 million in 2010 and further by 30.2 per cent to KSh 95,926 million in 2011. This may reflect the increasing trade between Kenya and the COMESA region.

The stock of PSED liability to Europe, largely, the European Union, increased by 22.5 per cent from KSh 61,794million in 2009 to KSh 75,681 million in 2010. It however declined by 14.7 per cent to KSh 64,557million in 2011. The share of stock of non-equity liability attributable to Europe declined from 28.1 per cent to 27.8 per cent and to 20.8 per cent in 2009, 2010 and 2011, respectively.

The stock of PSED liabilities to Asia, mainly the Far East region, increased by 11.9 per cent from KSh 55, 234 million in 2009 to KSh 61,824 million in 2010, and further by 24.0 per cent to KSh 76,682 million in 2011. PSED liability stock attributable to Asia remained fairly stable at 25.1 per cent in 2009, 22.7 per cent in 2010 and 24.7 per cent in 2011.

Stock of PSED liabilities to America increased by 14.5 per cent from KSh 14,019 million in 2009 to KSh 16,052 million in 2010; but declined by 6.5 per cent to KSh 15,007 million in 2011. The share of PSED liabilities to America declined from 6.4 per cent in 2009 to 5.9 per cent in 2010 and to 4.8 per cent in 2011. Over the same period, non-equity liabilities attributed to Australia and oceanic countries increased by 5.7 per cent from KSh 2,670 million in 2009 to KSh 2,823 million in 2010; and further by 5.3 per cent to KSh 2,974 million in 2011.

Non- equity liabilities attributed to International Financial Institution/Organization increased by 5.8 per cent from KSh 24,971 million in 2009 to KSh 26,412 million in 2010 and by 41.7 per cent to KSh 37,430 million in 2011.

Table 3.27: Stock of Private Sector External Debt Liabilities by Economic Bloc, 2009-2011

Region	2009		2010		2011	
	KSh Million	% Share	KSh Million	% Share	KSh Million	% Share
Africa	**51,117.66**	**23.2**	**81,107.46**	**29.8**	**105,215.42**	**33.8**
COMESA	45,261.86	20.6	73,674.97	27.1	95,926.41	30.8
EAC	565.63	0.3	737.96	0.3	709.23	0.2
Other Africa	5,290.17	2.4	6,674.53	2.5	8,579.79	2.8
America	**14,019.14**	**6.4**	**16,051.85**	**5.9**	**15,007.43**	**4.8**
America North	9,436.19	4.3	11,452.38	4.2	12,079.22	3.9
America South	4,582.95	2.1	4,599.47	1.7	2,928.20	0.9
Asia	**55,233.67**	**25.1**	**61,821.35**	**22.7**	**76,681.76**	**24.7**
Far East	53,855.90	24.5	60,299.31	22.2	76,144.51	24.5
Middle East	1,377.77	0.6	1,525.03	0.6	537.25	0.2
Europe	**61,793.73**	**28.1**	**75,681.06**	**27.8**	**64,557.32**	**20.8**
Eastern Europe	452.12	0.2	418.66	0.2	343.25	0.1
EU	58,542.33	26.6	74,418.48	27.4	63,325.61	20.4
Western Europe	2,799.27	1.3	843.92	0.3	888.46	0.3
Australia & Oceanic	**2,670.25**	**1.2**	**2,823.18**	**1.0**	**2,973.98**	**1.0**
International Financial Institution/Organization	24,971.26	11.4	26,411.90	9.7	37,429.91	12.0
Country Not Stated	10,093.40	4.6	8,185.48	3.0	9,192.16	3.0
Grand Total	**219,899.12**	**100.0**	**272,085.28**	**100.0**	**311,058.00**	**100.0**

3.1.27. Stocks of PSED Liabilities by Country

Stock of PSED Liabilities by country is presented in Table 3.28. The main source country for the PSED liabilities was Mauritius. The share relative to total PSED liabilities increased from 20.1 per cent in 2009 to 26.7 per cent in 2010 and to 30.4 per cent in 2011. The stock of non-equity liabilities to Mauritius increased by 64.3 per cent from KSh 44,289 million in 2009 to KSh 72,759 million in 2010; and further by 30.1 per cent to KSh 94,658 million in 2011. This is largely reflected in the increase in stock of non-equity liabilities attributable to COMESA.

The share of non-equity stock of liabilities to Japan was 22.6 per cent in 2009; 21.0 per cent in 2010 and 20.7 per cent in 2011. Non-equity liability stock to United Kingdom accounted for 14.5 per cent in 2009, 11.3 per cent in 2010 and 7.3 per cent in 2011. Over the same period, the share of stock PSED liabilities attributable to Germany increased from 2.3 per cent in 2009 to 6.6 per cent in 2010 but declined by 6.2 per cent in 2011. The share of non-equity stock liabilities attributable to China increased from 1.3 per cent in 2009 to 3.4 per cent in 2011 while the share attributed to South Africa remained relatively unchanged at 2.4 per cent over the same period.

Table 3.28: Stock of Private Sector External Debt Liabilities by Country, 2009-2011

	2009		2010		2011	
Country	KSh Million	% Share	KSh Million	% Share	KSh Million	% Share
Mauritius	44,289.36	20.1	72,759.23	26.7	94,657.67	30.4
Japan	49,604.40	22.6	57,173.33	21.0	64,382.48	20.7
United Kingdom	31,962.43	14.5	30,859.93	11.3	22,797.31	7.3
Germany	5,166.98	2.3	18,066.55	6.6	19,252.05	6.2
US	9,402.83	4.3	11,402.81	4.2	12,013.77	3.9
China	2,872.40	1.3	2,377.35	0.9	10,582.38	3.4
South Africa	4,966.72	2.3	6,504.73	2.4	7,571.14	2.4
Netherlands	12,117.21	5.5	13,807.02	5.1	7,041.16	2.3
Finland	889.10	0.4	1,767.10	0.6	3,725.90	1.2
France	2,449.03	1.1	4,244.62	1.6	3,554.44	1.1
Luxembourg	1,937.54	0.9	2,373.37	0.9	3,444.51	1.1
Australia	2,670.25	1.2	2,823.18	1.0	2,973.98	1.0
Cayman Islands	3,462.40	1.6	3,297.05	1.2	2,515.98	0.8
Belgium	2,825.77	1.3	2,635.60	1.0	2,496.64	0.8
Egypt	155.21	0.1	493.35	0.2	1,173.98	0.4
Togo	-	-	-	-	908.43	0.3
Switzerland	2,790.40	1.3	843.92	0.3	888.46	0.3
Cyprus	939.66	0.4	398.60	0.1	813.69	0.3
Indonesia	939.66	0.4	398.60	0.1	813.69	0.3
Uganda	265.60	0.1	405.91	0.1	466.17	0.1
United Arab Emirates	777.57	0.4	1,000.61	0.4	389.79	0.1
British Virgin Island	341.50	0.2	341.50	0.1	341.50	0.1
Bosnia and Herzegovina	347.01	0.2	351.69	0.1	327.45	0.1
India	316.75	0.1	317.70	0.1	325.23	0.1
Tanzania	300.03	0.1	352.05	0.1	243.06	0.1
International Financial Institution/Organization	24,971.26	11.4	26,411.90	9.7	37,429.91	12.0
Country Not Stated	10,093.40	4.6	8,185.48	3.0	9,192.16	3.0
Others	3,044.63	1.4	2,492.07	0.9	735.05	0.2
Grand Total	**219,899.12**	**100.0**	**272,085.28**	**100.0**	**311,058.00**	**100.0**

3.1.28. PSED Liability Flows by Economic Bloc

PSED Liability Flows by economic bloc are presented in Table 3.29. PSED liability inflows were largely from Africa, particularly from the COMESA region, accounting for 70.2, 72.0 and 71.2 per cent of total non-equity inflows in 2009, 2010 and 2011, respectively. PSED liabilities inflows from Africa increased by 65.5per cent from KSh 46,749 million in 2009 to KSh 77,360 million in 2010; and by 30.3per cent to KSh 100,759 million in 2011.

During the same period, significant inflows were received from Europe, in particular the European Union. The PSED liability inflows from Europe increased by 53.7per cent from KSh 9,902 million in 2009 to KSh 15,214 million in 2010, and increased further by 13.9per cent to KSh17,326 million in 2011. The share of non-equity inflows attributed to Europe declined from 15.5 per cent in 2009 to 14.5 per cent in 2010 and 12.2 per cent in 2011. Similarly, inflows from Asia, largely reflected in the inflows from Far East Asia, increased by 21.0 per cent from KSh 2,875 million in 2009 to KSh 3,480 million in 2010, and to KSh 7,344 million in 2011.

Non-equity inflows from America increased by 96.9per cent from KSh 2,383 million in 2009 to KSh 4,692 million in 2010; but declined by 55.4per cent to KSh 2,094 million in 2011. The share of inflows from America increased from 3.7 per cent in 2009 to 4.5 per cent in 2010, but declined to 1.5 per cent in 2011. Inflows from international financial institutions significantly improved during the review period, accounting for 6.3 per cent in 2011.

Non-equity outflows from Kenya were mainly destined to Africa (largely COMESA region) and Europe (largely European Union region) jointly accounting for over 84.0 per cent of the total outflows in 2009 to 2011. Outflows to COMESA region increased from KSh 18,142 million in 2009 to KSh 46,056 million in 2010 and by 64.9 per cent to KSh 75,933 million in 2011. The share of outflows to COMESA region increased from 35.4 per cent in 2009 to 62.4 per cent in 2010 and 72.9 per cent in 2011.

PSED outflows to Europe declined by 24.0 per cent from KSh 23,166 million in 2009to KSh 17,601 million in 2010 but increased by 20.0 per cent to KSh 21,125 million in 2011. As a result, the share of outflows to Europe declined from 45.2 per cent in 2009 to 23.9 per cent in 2010 and to 20.3 per cent in 2011. Significant outflows to Asia and America were recorded. Consequently, net flows were dominated by COMESA, Far East and international financial institutions/organizations in 2011.

Table 3. 29: Private Sector External Debt Liability Flows by Economic Bloc, 2009-2011

KSh Million

Region	2009			2010			2011		
	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
Africa	46,749.48	20,012.14	26,737.35	27,560.80	46,012.74	18,547.36	101,759.20	78,208.34	23,550.86
COMESA	44,063.35	18,141.87	25,921.48	25,209.76	46,056.13	20,353.63	86,093.38	75,927.63	10,165.75
EAC	67.86	38.21	29.66	139.99	4.58	135.33	31.21	37.65	(6.44)
Other Africa	2,618.28	1,831.47	786.80	2,211.05	2,251.06	(39.01)	15,634.61	2,243.05	13,391.56
America	2,382.97	4,106.63	(1,723.65)	4,691.81	2,841.06	1,850.76	2,093.67	1,777.95	315.72
America North	599.36	790.19	(190.83)	3,548.75	1,977.33	1,571.42	725.36	340.56	384.80
America South	1,783.61	3,316.44	(1,532.83)	1,143.07	863.73	279.34	1,368.31	1,437.39	(69.08)
Asia	2,875.11	2,644.62	230.49	3,470.50	4,190.44	(719.94)	7,343.84	3,311.50	4,032.34
Far East	1,097.16	1,284.96	(187.80)	1,122.12	3,033.38	(911.26)	4,750.71	1,463.86	3,286.86
Middle East	1,777.95	1,359.66	418.29	2,348.38	1,157.06	191.32	2,593.13	1,847.64	745.49
Europe	9,981.69	23,166.63	(13,184.94)	15,213.98	17,601.04	(2,387.06)	17,326.09	21,125.17	(3,799.08)
Eastern Europe	4.32	24.31	(19.99)	4.98	32.75	(27.76)	-	48.55	(48.55)
EU	8,699.20	16,313.16	(7,613.96)	13,939.30	16,232.72	(2,293.42)	16,709.74	21,063.37	(4,353.63)
Western Europe	1,277.17	4,829.17	(3,551.99)	-	1,336.57	(1,336.57)	616.35	13.25	603.10
Australia & Oceania	-	388.95	(388.95)	-	172.42	(172.42)	-	160.99	(160.99)
International Financial Institutions/Organizations	1,363.01	330.87	1,032.14	1,753.05	395.78	1,357.27	5,697.74	353.87	5,343.87
Foreign Not Stated	388.15	660.60	(272.45)	3,099.34	458.27	2,641.07	5,572.04	345.18	5,226.87
Grand Total	64,059.89	51,279.63	12,780.26	104,616.79	73,780.45	30,836.34	141,365.08	104,180.98	37,373.09

3.1.29. PSED Liability Flows by Country

PSED Liability Flows by country are presented in Table 3.30. During the period under review, the net inflows were mainly from Mauritius accounting for the highest share of total net inflows. This is largely reflected in the value of account receivables and payables mainly due to oil products. Other countries with significant net inflows were; China, Germany, Finland, Luxembourg Egypt, Switzerland and South Africa.

Table 3. 30: Private Sector External Debt Liability Flows by Country, 2009-2011

KSh Million

Country	2009			2010			2011		
	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
Mauritius	3,699.72	16,701.78	(6,993.75)	72,831.50	14,313.03	58,518.47	95,113.17	73,713.69	21,899.47
China	641.67	322.81	318.99	389.53	221.83	167.70	6,593.53	361.65	6,230.98
Germany	1,913.06	2,337.97	(424.85)	8,341.56	2,388.77	5,952.79	10,577.99	3,976.04	6,601.95
Finland	368.07		368.07	899.05	135.61	763.44	1,673.48	108.44	1,565.04
Luxembourg				387.00	64.47	322.53	1,328.00	293.95	1,034.04
Egypt	1,356.12	1,410.39	(54.26)	2,087.76	1,713.38	374.38	2,987.76	2,334.07	653.69
Switzerland	1,737.32	6,928.47	(5,191.15)		1,350.53	(1,350.53)	616.35	9.05	607.30
UK	363.67	776.99	(413.32)	2,673.74	1,014.59	1,659.15	796.91	338.00	458.91
South Africa	1,737.50	1,810.13	(72.63)	1,970.13	1,811.70	158.43	2,614.50	2,183.39	431.11
Panama	185.65		185.65	153.00		153.00	150.39		150.39
Uganda	30.55	21.70	8.85	129.03	0.57	128.45	37.59	9.86	27.73
Sweden	55.01	40.01	15.00	11.69	66.65	(54.96)	53.17	34.52	17.65
India	11.71	11.81	(0.11)	55.69	54.73	0.96	95.43	77.90	7.52
Tanzania	37.50	36.49	0.81	0.86	6.01	(5.15)	13.67	13.79	0.62
Italy and Vatican City	3.63	14.45	(10.83)	5.67	21.93	(16.27)	8.38		8.38
Singapore	44.21	55.33	(11.12)	63.45	65.44	(3.99)	56.59	56.52	0.07
Korea South							0.11		0.11
Brazil	14.59	16.35	(1.76)	5.65	8.31	1.31	0.03		0.03
Nigeria	0.08		0.08	0.01		0.01	0.01		0.01
International Financial Institution/Organization	1,852.57	316.67	1,535.91	1,782.05	595.28	1,186.77	8,657.34	243.87	8,413.47
Others	2,575.16	14,804.78	(7,429.62)	10,154.02	14,765.12	(3,611.10)	7,855.91	15,637.31	(10,765.37)
Country Not Stated	788.17	550.69	(362.17)	2,089.31	538.47	1,130.97	5,372.54	362.19	5,010.17
Grand Total	**64,059.89**	**51,279.63**	**12,780.26**	**104,616.79**	**73,780.45**	**30,836.34**	**141,563.08**	**104,189.98**	**37,373.09**

3.1.30. Stock of PSED Liabilities by Sector

Private sector external debt liabilities by sector are reported in Table 3.31. The non-equity liability stocks in 2009 to 2011 were mainly held in Electricity, gas, steam and air conditioning supply; Wholesale and retail trade; Manufacturing; and Financial and insurance sectors. The stock of non-equity liabilities in Electricity, gas, steam and air conditioning supply sector accounted for 28.3, 31.4 and 30.4 per cent in 2009, 2010 and 2011, respectively. Over this period, the stock of non-equity liabilities in this sector increased by 37.7 per cent from KSh 62,120million in 2009 to KSh 85, 540 million in 2010, and further by 10.6 per cent to KSh 94, 591 million in 2011.

During the review period, the share of stock of debt liabilities in the Wholesale and retail sector increased from 24.0 per cent in 2009 to 34.3 per cent in 2011. This is reflected in increased stock of debt liabilities from KSh 52,813 million in 2009 to KSh 82,424 million in 2010, representing a growth of 56.1 per cent, and to KSh 106,573 million in 2011, an increase of 29.3 per cent.

The share of PSED liability stocks in the Manufacturing sector declined from 15.7 per cent in 2009 to 12.7 per cent in 2010 and 10.3 per cent in 2011. This is explained by the decline in stock of debt liabilities from KSh 34,587 million in 2009 to KSh 32,033 million in 2011.

Financial and insurance sector stock of non-equity liabilities accounted for 13.0, 9.5 and 14.0 per cent in 2009, 2010 and 2011, in that order. Other sectors with significant share of non-equity liabilities were Mining and quarrying; Information and communication; and construction sectors.

Table 3.31: Stock of FDI Liabilities by Sector, 2009-2011

Sectors	2009		2010		2011	
	Ksh Million	% share	Ksh Million	% share	Ksh Million	% share
Manufacturing	4,599.82	16.7	14,538.43	12.7	13,837.43	10.1
Professional, scientific and technical activities	54.18	0.1	109.18	0.1	161.33	0.1
Accommodation and food service activities	2,888.48	8.9	1,963.39	8.7	1,598.41	8.5
Financial and insurance activities	34,894.88	13.0	25,398.89	9.5	43,418.31	14.0
Other service activities	138.86	0.4	488.48	0.2	-	-
Transportation and storage	7,862.71	12.7	20,827.28	18.3	16,321.38	5.9
Arts, entertainment and recreation	-	-	-	-	-	-
Agriculture, forestry and fishing	2,894.78	8.9	1,413.99	8.5	659.94	8.2
Mining and quarrying	1,894.88	2.2	5,198.48	1.9	5,634.51	1.9
Information and communication	1,461.43	2.5	4,581.33	1.7	3,894.78	1.3
Electricity, gas, steam and air conditioning supply	42,138.23	26.2	85,538.94	31.4	94,598.83	30.4
Human health and social work activities	-	-	-	-	8.38	8.8
Water supply; sewerage, waste management and	-	-	-	-	-	-
Wholesale and retail trade; repair of motor vehicles and	52,813.26	34.8	83,423.87	30.3	106,571.35	34.3
Construction	3,798.78	1.3	2,258.44	8.8	3,827.35	1.3
Education	-	-	-	-	-	-
Administrative and support service activities	8.48	4.8	11.17	4.4	13.48	4.8
Activities of extraterritorial organizations and bodies						
Real estate activities						
Grand Total	319,889.13	100.0	371,186.18	100.0	311,856.08	100.0

3.4.3.1 FDI Liability Flows by Source

During the review period, non-equity inflows were mainly channelled to Wholesale and retail trade sector which on average accounted for 70.6 per cent of the total FDI Liability inflows. Inflows to this sector increased by 64.9 per cent from Ksh 45,775 million in 2009 to Ksh 75,483 million in 2010, and further by 38.0per cent to Ksh 90,610 million in 2011. Manufacturing sector also recorded significant inflows, but its share of total flows declined from 23.4per cent in 2009 to 15.8per cent in 2010 and to 12.3per cent in 2011, its subsectors. Electricity, gas, steam and air conditioning supply; Financial and insurance activities and Transportation and storage sectors received significant inflows during the review period (Table 3.32).

Wholesale and retail trade sector recorded the highest non-equity outflows in the review period, with its share to the total non-equity outflows increasing from 46.1per cent in 2009 to 47.4 per cent in 2010 and to 52.5 per cent in 2011. Non-equity outflows from the Manufacturing sector also significant but its share relative to total outflows declined from 39.0 per cent in 2009 to 31.6 per cent in 2010 and to 30.9 per cent in

2011. Other sectors that recorded significant non-equity outflows included financial and insurance and Transportation and storage.

Consequently, Wholesale and retail trade sector received significant net non-equity inflows recording KSh 20,650 million in 2009, KSh 23,722 million in 2010 and KSh 21,533 million in 2011. Other sectors with notable net non-equity inflows were Electricity, gas steam and air conditioning supply; and financial and insurance activities. Transportation and storage sector recorded net non-equity outflows during the review period.

Table 3.17: DIEO Liability Flows by Sector, 2009-2011

KSh million

Sectors	2009			2010			2011		
	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
Manufacturing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Professional, scientific and technical activities	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]		[illegible]
Accommodation and food service activities	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Financial and insurance activities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other service activities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]			
Transportation and storage	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Arts, entertainment and recreation									
Agriculture, forestry and fishing	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]		[illegible]	[illegible]
Mining and quarrying							[illegible]	[illegible]	[illegible]
Information and communication	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Electricity, gas steam and air conditioning supply	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Human health and social work activities							[illegible]		[illegible]
Water supply; sewerage, waste management and remediation activities									
Wholesale and retail trade; repair of motor vehicles and motorcycles	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Construction	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]		[illegible]	[illegible]
Education									
Administrative and support service activities		[illegible]	[illegible]		[illegible]	[illegible]		[illegible]	[illegible]
Activities of extraterritorial organizations and bodies									
Real estate activities									
Grand Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

3.2. Kenya's Investments Abroad

Foreign assets consist of shares and stocks, long term and short term lending and investments in securities abroad by Kenyan enterprises. This section discusses the various components of Kenya's external assets namely: FDI, Portfolio and Other Investments. FDI comprise total equity and investment fund shares and debt instruments. Portfolio investments on the other hand include equity and investment fund shares and both long term and short term debt securities. Other investments include; currency and deposits, trade credits and advances, loans, insurance, pension, standardized guarantees and other accounts receivables and payables.

3.2.1 Stock of Kenya's External Assets

Table 3.18 and Figure 3.8 present the stock of external assets for 2009, 2010 and 2011. The total stock of Kenya's foreign assets increased from KSh 28,797 million in 2009 to KSh 42,272 million in 2010 and to KSh

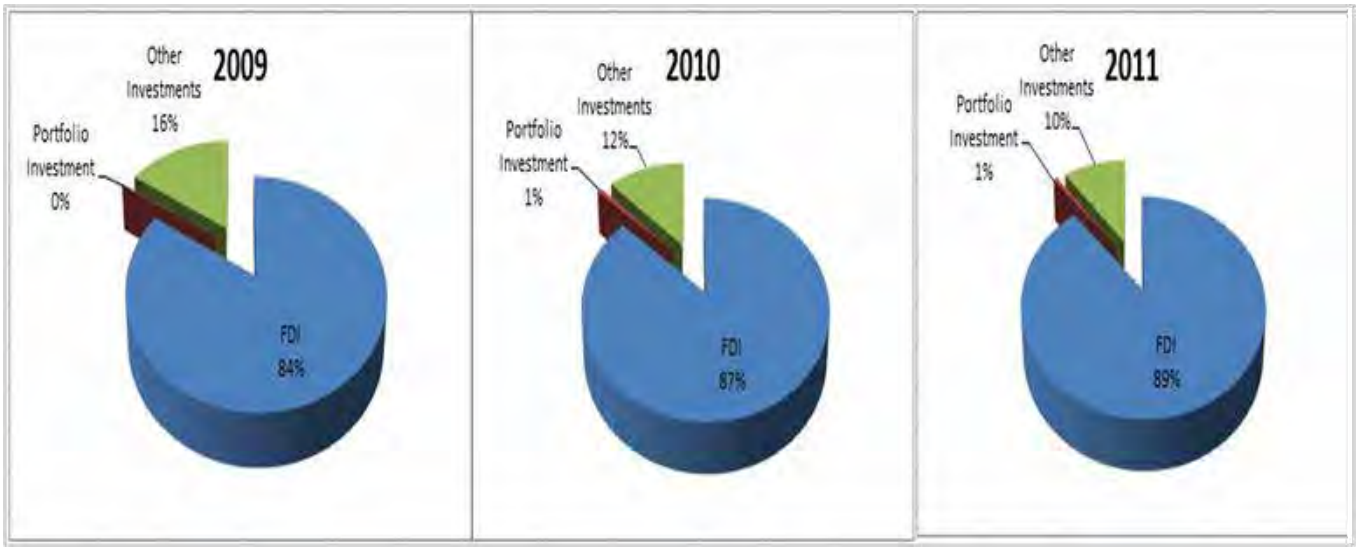
63,005 million in 2011.Foreign Direct Investment, Portfolio Investment and Other Investment registered an upward trend in the three years. Equity and Investment Fund shares was the main component in Foreign Direct Investment which increased from KSh 9,279 million in 2009 to KSh 11,731 million in 2010 and to KSh 27,141 million in 2011. Short term debt instruments increased by 87.1 per cent to KSh 18,130 million in 2010 but decreased to KSh 17,419 million in 2011. Portfolio Investment in long term debt securities increased from KSh 43 million in 2009 to KSh 325 million and KSh 408 million in 2010 and 2011, respectively. Other Investment in long term trade credits and advances increased from KSh 2,351 million in 2009 to KSh 2,801 million and KSh4,374million in 2010 and 2011, respectively. Short term accounts receivables/payables increased by13.1 per cent from KSh 556 million in 2009 to KSh628 million in 2010 but declined by 22.2 per cent to KSh 489 million in 2011.

FDI consistently remained the largest component of Kenya's stock of external assets accounting for 84.2, 86.9 and 89.2 per cent of the total stock of external assets in 2009, 2010 and 2011, respectively. FDI in the form of equity and investment fund shares and; retained earnings contributed 56.1 per cent while debt instruments accounted for 33.1 per cent of the total stock of external assets in 2011.Other Investments accounted for 15.7, 12.3 and 10.2 per cent of the total stock of external assets in 2009, 2010 and 2011 with trade credits and advances being the major component in this category.

Table 5.11 Stock of External Assets, 2009-2011

	2009		2010		2011	
Component	Kshs Million	% Share	Kshs Million	% Share	Kshs Million	% Share
Foreign Direct Investment (FDI)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total Equity and Investment Fund Shares	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity and Investment Fund Shares	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Retained Earnings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Debt Instruments	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Long Term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Short Term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portfolio Investment	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity and Investment Fund Shares	-	-	-	-	-	-
Debt Securities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Long Term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Short Term	-	-	-	-	-	-
Financial Derivatives	-	-	-	-	-	-
Forwards	-	-	-	-	-	-
Options	-	-	-	-	-	-
		-	-	-	-	-
Other Investments	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other Assets						
Currency and Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Long Term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Short Term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trade Credits and Advances	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Long Term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Short Term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Long Term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Short Term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Insurance, Pensions and Standardized Guarantees		-	-	-		-
Life & Non-life Insurance Reserves	-	-	-	-	-	-
Pension Entitlements / Claims	-	-	-	-	-	-
Standardized Guarantees	-	-				
Other Accounts Payable - Receivables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Long Term	-	-	[illegible]	[illegible]	[illegible]	[illegible]
Short Term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total Foreign Assets	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Figure 3. 3: Composition of Stock of Foreign Assets



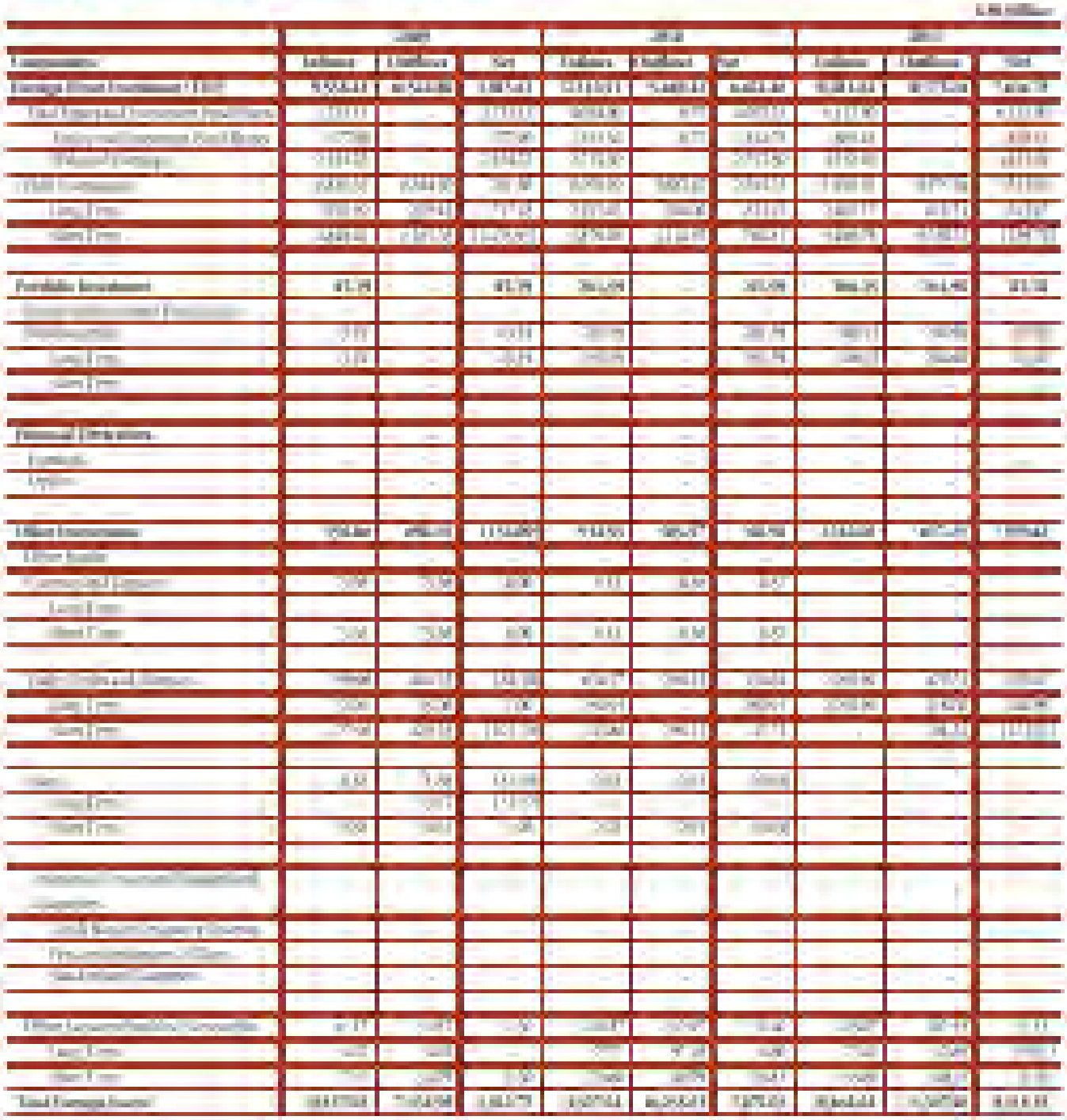
3.2.2. Flows of Kenya's External Assets

The outgoing private investments increased from KSh 10,158 million in 2009 to KSh 13,327 million in 2010 and to KSh 20,662 million in 2011 as reflected in Table 3.34. During the period under review, FDI dominated the external foreign assets mainly comprising of short term debt instruments. Short term debt instruments increased from KSh 4,849 million in 2009 to KSh 5,879 million in 2010 and to KSh 9,499 million in 2011. Reinvested earnings increased from KSh 2,713 million in 2010 to KSh4,252 million in 2011. Outgoing portfolio investments increased from KSh 282 million in 2010 to KSh368 million in 2011. Other Investments abroad which comprised mainly trade credit and advances increased by 68.2 per cent from KSh 556 million in 2009 to KSh935 million in 2010 and more than doubled to KSh 2,282 million in 2011.

During the period under review, total disinvestments from abroad declined by 13.5 per cent from KSh 7,235million in 2009 to KSh 6,255million in 2010 and almost doubled to KSh 11,347million in 2011. Disinvestments were mainly in short term debt instruments which increased by90.6 per cent in 2011.

Kenya's net foreign assets increased from KSh 2,923 million in 2009 to KSh 7,072 million and KSh9,315 million in 2010 and 2011 attributed to growth in retained earnings. Retained earnings increased by 26.0 per cent from KSh 2,154 million in 2009 to KSh 2,713 million in 2010 and grew by 56.7 per cent to KSh 4,252 million in 2011.

Table 5.14: Flows of External Assets, 2008-2011



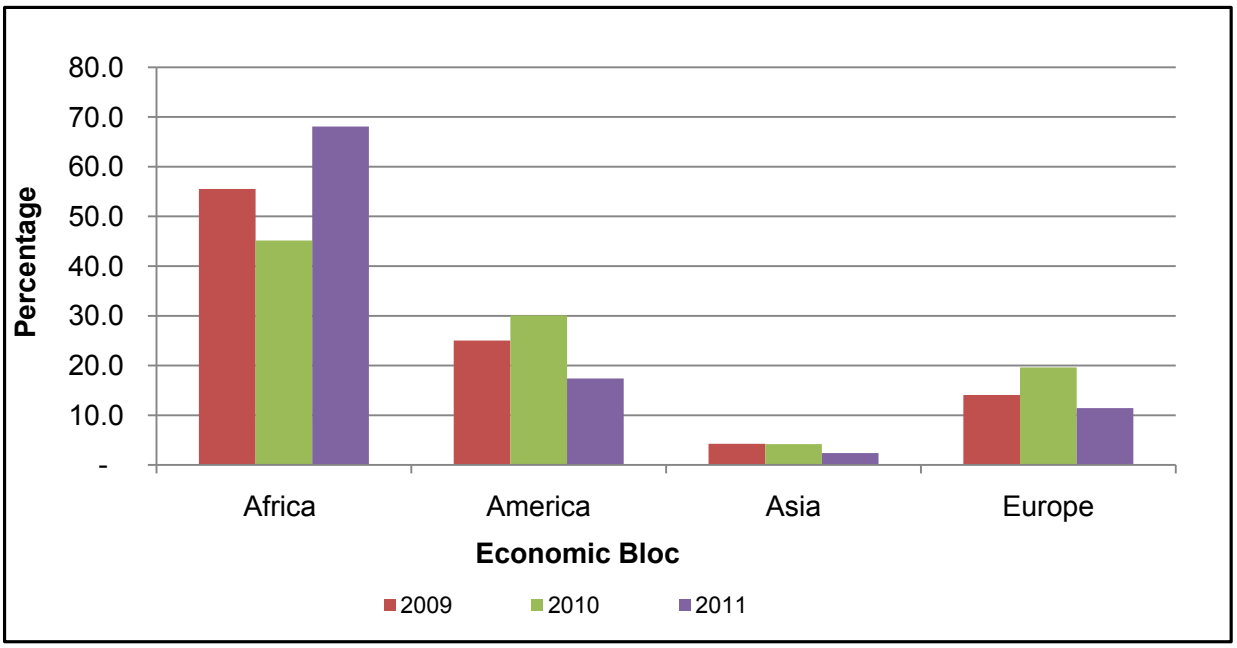
3.2.3 Stock of External Assets by Economic Bloc

In the review period, the country's external assets were predominantly held in Africa, while the least assets were in Australia and Oceania region, as presented in Table 3.15. Total external assets held in Africa in 2009, 2010 and 2011 stood at Kshs 15,971million, Kshs 19,896million and Kshs 42,868million respectively. These represented shares of 55.3, 45.2 and 68.1 per cent of the total stock of external assets in 2009, 2010 and 2011, respectively. Within Africa, the EAC was the major destination in the review period. The share of Kenya's external assets in America increased from 25.1 per cent in 2009 to 30.1 per cent of the total external assets in 2010 but declined to 17.6 per cent in 2011. A similar trend was also recorded for Asia and Europe.

Table 3. 15 : Stock of Assets Abroad by Economic Bloc, 2009 – 2011

Region	2009		2010		2011	
	Kshs Millions	% Share	Kshs Millions	% Share	Kshs Millions	% Share
Africa	15,971.01	55.3	19,896.87	45.2	42,867.56	68.1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asia	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Europe	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia & Oceania	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
International Financial Institution/Organization	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Country Not Stated	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Grand Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Figure 3. 4: Share of stock of external assets by Economic Bloc



3.2.4. Flows of External Assets by Economic Bloc

Outgoing foreign assets were mainly to Africa and Europe jointly contributing 80.1, 78.3 and 78.5 per cent of the total assets abroad in 2009, 2010 and 2011, respectively. Investments to Africa increased from KSh 3,477 million in 2009 to KSh 4,595 million and KSh9,417 million in 2010 and 2011, respectively. Similarly, investments to Europe increased by 25.3 per cent in 2010 and by 16.8 per cent to KSh 6,812 million in 2011.

Disinvestments were mainly from Europe accounting for 83.4, 81.1 and 70.8 per cent of the total outflows in 2009, 2010 and 2011, respectively. Significant disinvestments were also recorded from Africa during the review period.

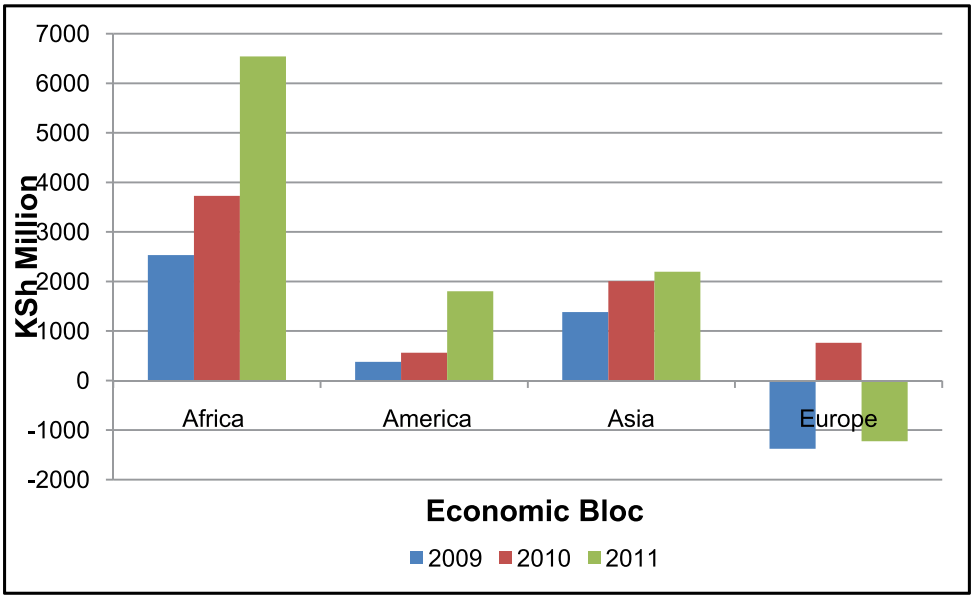
Net foreign assets were predominantly held in Africa during the review period. The net foreign assets held in Asia grew by 45.1 per cent in 2010 and by 9.6 per cent in 2011, while those held in America increased from KSh 378 million in 2009 to KSh 561 million and KSh 1,801 million in 2010 and 2011, respectively. Net foreign assets held in Europe increased by KSh 763 million in 2010 but reduced by KSh 1,225 million in 2011.

Table 3.36: Flows of Assets Abroad by Economic Bloc, 2009 – 2011

KSh Million

Region	2009			2010			2011		
	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
Africa	3,176.97	945.39	2,231.58	4,595.16	866.01	3,729.12	9,416.66	2,874.11	6,542.21
COMESA	711.37	134.0.	577.36	1,782.30	120.25	1,662.02	1,912.67	129.45	1,783.22
EAC	2,761.46	805.31	1,956..1	2,105.98	760.65	2,345.03	1,503.50	2,745.00	1,758.50
Other Africa	3.14	0.01	(..93)	0.88	5..	2.07	0.19		0.19
America	449.80	72.25	377.55	578.56	17.89	560.67	2,193.10	392.61	1,800.76
America North	456.80	72.1.	377.69	578.56	17.89	560.66	2,193.10	392.61	1,800.76
America South		0.14	(0.14)	0.0.		0.0.			
Asia	1,389.61	8.51	1,381.12	2,014.27	10.01	2,004.26	2,212.50	15.83	2,196.68
Far East	1,372.91	8.5.	1,364.40	1,707..3	12.0.	1,695..3	1,880.96	15.83	1,865..3
Middle East	16.72		16.72	307.14		307.14	331.54		331.54
Europe	4,655.61	6,031.21	(1,375.60)	5,833.75	5,071.19	762.55	6,812.08	8,036.86	(1,221.78)
Eastern Europe									
EU	774.1.	250.88	123.23	312.62	755.40	(442.79)	811.57	1,173.39	(361.82)
Western Europe	281.53	5,780.36	(..498.83)	5,521..3	4,315.79	805.34	6,570.51	6,863.49	(292.98)
Australia & Oceania								0.09	(0.09)
International Financial Institution/Organization									
Country Not Stated	105.63	177.56	8.07	305.30	206.88	15.13	37.10	37.60	(0.21)
Grand Total	10,157.68	7,234.96	2,922.72	13,327.01	6,255.01	7,072.01	20,662.01	11,317.16	9,344.58

Figure 3.5: Net Foreign Assets by Economic Bloc



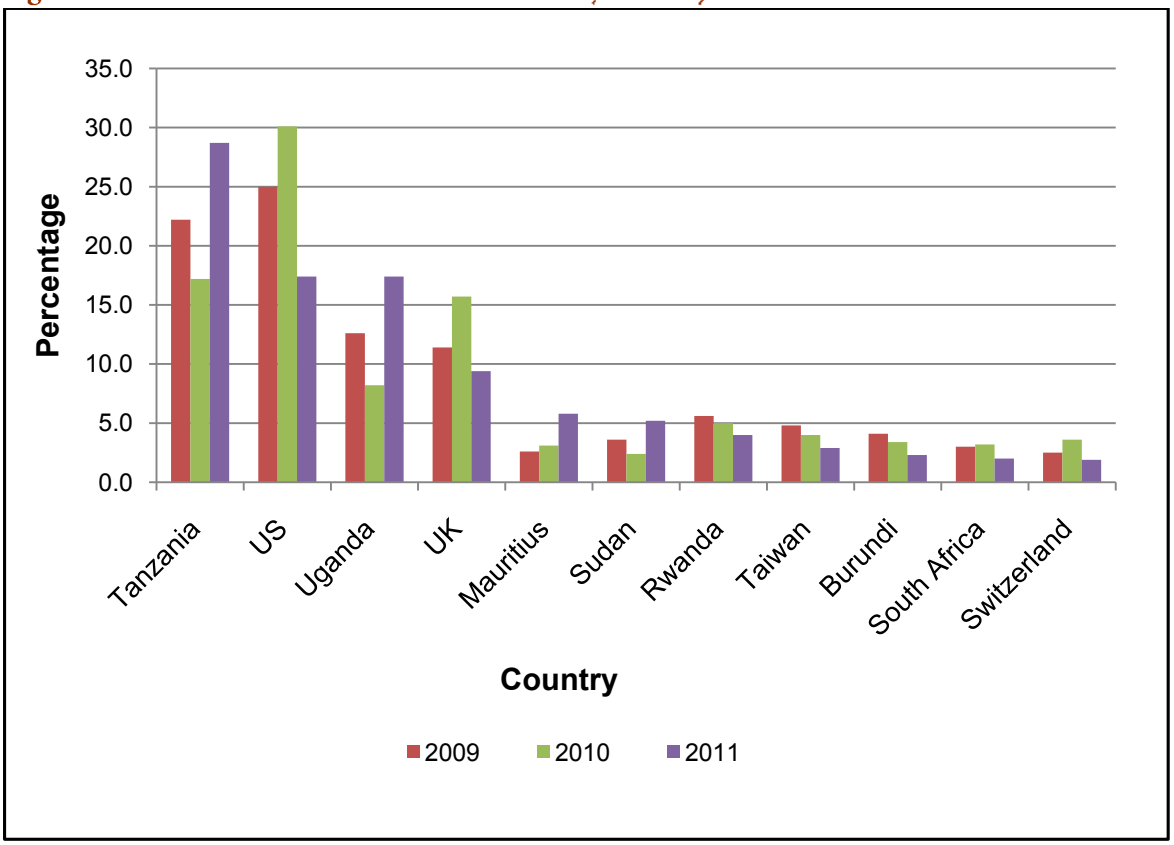
3.2.5. Stock of External Assets by Country

Stock of external assets by country is presented in Table 3.37.Tanzania, US, Uganda and United Kingdom were the leading destinations of Kenya's stock of external assets jointly accounting for 71.2, 71.2 and 72.9 per cent of the total stock of external assets in 2009, 2010 and 2011, respectively. The stock of external assets to Tanzania more than doubled from KSh 7,287 million in 2010 to KSh 18,095 million in 2011 while those to Uganda tripled to KSh 10,938 million in the same period. Stock of external assets to US and UK declined in 2011.

Table 3. 37: Stock of Assets abroad by Country, 2009 – 2011

Country	2009		2010		2011	
	KSh Million	% Share	KSh Million	% Share	KSh Million	% Share
Tanzania	6,398.75	22.2	7,287.47	17.2	18,094.95	28.7
US	7,196.01	25.0	12,715.72	30.1	10,948.88	17.4
Uganda	3,629.12	12.6	3,448.39	8.2	10,938.45	17.4
United Kingdom	3,277.65	11.4	6,647.21	15.7	5,893.65	9.4
Mauritius	736.11	2.6	1,301.35	3.1	3,664.50	5.8
Sudan	1,025.00	3.6	1,025.00	2.4	3,304.50	5.2
Rwanda	1,617.68	5.6	2,116.95	5.0	2,508.16	4.0
Taiwan	1,369.47	4.8	1,679.46	4.0	1,847.14	2.9
Burundi	1,189.72	4.1	1,428.36	3.4	1,446.70	2.3
South Africa	848.72	3.0	1,349.28	3.2	1,249.87	2.0
Switzerland	730.08	2.5	1,519.54	3.6	1,226.21	1.9
South Sudan	(43.00)	(0.1)	259.00	0.6	554.00	0.9
Egypt	-	-	313.88	0.7	513.04	0.8
Malawi	240.23	0.8	219.15	0.5	285.23	0.5
Country Not Stated	325.81	1.1	414.25	1.0	472.82	0.8
Others	225.73	0.78	546.83	1.29	57.18	0.09
Grand Total	**28,767.08**	**100.0**	**42,271.85**	**100.0**	**63,005.28**	**100.0**

Figure 3. 6: Share of stock of External Assets by country



3.2.6. Flows of External Assets by Country

Switzerland and Tanzania were the leading destinations of Kenya's assets abroad jointly accounting for 61.5, 62.7 and 47.2 per cent of the total assets abroad in 2009, 2010 and 2011, respectively. However, in 2011 Sudan and the US also received substantial shares of Kenya's assets abroad. In 2010, outgoing assets to Tanzania, Switzerland and Taiwan grew by 44.3, 28.9 and 22.6 per cent, respectively. External assets to the US more than tripled to KSh 2,193 million while those to Switzerland expanded by 19.0 per cent to KSh 6,571 million in 2011.

Disinvestments were mainly from Switzerland which accounted for 79.9, 75.4 and 60.5 per cent of the total external assets outflows in 2009, 2010 and 2011, respectively. Outflows from this destination increased from KSh 4,716 million in 2010 to KSh 6,863 million in 2011.

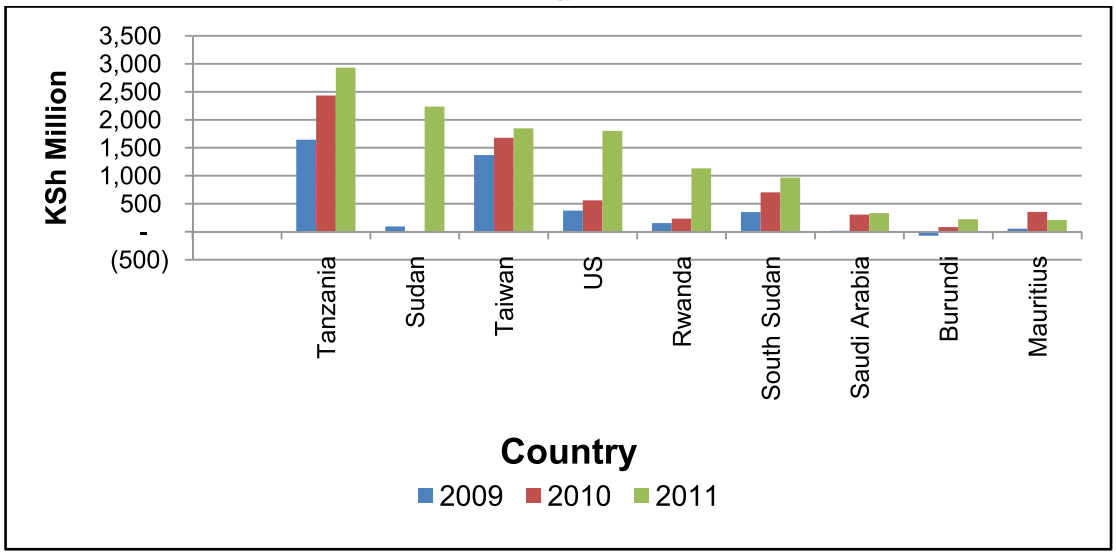
In 2011, Tanzania, Sudan, Taiwan and US accounted for the bulk of the net foreign assets. Net foreign assets held in Tanzania grew by KSh 1,643million, KSh 2,432 million and KSh 2,930 million in 2009, 2010 and 2011, respectively. Net foreign assets held in the US increased by KSh 378 million, KSh 561 million and KSh 1,800 million, respectively during the same period. Net foreign assets held in Uganda, UK and Switzerland dropped by KSh 1,171million, KSh896 million and KSh 293million,respectively in 2011.

Table 3.38: Flows of Assets Abroad by Country, 2009 – 2011

KSh Million

Country	2009			2010			2011		
	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
Tanzania	1,361.56	318.51	1,643.05	2,831.41	399.17	2,432.24	3,175.51	245.45	2,930.07
Sudan	95.77	-	95.77	-	-	-	2,237.00	-	2,237.00
Taiwan	1,369.47	-	1,369.47	1,679.46	-	1,679.46	1,847.14	-	1,847.14
US	449.80	72.11	377.69	878.56	17.89	860.66	2,192.92	392.64	1,800.28
Rwanda	162.34	9.01	153.33	266.15	30.67	235.48	1,170.74	39.53	1,131.21
South Sudan	352.00	-	352.00	709.00	-	709.00	966.00	-	966.00
Saudi Arabia	16.72	-	16.72	107.14	-	107.14	331.54	-	331.54
Burundi	(18.61)	53.47	(72.07)	84.33	0.40	83.93	224.08	-	224.08
Mauritius	55.59	-	55.59	155.32	-	155.32	209.94	-	209.94
India	3.58	8.50	(4.92)	27.67	9.92	17.75	33.81	15.78	18.03
Zambia	57.55	47.65	9.90	65.35	60.52	4.83	104.91	89.92	14.99
Luxembourg	-	-	-	3.50	-	3.50	3.22	-	3.22
Netherlands	-	12.88	(12.88)	-	2.81	(2.81)	1.54	-	1.54
Canada	-	-	-	-	-	-	0.49	-	0.49
South Africa	-	2.17	(2.17)	1.74	-	1.74	0.19	-	0.19
Botswana	0.44	0.16	0.28	0.29	0.41	(0.13)	-	-	-
British Virgin Island	-	-	-	0.01	-	0.01	-	-	-
Ethiopia	5.79	7.11	(1.33)	4.16	3.39	0.77	-	-	-
Hong Kong	0.07	-	0.07	-	-	-	-	-	-
Malawi	0.13	15.79	(15.64)	0.19	1.70	(1.52)	-	-	-
Somalia	3.70	3.70	-	4.86	4.40	0.46	-	-	-
Uruguay	-	0.14	(0.14)	-	-	-	-	-	-
Zimbabwe	0.78	0.98	(0.19)	3.81	3.61	0.20	-	-	-
Singapore	-	0.21	(0.21)	-	0.08	(0.08)	-	0.04	(0.04)
Australia	-	-	-	-	-	-	-	0.09	(0.09)
France	-	-	-	159.44	-	159.44	-	40.87	(40.87)
Switzerland	4,281.35	5,780.36	(1,498.83)	5,521.13	4,715.79	805.34	6,570.51	6,863.49	(292.98)
United Kingdom	374.11	238.00	136.12	149.88	352.60	(202.72)	237.00	1,132.50	(895.50)
Uganda	799.90	486.84	313.06	274.56	361.78	(87.22)	1,328.29	2,499.55	(1,171.26)
Country Not Stated	185.63	177.56	8.07	105.30	289.88	15.43	37.40	37.60	(0.21)
Grand Total	**10,157.68**	**7,234.96**	**2,922.72**	**13,327.04**	**6,255.01**	**7,072.03**	**20,662.04**	**11,347.46**	**9,314.58**

Figure 3.7: Net External Assets by Country



3.2.7. Stock of Foreign Direct Investment Abroad by Economic Bloc

As shown in Table 3.39, the stock of FDI abroad increased by 51.7 per cent from KSh 24,220 million in 2009 to KSh 36,738 million in 2010 and by 52.9 per cent to KSh 56,177 million in 2011. Africa, especially the EAC region was the dominant destination of FDI in 2009, 2010 and 2011. The stock of FDI to the EAC more than doubled in 2011 accounting for 51.2 per cent of the total FDI abroad. America was the second major destination of direct investment in 2009 and 2010 accounting for 19.4 per cent and 26.1 per cent of the total, respectively. However, in 2011, Europe emerged the second major destination of FDI contributing 12.2 per cent of the total share of FDI abroad. The stock of FDI to Europe and America declined in 2011.

Table 3.39: Stock of FDI Assets Abroad by Economic Bloc, 2009-2011

Region	2009		2010		2011	
	KSh Million	% Share	KSh Million	% Share	KSh Million	% Share
Africa	**14,453.82**	**59.7**	**17,506.92**	**47.7**	**41,636.92**	**74.1**
COMESA	3,921.83	16.2	5,879.42	16.0	11,615.20	20.7
EAC	9,666.74	39.9	10,271.71	28.0	28,711.14	51.2
Other Africa	865.25	3.6	1,355.79	3.7	1,250.57	2.2
America	**4,709.80**	**19.4**	**9,576.32**	**26.1**	**6,256.87**	**11.1**
America North	4,709.80	19.4	9,576.32	26.1	6,256.87	11.1
America South						
Asia	**1,175.61**	**4.9**	**1,702.18**	**4.6**	**1,413.69**	**2.5**
Far East	1,382.86	5.7	1,711.44	4.7	1,878.46	3.3
Middle East	(207.25)	(0.9)	(12.26)	(0.0)	(464.77)	(0.8)
Europe	**3,879.87**	**16.0**	**7,944.78**	**21.6**	**6,869.66**	**12.2**
Eastern Europe						
EU	3,281.57	13.5	6,553.16	17.8	5,773.82	10.3
Western Europe	598.29	2.5	1,391.62	3.8	1,095.84	2.0
Australia & Oceanic			**0.09**	**0.0**		
International Financial Institution/Organization						
Country Not Stated	0.50	0.0	8.07	0.0		
Grand Total	**24,219.60**	**100.0**	**36,738.35**	**100.0**	**56,177.14**	**100.0**

3.2.8. Flows of Foreign Direct Investment Abroad by Economic Bloc

Outgoing FDI depicted an upward trend, increasing by 26.7 per cent in 2010 and 48.7 per cent in 2011 as presented in Table 3.40. Outgoing foreign direct investment by economic bloc recorded mixed performance. Europe was the leading destination of outgoing FDI flows in 2009 and 2010 accounting for 48.1 per cent and 46.6 per cent of the total FDI, respectively. However, in 2011 Africa was the leading destination accounting for 51.4 per cent of the total outgoing FDI. In the African region, outgoing FDI flows to COMESA more than doubled from KSh 683 million in 2009 to KSh 1,452 million in 2010, while the value of outgoing FDI flows to the EAC increased by 12.7 per cent in the same period. Similarly, outgoing FDI flows to the EAC increased by 50.7 per cent in 2011 to KSh 4,344 million from KSh 2,881 million in 2010, whereas those to COMESA increased threefold in the same period. Outgoing FDI to Europe increased by 22.6 per cent and 16.6 per cent, in 2010 and 2011, respectively.

There was increased disinvestment from KSh 5,689 million in 2010 to KSh 10,375 million in 2011 mainly on account of increased outflows from all the economic blocs with Europe accounting for 75.2 per cent of the total outflows.

Net FDI assets abroad increased from KSh 3,014 million in 2009 to KSh 6,421 million in 2010 and to KSh 7,637 million in 2011, mainly held in Africa.

Table 3. 40: Flows of FDI External Assets by Economic Bloc, 2009-2011

KSh Million

Region	2009			2010			2011		
	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
Africa	1,239.97	556.25	683.72	4,333.45	635.04	3,699.41	9,256.19	2,548.38	6,707.80
COMESA	683.18	[illegible]	[illegible]	1,452.07	80.28	1,371.[illegible]	[illegible]	120.[illegible]	[illegible]
EAC	2,666.9	510.44	2,046.35	2,801.39	514.76	2,286.63	[illegible]	24.3.74	1,[illegible]
Other Africa	-	-	-	-	-	-	-	-	-
America	334.46	0.14	334.33	152.66	-	152.66	0.49	22.36	(21.87)
America North	334.46	-	334.46	152.66	-	152.66	0.49	22.36	(21.87)
America South	-	0.14	(0.14)	0.0[illegible]	-	0.0[illegible]	-	-	-
Asia	1,386.26	0.21	1,386.05	1,986.60	0.09	1,986.52	2,179.69	0.04	2,179.64
Far East	1,360.85	0.2[illegible]	1,360.32	1,693.46	3.0[illegible]	1,693.[illegible]	1,847.14	0.04	1,847.10
Middle East	167.2	-	167.2	307.14	-	307.14	321.54	-	321.54
Europe	4,597.74	5,989.20	(1,390.46)	5,689.20	5,054.32	593.87	6,576.46	7,804.16	(1,227.71)
Eastern Europe	-	-	-	-	-	-	-	-	-
EU	307.47	207.84	100.62	107.37	343.39	(235.35)	8[illegible].5	940.68	(921.92)
Western Europe	4,290.27	5,781.36	(1,503.09)	5,581.83	4,[illegible].93	309.20	6,[illegible].	6,863.49	(295.[illegible])
Australia & Oceania	-	-	-	-	-	-	-	0.09	(0.09)
Grand Total	9,559.43	6,544.80	3,013.63	12,110.91	5,689.45	6,421.46	18,011.82	10,375.04	7,636.78

3.2.9. Stock of Foreign Direct Investment Abroad by Country

Destination of FDI stocks by country is presented in Table 3.41. In 2009 and 2010, Tanzania and US were the leading destinations of FDI, collectively accounting for 45.7 per cent and 45.8 per cent of the total stock of FDI, respectively. In 2011, Tanzania remained the leading destination of stock of FDI abroad followed by Uganda with a share of 32.2 per cent and 19.0 per cent, respectively. The stock of FDI in Tanzania and Mauritius more than doubled whereas the stock of FDI in Uganda and Sudan more than tripled in the same year.

Table 3. 41: Stock of FDI External Assets by Country, 2009-2011

	2009		2010		2011	
Country	**KSh Million**	**% Share**	**KSh Million**	**% Share**	**KSh Million**	**% Share**
Tanzania	6,359.62	26.3	7,267.92	19.8	18,072.42	32.2
Uganda	3,307.12	13.7	3,083.79	8.2	10,668.72	19.0
U.S	4,709.80	19.4	9,576.32	26.1	6,256.39	11.1
United Kingdom	3,217.06	13.4	6,483.25	17.6	5,707.43	10.2
Mauritius	736.11	3.0	1,301.35	3.5	3,661.50	6.5
Sudan	1,025.00	4.2	1,025.00	2.8	3,301.50	5.9
Rwanda	1,155.46	6.0	1,990.55	5.1	2,502.78	4.5
Taiwan	1,369.47	5.7	1,679.46	4.6	1,817.14	3.3
South Africa	847.66	3.5	1,316.48	3.7	1,216.88	2.2
Switzerland	598.29	2.5	1,391.62	3.8	1,095.84	2.0
South Sudan	(43.00)	(0.2)	259.00	0.7	554.00	1.0
Egypt			313.88	0.9	513.01	0.9
Burundi	239.72	1.0	178.36	1.3	196.70	0.9
Others	366.79	1.51	613.29	1.67	246.81	0.44
Country No. Stated	0.50	0.0	8.07	0.0		
Grand Total	**24,219.60**	**100.0**	**36,738.35**	**100.0**	**56,177.14**	**100.0**

3.2.10. Flows of Foreign Direct Investment Abroad by Country

Outgoing FDI by country is shown in Table 3.42. Switzerland was the major destination of outgoing FDI, accounting for 44.8, 45.6 and 36.5 per cent of the total FDI assets abroad in 2009, 2010 and 2011, respectively. FDI inflows to Switzerland increased by 29.0 per cent and by 19.0 per cent in 2010 and 2011, respectively.

Similarly, Switzerland was the leading source of foreign direct disinvestment during the same period. In 2011, Uganda was the second major source of FDI outflows accounting for 20.9 per cent of the total FDI outflows. In 2010, FDI net inflows more than doubled to KSh 6,421 million and increased further by 18.9 per cent to stand at KSh 7,637 million in 2011. The net FDI assets were mainly held in Tanzania, Sudan, Taiwan and Rwanda in 2011.

Table 3. 42: Flows of FDI Assets Abroad by Country, 2009-2011

KSh Million

Country	2009			2010			2011		
	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
Tanzania	1,956.90	299.99	1,656.91	2,812.78	387.94	2,424.84	3,169.52	245.45	2,924.08
Sudan	95.77	-	95.77	-	-	-	2,237.00	-	2,237.00
Taiwan	1,369.47	-	1,369.47	1,679.46	-	1,679.46	1,847.14	-	1,847.14
Rwanda	161.84	8.51	153.33	265.55	30.07	235.48	1,170.74	39.53	1,131.21
South Sudan	352.00	-	352.00	703.00	-	703.00	966.00	-	966.00
Saudi Arabia	16.72	-	16.72	307.14	-	307.14	351.54	-	351.54
Burundi	(18.91)	-	(18.91)	83.93	-	83.93	224.08	-	224.08
Mauritius	55.59	-	55.59	355.32	-	355.32	209.94	-	209.94
Zambia	36.88	37.30	(0.42)	44.26	50.23	(5.95)	104.91	89.92	14.99
Luxembourg	-	-	-	3.30	-	3.30	3.22	-	3.22
Canada	-	-	-	-	-	-	0.49	-	0.49
British Virgin Island	-	-	-	0.01	-	0.01	-	-	-
France	-	-	-	107.45	-	107.45	-	-	-
Hong Kong	0.07	-	0.07	-	-	-	-	-	-
Uruguay	-	0.14	(0.14)	-	-	-	-	-	-
Singapore	-	0.21	(0.21)	-	0.08	(0.08)	-	0.04	(0.04)
Australia	-	-	-	-	-	-	-	0.09	(0.09)
US	334.45	-	334.45	152.65	-	152.65	-	22.36	(22.36)
Switzerland	4,280.27	5,780.36	(1,500.09)	5,521.13	4,711.93	809.20	6,567.71	6,863.49	(295.78)
United Kingdom	317.47	207.84	109.63	6.31	342.39	(335.09)	5.53	940.68	(935.15)
Uganda	599.89	210.45	389.43	68.61	166.82	(98.21)	1,174.00	2,173.49	(999.49)
Grand Total	**9,558.43**	**6,544.80**	**3,013.63**	**12,110.91**	**5,689.45**	**6,421.46**	**18,011.82**	**10,375.04**	**7,636.78**

3.2.11. Stock of Other Investment Assets Abroad by Economic Bloc

The stock of Other Investment assets abroad by economic bloc for the period 2009 to 2011 is presented in Table 3.43. Other Investment assets increased by 15.6 per cent from KSh 4,504 million in 2009 to KSh 5,209 million in 2010 and by 23.3 per cent to reach KSh 6,420 million in 2011. Other Investment assets in America increased by 21.8 per cent from KSh 2,470 million in 2009to KSh 3,010 million in 2010 and by 48.7 per cent to KSh 4,475 million in 2011. In 2011, the value of the stock of Other Investment assets in Asia increased by 28.8 per cent to KSh 81 million while those in Africa and Europe dropped by 20.8 per cent and 6.8 per cent, respectively.

America and Africa remained the leading destination of stock of Other Investment assets jointly contributing 88.5, 89.1 and 89.2 per cent of the total stock of Other Investment assets in 2009, 2010 and 2011, respectively. EAC and North America were the major destinations in Africa and America, respectively. The share of Other Investment asset stocks in Africa dropped from 33.7 per cent in 2009 to 30.3 per cent and to 19.5 per cent in 2010 and 2011, respectively. The share of stock of Other Investment assets in America increased from 57.8 per cent to 69.7 per cent of the total in 2010 and 2011, respectively.

Table 3. 43: Stock of Other Investment Assets Abroad by Economic Bloc, 2009-2011

Region	2009		2010		2011	
	KSh Million	% Share	KSh Million	% Share	KSh Million	% Share
Africa	**1,617.19**	**33.7**	**1,578.95**	**30.3**	**1,250.65**	**19.5**
COMESA	1.34	0.0	3.41	0.1	3.00	0.0
EAC	1,154.71	25.6	1,111.39	21.3	955.39	14.9
Other Africa	361.13	8.0	464.15	8.9	292.27	4.6
America	**2,470.40**	**54.8**	**3,009.49**	**57.8**	**4,474.95**	**69.7**
America North	2,470.40	54.8	3,009.49	57.8	4,474.95	69.7
America South	-	-	-	-	-	-
Asia	**51.06**	**1.1**	**62.58**	**1.2**	**80.61**	**1.3**
Far East	9.72	0.2	27.46	0.5	45.49	0.7
Middle East	41.35	0.9	35.12	0.7	35.12	0.5
Europe	**140.33**	**3.1**	**151.53**	**2.9**	**141.16**	**2.2**
Eastern Europe	-	-	-	-	-	-
EU	8.54	0.2	23.60	0.5	10.79	0.2
Western Europe	131.79	2.9	127.93	2.5	130.37	2.0
Australia & Oceanic	-	-	-	-	-	-
International Financial Institution/Organization	-	-	-	-	-	-
Country Not Stated	325.31	7.2	406.18	7.8	472.82	7.4
Grand Total	**4,604.30**	**100.0**	**5,208.72**	**100.0**	**6,420.19**	**100.0**

3.2.12. Flows of Other Investment Assets Abroad by Economic Bloc

Flows of Other Investment assets by Economic Bloc for the period 2009 to 2011 are analysed in Table 3.44. The total inflows of Other Investment assets abroad grew by 68.1 per cent from KSh 556 million in 2009 to KSh 935 million in 2010 and more than doubled to KSh 2,282 million in 2011. The leading destinations of Other Investments assets were America and Africa jointly accounting for 60.5, 61.4 and 97.0 per cent of the total Other Investment assets in 2009, 2010 and 2011, respectively. Inflows to America more than tripled from KSh 100 million in 2009 to KSh 312 million in 2010 and increased substantially toKSh 2,053 million in 2011. Inflows of Other Investment assets to Africa however declined by 38.7 per cent to KSh 160 million in 2011.

In 2011, outflows of Other Investment assets abroad (disinvestment) increased by 21.5 per cent to KSh 687 million. Despite the outflows of Other Investment assets from Africa reducing by 40.6 per cent in 2010, it accounted for 40.8 per cent of the total disinvestments during the same period. In 2011, the highest proportion of disinvestments was recorded from Africa (47.4 per cent) and America (46.3 per cent) while those from Asia were minimal. Outflows of Other Investment assets from Asia increased by 59.0 per cent in 2011, while outflows from America increased from KSh18 million in 2010 to KSh318 million in 2011.

Net Other Investment assets abroad were mainly held in America in the review period. Net Other Investment assets held in Africa reduced by KSh 166 million in 2011.

Table 3. 44: Flows of Other Investment Assets Abroad by Economic Bloc, 2009-2011

KSh Million

Region	2009			2010			2011		
	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
Africa	**236.99**	**389.14**	**(152.14)**	**261.71**	**231.00**	**30.70**	**160.17**	**326.06**	**(165.59)**
COMESA	28.19	88.20	(60.01)	30.24	20.00	10.24	-	-	-
EAC	204.66	294.90	(90.23)	224.59	206.19	18.39	160.28	326.06	(165.78)
Other Africa	4.14	6.04	(1.90)	6.88	4.81	2.07	0.19	-	0.19
America	**99.51**	**72.11**	**27.43**	**311.80**	**17.89**	**293.91**	**2,053.00**	**318.00**	**1,735.00**
America North	99.54	72.11	27.43	311.80	17.89	293.91	2,053.00	318.00	1,735.00
America South	-	-	-	-	-	-	-	-	-
Asia	**3.38**	**8.30**	**(4.92)**	**27.67**	**9.92**	**17.75**	**33.81**	**15.78**	**18.03**
Far East	3.38	8.30	(4.92)	27.67	9.92	17.75	33.81	15.78	18.03
Middle East	-	-	-	-	-	-	-	-	-
Europe	**30.52**	**43.01**	**(12.53)**	**28.07**	**16.87**	**11.20**	**7.38**	**-**	**7.38**
Eastern Europe	-	-	-	-	-	-	-	-	-
EU	29.26	43.04	(13.78)	28.07	13.01	15.06	4.58	-	4.58
Western Europe	1.26	-	1.26	-	3.86	(3.86)	2.80	-	2.80
Australia & Oceanic	-	-	-	-	-	-	-	-	-
Country Not Stated	185.63	177.56	8.07	305.30	289.88	15.43	27.40	27.60	(0.21)
Grand Total	**556.06**	**690.16**	**(134.09)**	**931.55**	**565.57**	**368.98**	**2,282.06**	**687.45**	**1,591.62**

3.2.13. Stock of Other Investment Assets Abroad by Country

The main destination of Kenya's stock of Other Investment assets abroad were US and Burundi during the review period as presented in Table 3.45. Stock of Other Investment assets in the US and Burundi combined, accounted for 75.9, 76.0 and 84.5 per cent of the total stock of Other Investment assets in 2009, 2010 and 2011, respectively. Stock of Other Investment assets in the US increased by 21.8 per cent from KSh 2,470 million in 2009 to KSh3,010 million in 2010 and by 48.7 per cent to KSh 4,475 million in 2011. The stock of Other Investment assets in Uganda rose from KSh 322 million in 2009 to 445 million in 2010 but declined to KSh 270 million in 2011. The stock of Other Investment assets in Rwanda reduced by 95.7 per cent, while those in Tanzania increased marginally in 2011.

Table 3.45: Stock of Other Investment Assets Abroad by Country, 2009-2011

	2009		2010		2011	
Country	**KSh Million**	**% Share**	**KSh Million**	**% Share**	**KSh Million**	**% Share**
US	2,470.40	54.8	3,009.49	57.8	4,474.95	69.7
Burundi	950.00	21.1	950.00	18.2	950.00	14.8
Uganda	322.00	7.1	444.60	8.5	269.73	4.2
Switzerland	131.79	2.9	127.93	2.5	130.37	2.0
India	9.72	0.2	27.46	0.5	45.49	0.7
Bahrain	35.12	0.8	35.12	0.7	35.12	0.5
Tanzania	39.13	0.9	19.55	0.4	22.54	0.4
United Kingdom	3.21	0.1	21.07	0.4	6.92	0.1
Rwanda	162.21	3.6	126.40	2.4	5.39	0.1
Netherlands	5.34	0.1	2.53	0.0	3.87	0.1
South Africa	1.07	0.0	2.80	0.1	3.00	0.0
Botswana	0.28	0.0	0.15	0.0	-	-
Congo, DR	13.93	0.3	-	-	-	-
Ethiopia	1.46	0.0	1.45	0.0	-	-
Malawi	7.19	0.2	5.68	0.1	-	-
Somalia	-	-	0.46	0.0	-	-
United Arab Emirates	6.23	0.1	-	-	-	-
Zambia	18.24	0.4	25.99	0.5	-	-
Zimbabwe	1.68	0.0	1.88	0.0	-	-
Country Not Stated	325.31	7.2	406.18	7.8	472.82	7.4
Grand Total	**4,504.30**	**100.0**	**5,208.72**	**100.0**	**6,420.19**	**100.0**

3.2.14. Flows of Other Investment Assets Abroad By Country

Analysis of transactions of Other Investment assets by country for the period 2009 to 2011 is presented in Table 3.46. Other Investment assets were mainly destined to the US and Uganda during the period under review. The US and Uganda jointly accounted for 53.9, 55.4 and 96.7 per cent of the total value of Other Investment assets in 2009, 2010 and 2011, respectively. Other Investment assets to the US increased substantially to KSh 2,053 million in 2011 while those to India increased by 22.2 per cent during the same period. Other Investment assets to United Kingdom, Tanzania and Uganda reduced significantly in 2011.

In the review period, disinvestment of other assets was mainly from the US and Uganda. The share of outflows of Other Investment assets from the US increased from 3.2 per cent in 2010 to 46.3 per cent in 2011 while that of Uganda increased from 34.5 per cent to 47.4 per cent during the same period. Outflows from the US increased from KSh 18 million in 2010 to KSh 318 million in 2011.

During the review period, net foreign Other Investment assets were mainly held in the US. Reduction in net foreign Other Investment assets was recorded in Uganda in 2009 and 2011.

Table3.46: Flows of Other Investment Assets Abroad by Country, 2009-2011

KSh Million

Country	2009			2010			2011		
	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
US	99.54	72.11	27.43	311.80	17.89	293.91	2,053.00	318.00	1,735.00
India	3.38	8.30	(4.92)	27.67	9.92	17.75	33.81	15.78	18.03
Tanzania	4.66	18.52	(13.86)	18.64	11.23	7.40	5.99	-	5.99
United Kingdom	29.26	30.16	(0.90)	28.07	10.21	17.86	3.24	-	3.24
Switzerland	1.26	-	1.26	-	3.86	(3.86)	2.80	-	2.80
Netherlands	-	12.88	(12.88)	-	2.81	(2.81)	1.34	-	1.34
South Africa	-	2.17	(2.17)	1.74	-	1.74	0.19	-	0.19
Botswana	0.44	0.16	0.28	0.29	0.41	(0.13)	-	-	-
Burundi	0.30	53.47	(53.17)	0.40	0.40	-	-	-	-
Ethiopia	5.79	7.11	(1.33)	4.16	3.39	0.77	-	-	-
Malawi	0.15	15.79	(15.64)	0.19	1.70	(1.52)	-	-	-
Rwanda	0.50	0.50	-	0.60	0.60	-	-	-	-
Somalia	3.70	3.70	-	4.86	4.40	0.46	-	-	-
Zambia	20.67	10.35	10.31	21.08	10.30	10.78	-	-	-
Zimbabwe	0.78	0.98	(0.19)	3.81	3.61	0.20	-	-	-
Uganda	200.01	276.38	(76.37)	205.95	194.96	10.99	154.29	326.06	(171.77)
Country Not Stated	185.63	177.56	8.07	305.30	289.88	15.43	27.40	27.60	(0.21)
Grand Total	**556.06**	**690.16**	**(134.09)**	**934.55**	**565.57**	**368.98**	**2,282.06**	**687.45**	**1,594.62**

3.3. Return on Equity

Return on equity or return on capital is the ratio of the net income of a business to its stockholders' equity during a year. It is a measure of profitability of stockholder's investments. It shows net income as a percentage of shareholder equity. The overall profitability attributable to FDI and Foreign Portfolio Investment (FPI) increased by 37.9 per cent from KSh 74,212 million in 2009 to KSh 102,309 million in 2010 as shown in Table 3.47. However, the overall profitability attributable to FDI and FPI declined by 5.2 per cent from KSh102,309 million in 2010 to KSh 96,993 million in 2011. The overall return on equity was 24.2, 29.8 and 24.9 per cent in 2009, 2010 and 2011, respectively.

Table 3. 47: Return on Equity, 2009-2011

	Net Profit attributable to FDI and FPI in KSh Million	Stock of FDI & FPI Equity in KSh Million	Return on Equity
2009	74,211.68	306,339.39	24.23
2010	102,308.45	342,967.85	29.83
2011	96,992.58	390,375.49	24.85
% Change 2009/2010	**37.86**	**11.96**	
% Change 2010/2011	**(5.20)**	**13.82**	

3.4. International Trade in Services

International trade in services is the exchange of services between resident and non-resident entities. The services under consideration include; Manufacturing services on physical inputs owned by others, Maintenance and repair services, Transport services, Construction services, Financial services, Telecommunication, Computer and Information services and; Other Business services.

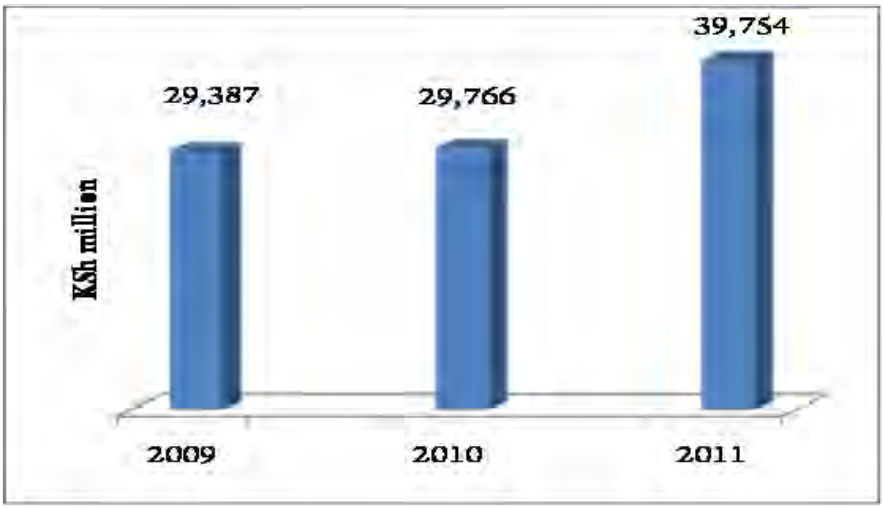
3.4.1. Expenditure on services provided by non-residents

Expenditure on services rendered by non-residents increased from KSh 29,387 million in 2009 to KSh 29,766 million in 2010andincreased by 33.6 per cent to KSh 39,754 million in 2011 as shown in Table 3.48 and Figure 3.8. The significant growth in 2011 was mainly due to increased expenditure on Construction and; Telecommunication, computer and information services. Expenditure on Construction services more than doubled from KSh 478 million in 2009 to KSh 1,359 million in 2010 and more than tripled to KSh 4,483 million in 2011.Expenditure on Telecommunication, computer and information services declined by 11.3 per cent to KSh 18,878 million in 2010 but increased by 36.6 per cent to KSh 25,778 million in 2011.During the review period, expenditure on Telecommunication, computer and information services remained consistently high. The proportion of expenditure on Construction services increased from 1.6 per cent in 2009 to 4.6 per cent and 11.3 per cent of the total expenditure on services rendered by non-residents in 2010 and 2011, respectively. The share of expenditure on Maintenance and repair services consistently remained above 9.0 per cent in the review period.

Table 3. 48: Expenditure on services provided by non-residents, 2009-2011

Type of service	2009		2010		2011	
	KSh Million	% share	KSh Million	% share	KSh Million	% share
Manufacturing services on physical inputs owned by others	106.18	0.36	102.24	0.34	151.78	0.38
Maintenance and repair services n.i.e	2,744.55	9.34	3,302.96	11.10	3,663.51	9.22
Transport services	75.77	0.26	73.13	0.25	82.84	0.21
Construction services	477.52	1.62	1,358.51	4.56	4,483.12	11.28
Insurance and Pension	439.41	1.50	488.43	1.64	606.81	1.53
Financial services	584.00	1.99	932.39	3.13	882.19	2.22
Charges for use of intellectual property n.i.e	709.12	2.41	735.07	2.47	909.43	2.29
Telecommunication, computer and information services	21,276.95	72.40	18,877.81	63.42	25,778.24	64.85
Other business services	1,479.13	5.03	1,213.10	4.08	1,485.30	3.74
Personal, cultural and recreation services	0.17	0.00	0.08	0.00	0.22	0.00
Others	1,494.13	5.08	2,682.63	9.01	1,710.07	4.30
Grand total	**29,386.93**	**100.00**	**29,766.35**	**100.00**	**39,753.51**	**100.00**

Figure 3. 8: Expenditure on services provided by non-residents



3.4.2. Income from services rendered to non-residents

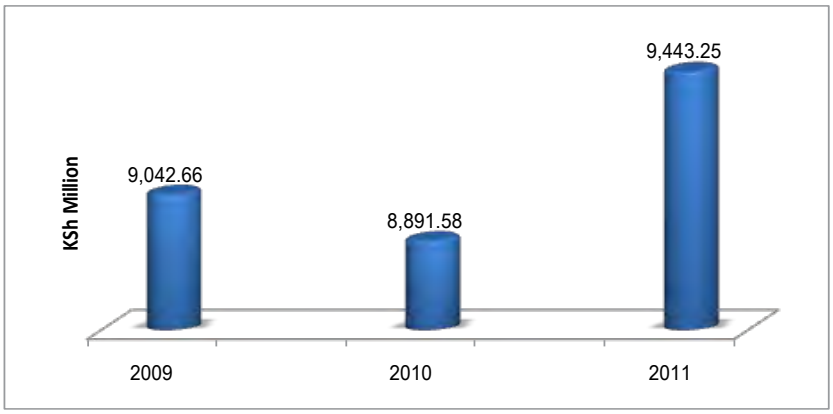
Income received from services rendered to non-residents dropped from KSh 9,043 million in 2009 to KSh 8,892 million in 2010 but increased to KSh 9,443million in 2011 as shown in Table 3.49 and Figure 3.9. Income from Transport services increased from KSh 1,515 million in 2009 to KSh 1,571 million in 2010 but declined by 6.7 per cent to KSh 1,465 million in 2011. Revenue from other business services which include research and development services, consultancy services and trade related services; grew significantly from KSh 546 million in 2009 to KSh 1,033 million in 2010 and further increased by 17.7 per cent to KSh 1,216 million in 2011. Although revenue from financial services declined from KSh 539million in 2009 to KSh 516 million in 2010, it grew by 41.0 per cent to stand at KSh 727 million in 2011.

Transport services was the leading source of income accounting for 16.8, 17.7 and 15.5 per cent of the total income from services rendered to non-residents in 2009, 2010 and 2011, respectively. Other significant sources of income during the review period were other business services and financial services.

Table 3. 49: Income from services rendered to non-residents, 2009-2011

	2009		2010		2011	
Type of Service	**KSh Million**	**% share**	**KSh Million**	**% share**	**KSh Million**	**% share**
Manufacturing services on physical inputs owned by others	637.49	7.1	647.34	7.3	688.33	7.3
Maintenance and repair services n.i.e	-	-	-	-	-	-
Transport services	1,514.78	16.8	1,570.66	17.7	1,465.03	15.5
Construction services	776.29	8.6	-	-	-	-
Insurance and Pension	88.63	1.0	21.87	0.3	34.21	0.4
Financial services	539.36	6.0	515.74	5.8	727.16	7.7
Charges for use of intellectual property n.i.e	2.73	0.0	-	-	-	-
Telecommunication, computer and information services	881.24	9.8	559.54	6.3	340.08	3.6
Other business services	546.16	6.0	1,033.33	11.6	1,216.37	12.9
Personal, cultural and recreation services	219.44	2.4	292.43	3.3	302.01	3.2
Others	3,836.54	42.4	4,250.68	47.8	4,670.08	49.5
Grand Total	**9,042.66**	**100.0**	**8,891.58**	**100.0**	**9,443.25**	**100.0**

Figure 3. 9: Income from services rendered to non-residents



3.5. Employment

Analysis of employment by skill category, nationality, sex and wage is shown in Table 3.50. Overall employment increased by 25.1 per cent from 193,494 employees in 2010 to 242,074 employees in 2011. Unskilled employees remained the dominant category of employment during the review period. The male employees dominated the managerial and skilled categories while the female employees were in the unskilled category. Overall, local employees constituted over 95.0 per cent of total employees in the review period. Total employee compensation increased from KSh 99,215 million in 2010 to KSh117, 371 million in 2011.

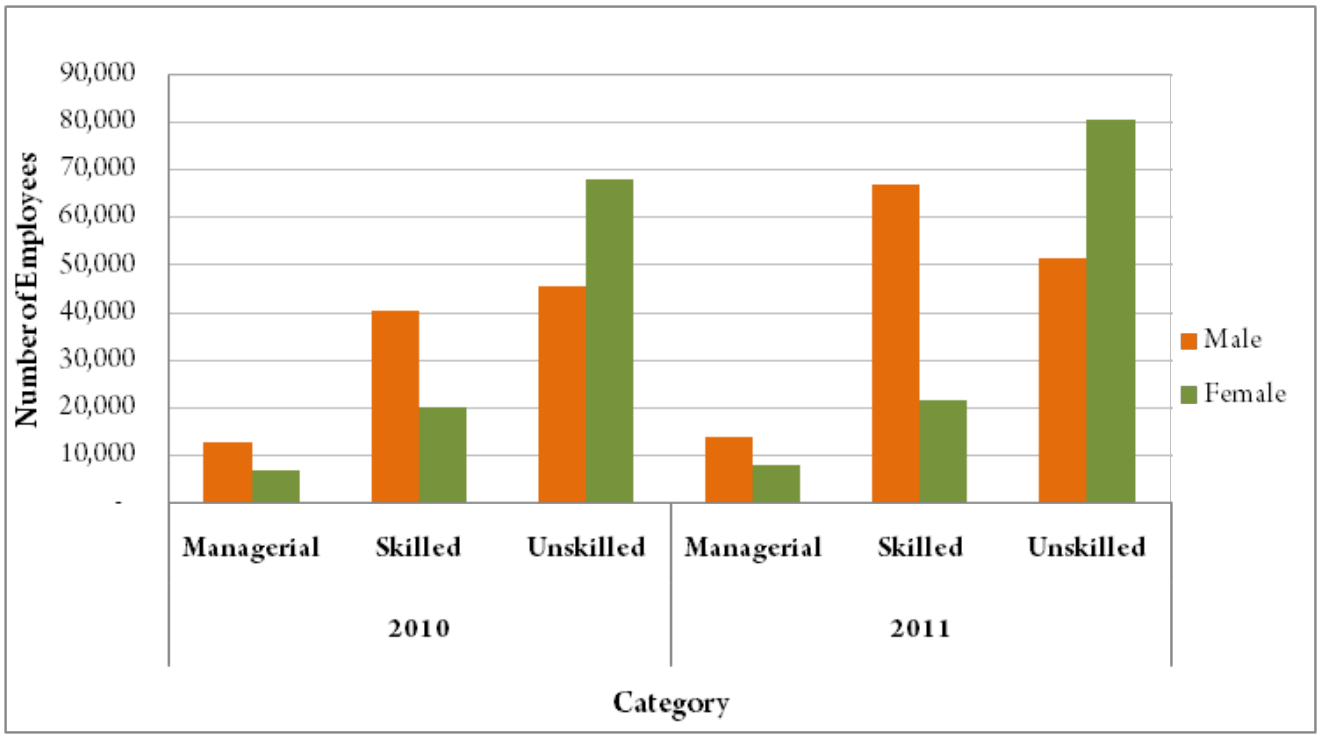
Table 3. 50: Employment by Skill category, Nationality, Sex and Wage

Skill Category	Nationality	2010			2011		
		Female	Male	Total	Female	Male	Total
Managerial	**Total**	**6,793**	**12,685**	**19,478**	**7,785**	**13,668**	**21,453**
	Local	6,724	12,089	18,813	7,735	13,055	20,790
	Foreign	69	596	665	50	613	663
Skilled	**Total**	**20,013**	**40,417**	**60,430**	**21,427**	**66,943**	**88,370**
	Local	19,986	39,740	59,726	21,406	66,183	87,589
	Foreign	27	677	704	21	760	781
Unskilled	**Total**	**68,193**	**45,393**	**113,586**	**80,871**	**51,380**	**132,251**
	Local	68,170	45,304	113,474	80,871	50,747	131,618
	Foreign	23	89	112	-	633	633
Grand Total		**94,999**	**98,495**	**193,494**	**110,083**	**131,991**	**242,074**
Wage (KSh Million)				**99,215.29**			**117,370.83**

3.5.1. Employment by Skill category

The number of employees in the managerial category increased by 10.1 per cent from 19,478 in 2010 to 21,453 in 2011 as shown in figure 3.10. The number of skilled employees increased by 46.2 per cent while that of unskilled employees rose by 16.4 per cent in the same period. The proportion of unskilled employees dropped in 2011 but remained the dominant category accounting for 54.6 per cent followed by skilled employees at 36.5 per cent and managerial level at 8.9 per cent of the total employment in 2011.

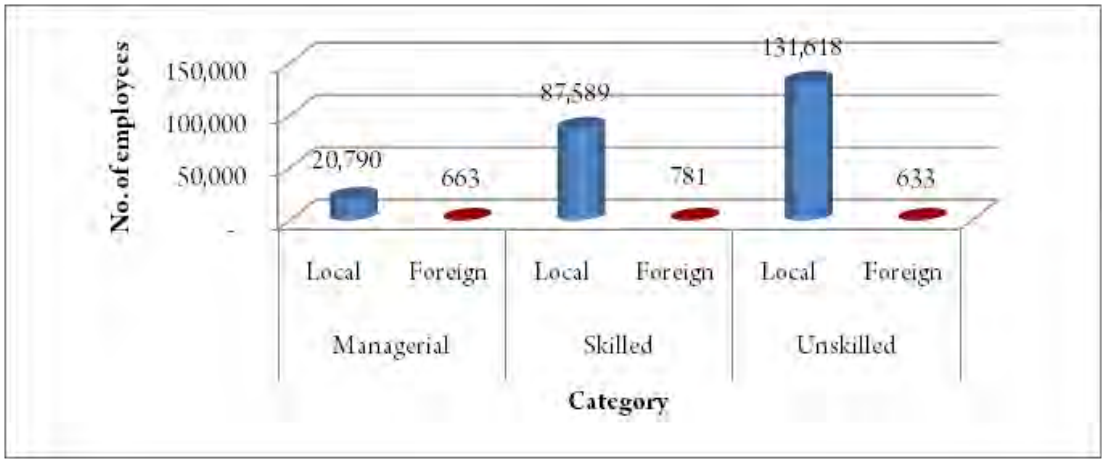
Figure 3. 10: Employment by skill category, 2010 and 2011



3.5.2. Employment by Nationality

The total number of local employees grew by 25.0 per cent from 192,013 in 2010 to 239,997 in 2011 as depicted in Figure 3.11. Similarly, the total number of foreign employees increased by 40.2 per cent from 1,481 in 2010 to 2,077 in the same period. Local employees dominated all the employment categories, accounting for 96.9, 99.1 and 99.5 per cent of total employment in managerial, skilled and unskilled categories respectively, in 2011. Skilled local employees increased by 46.7 per cent while unskilled and managerial increased by 16.0 per cent and 10.5 per cent in 2011, respectively. Unskilled foreign employees grew by more than five times from 112 in 2010 to 633 in 2011.

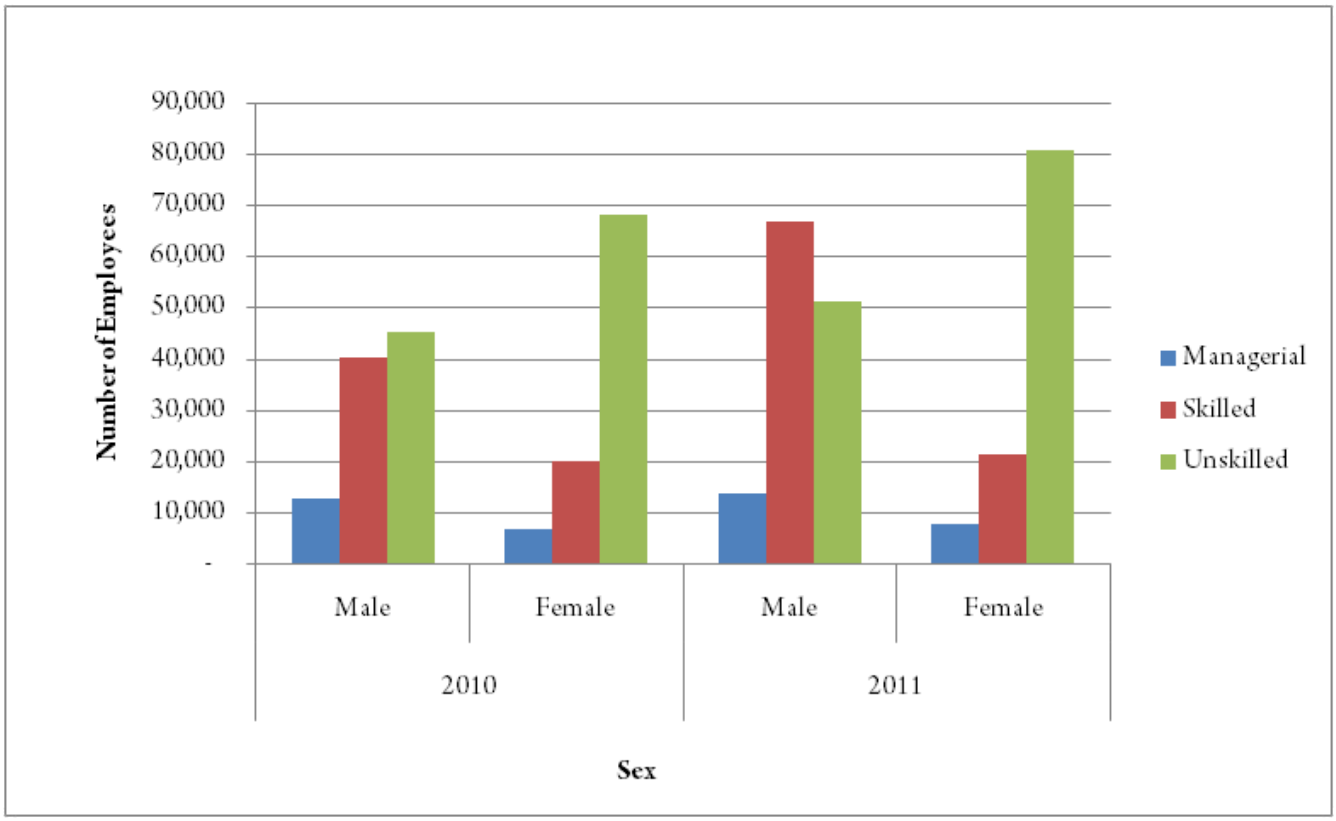
Figure 3. 11: Employment by Nationality



3.5.3. Employment by Sex

Total male employees increased by 34.0 per cent from 98,495 in 2010 to 131,991 in 2011 while that of female employees increased by 15.9 per cent to 110,083 in the same period as shown in Figure 3.12. Male employees in the skilled, unskilled and managerial categories increased by 65.6, 13.2 and 7.7 per cent in 2011, respectively. Similarly, female employees in the unskilled, managerial and skilled categories increased by 18.6, 14.6 and 7.6 per cent in the same period, respectively. The male employees dominated the managerial and skilled categories accounting for 63.7per cent and 75.8 per cent of the total employees respectively, in 2011, while female employees dominated the unskilled category constituting 61.1 per cent of the total employees in the same period.

Figure3.12: Employment by Sex



CHAPTER 4: SURVEY FINDINGS ON INVESTOR PERCEPTIONS

4.1. Introduction

Kenya's Vision 2030 which aims at transforming the country into "a globally competitive and prosperous middle income country with a high quality of life by 2030" emphasizes on the importance of investment in achieving the vision. In this regard, private investment is expected to play a pivotal role in providing the necessary capital and creating employment to promote economic development. Further, one of the priority objectives of the Second Medium Term Plan (MTP) 2013-2017 of the Vision is to increase investment in infrastructure, ICT and financial services among others.

To support private investment, sound policies have been developed and key reforms implemented to attract, expand and retain both local and foreign investment. These policies are aimed at improving the business environment, a factor that is critical in attracting and retaining investment. To this end, the Government has enacted a Public Private Partnership Act 2013 to facilitate participation of the private sector in the financing, construction, development, operation, maintenance of public infrastructure projects through concessioning and /or other contractual arrangements. In addition, the Kenya Constitution 2010 expressly provides for the protection of investment and safeguards property rights, which is anticipated to increase investor confidence.

This chapter presents the findings of the assessment of the investors' perception on various factors affecting business operations in 2013. The factors were categorized in four broad areas namely; economic and financial, efficiency and cost of support services, labour, environmental and health and; regulatory and other Government services. Enterprises were asked to rate how each factor affect their operations.

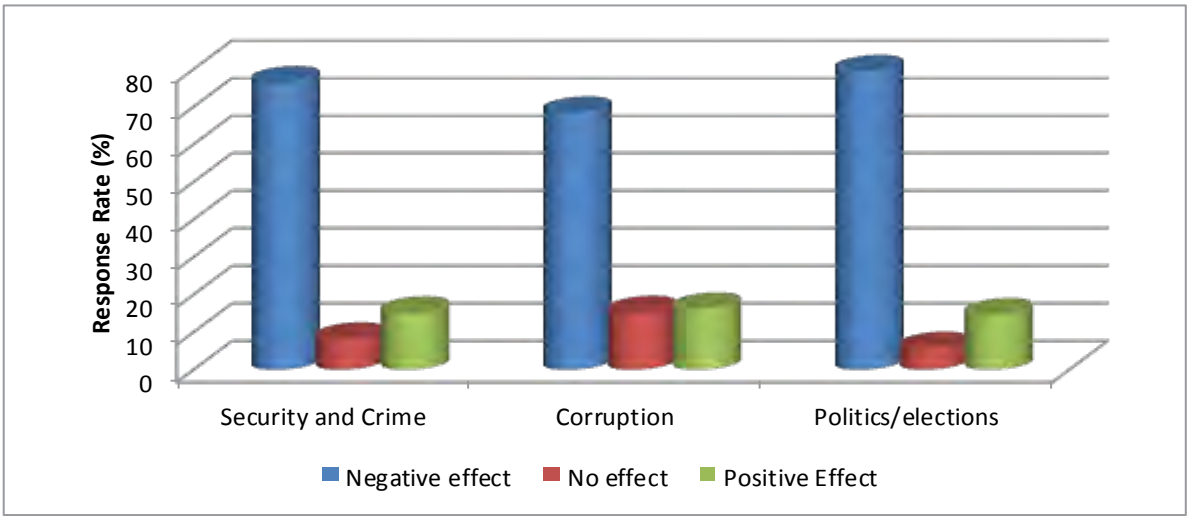
4.2. Economic and Financial factors

A favourable investment environment is indispensable for a country to realize sustainable development. Maintaining a stable macroeconomic environment is critical to growth of entrepreneurship. In addition, good governance, security and; law and order encourages investment.

4.2.1. Security & Crime, Corruption and Politics/elections

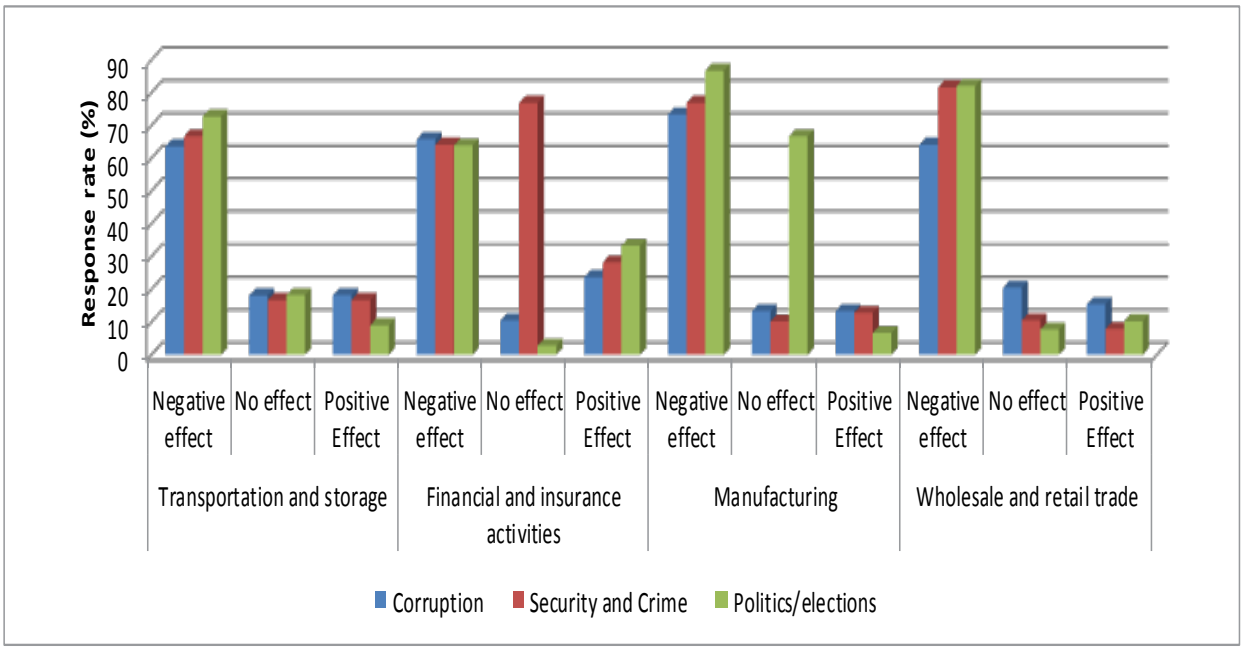
Insecurity and crime, politics/elections and corruption were noted to have a negative effect on business operations as shown in Figure 4.1. Corruption was perceived to have negative effect on business operations by 76.4 per cent of the respondents while 70.0 per cent of the respondents indicated that insecurity had a negative effect on business operations. Also, according to 79.5 per cent of the respondents politics/elections negatively affected business activities. It is important to note that the high adverse rating on politics/election could be related to the fact that the survey was conducted just as the country was preparing for the 2013 general elections.

Figure 4. 1: Effect of Security & Crime, Corruption and Politics/elections on Business Activities



As depicted in Figure 4.2, there was variation in the effect of security and crime, corruption and politics on business activities in different sectors. Politics/elections and corruption were reported by over 60 per cent of the respondents to have negative effect on business operations across the sectors. Insecurity and crime were identified as having a negative effect on business operations in the Transport and storage; Wholesale and retail and; Manufacturing sectors. Even though the negative effect of politics/elections was reported in all sectors, it had the highest impact on Manufacturing and Wholesale and retail as indicated by 86.7 per cent and 82.1 per cent of the
respondents, respectively.

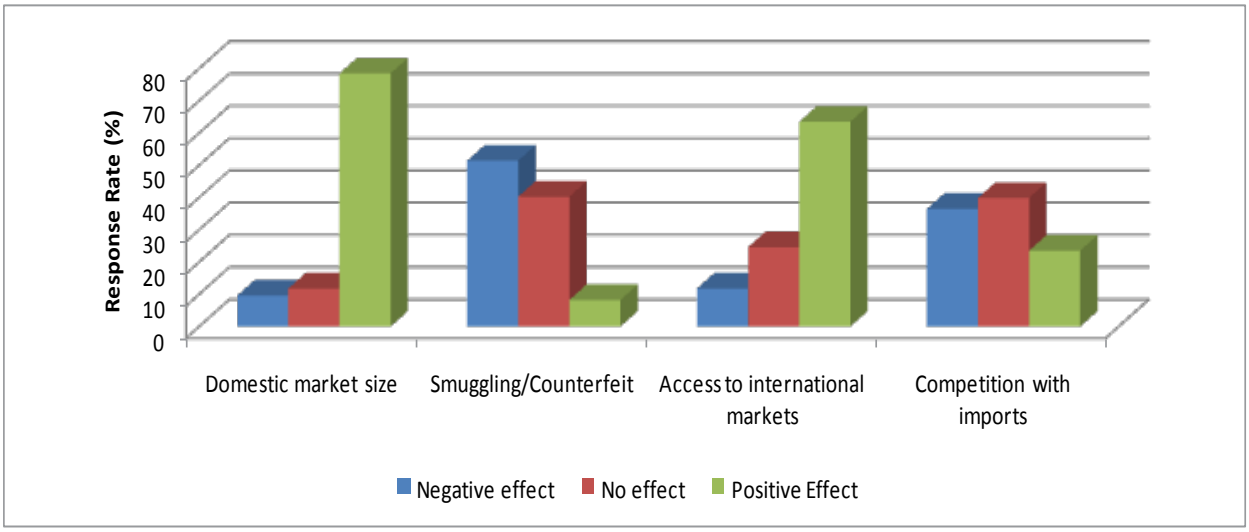
Figure 4. 2: Effect of Security & Crime, Corruption and Politics/elections by Sector



4.2.2. Access to markets

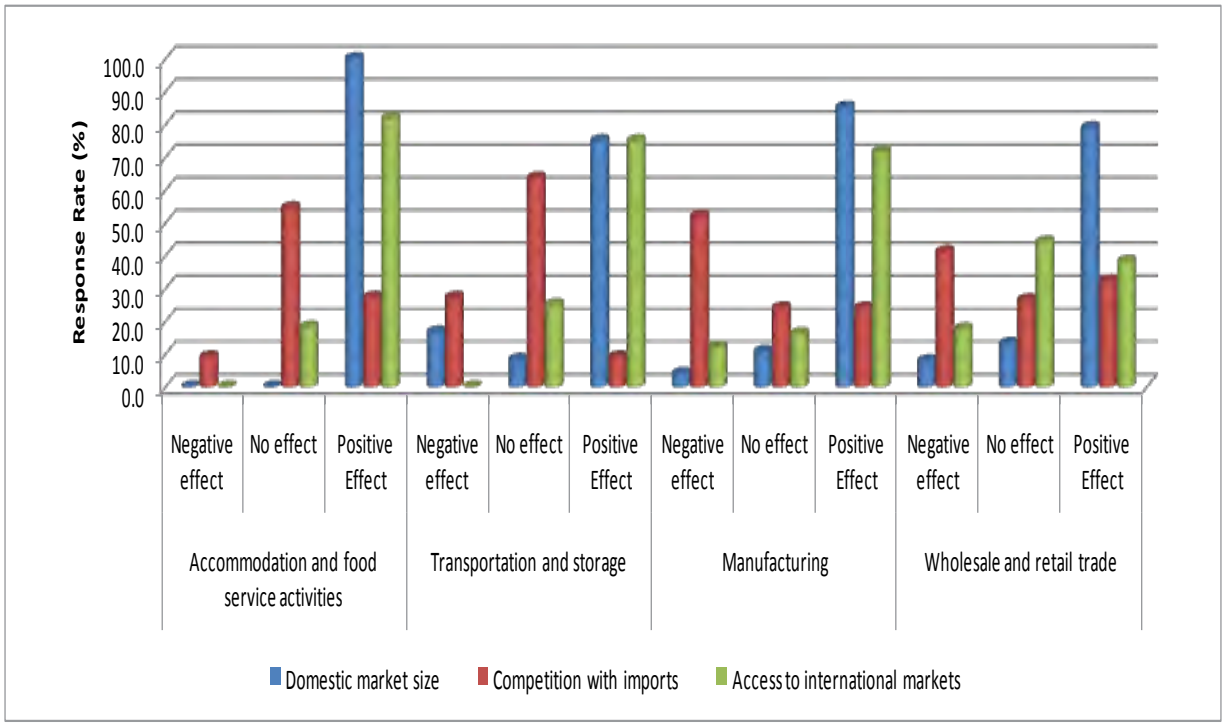
The effect of access to markets on business activities is presented in Figure 4.3. Access to domestic and international markets was rated to have a positive effect on business operations by 78.5 per cent and 63.5 per cent of the respondents, respectively. Smuggling/counterfeiting was reported to have negative effect on business operations by 51.5 per cent t of the respondents.

Figure 4. 3: Effect of Access to Markets on Business Activities



Over 75.0 per cent of the respondents indicated that access to domestic market had a positive effect on their business operations, as depicted in Figure 4.4. Access to international markets was reported to have a positive effect by more than 70.0 per cent of enterprises in Accommodation & food services, Transportation & storage and Manufacturing sectors. However, competition from imports was reported to have a negative effect on business operations by 52.0 per cent of the respondents in the Manufacturing sector.

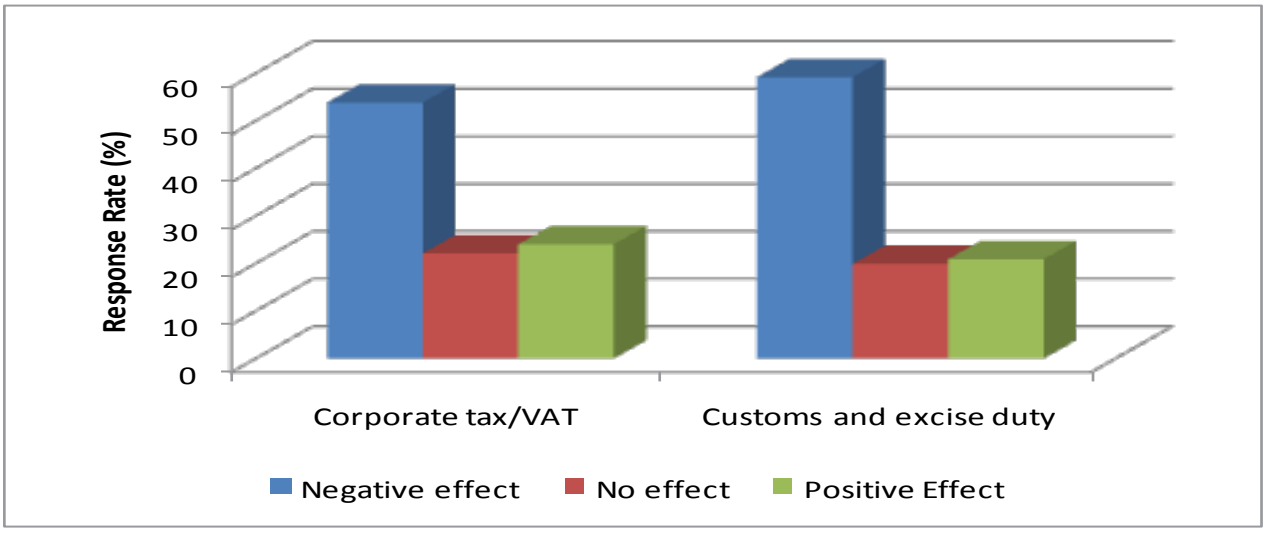
Figure 4. 4: Effect of Access to Markets by Sector



4.2.3. Fiscal Policy

Most enterprises identified taxation (customs and excise duty and; corporate tax/VAT) as an impediment to their business operations. While 59.2 per cent of the respondents indicated customs and excise duty as having a negative effect, 53.9 per cent indicated that corporate and VAT had a negative effect on their business activities as presented in Figure 4.5.

Figure 4. 5: Effect of Fiscal Policy on Business Activities

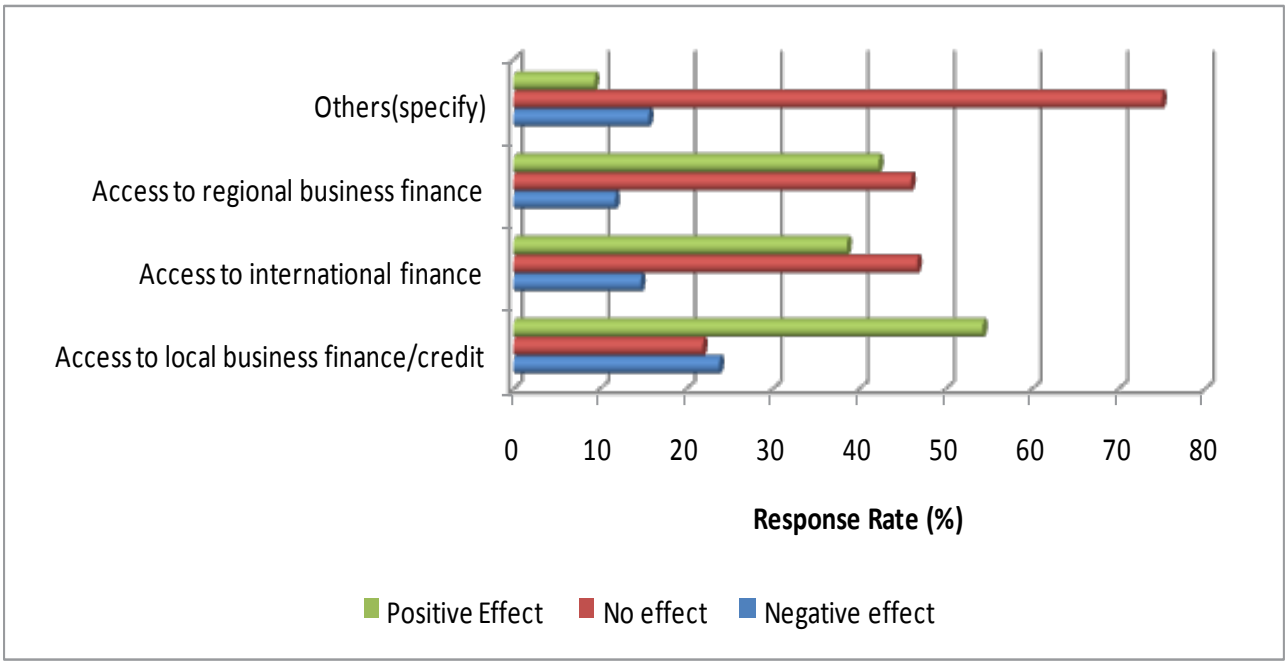


4.2.4. Access to Business Finance

Despite some respondents reporting that they relied on both regional and international financing sources domestic financing remained the main source of financing as shown in Figure 4.6. Access to domestic,

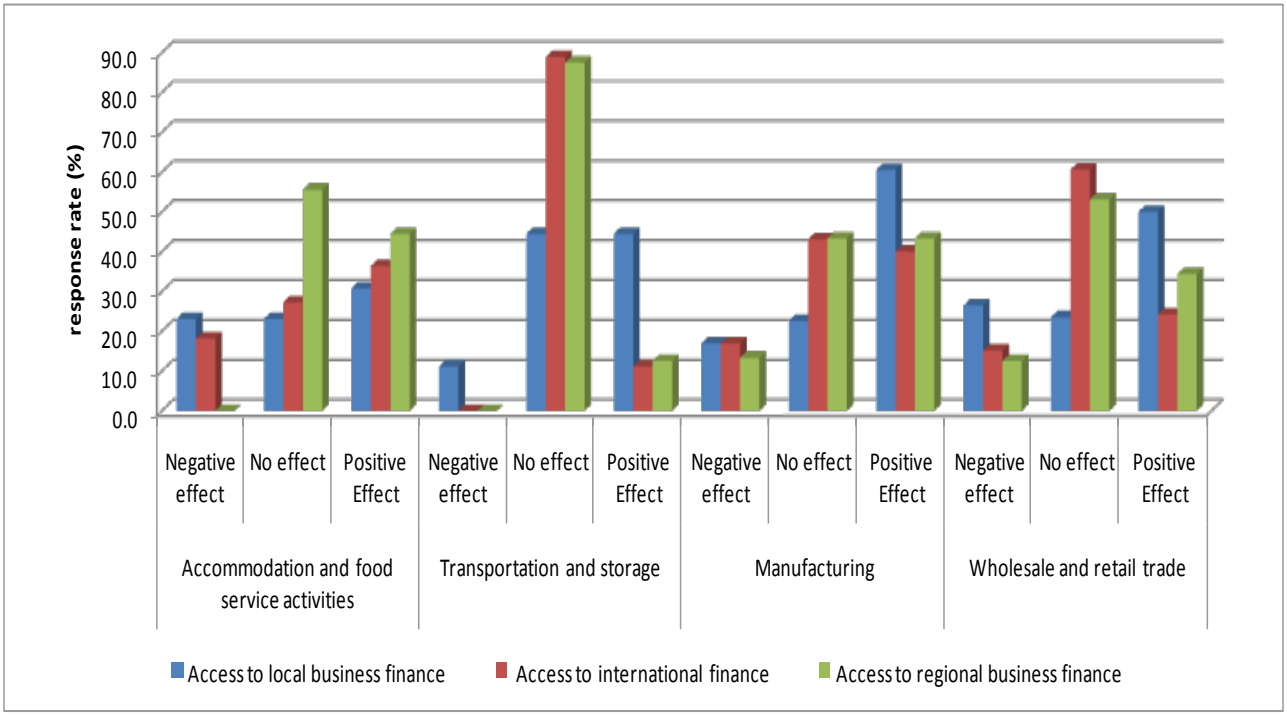
regional and international finance was reported to have a positive impact on business operations by 54.3, 42.3 and 38.6 per cent of the respondents, respectively.

Figure 4.6: Effect of Access to Business Finance



Access to domestic finance was reported to have a positive effect by respondents across the sectors as presented in Figure 4.7. The highest proportion of respondents in the Manufacturing (60.6 per cent), and Wholesale and Retail sectors (50.0 per cent) indicated domestic finance as having a positive effect on their business operations. Access to international finance was reported as having a positive effect on enterprises in the Accommodation and food service by 36.4 per cent of the respondents. Access to regional finance was reported to have a positive effect by 43.3 per cent of the respondents in the Manufacturing sector.

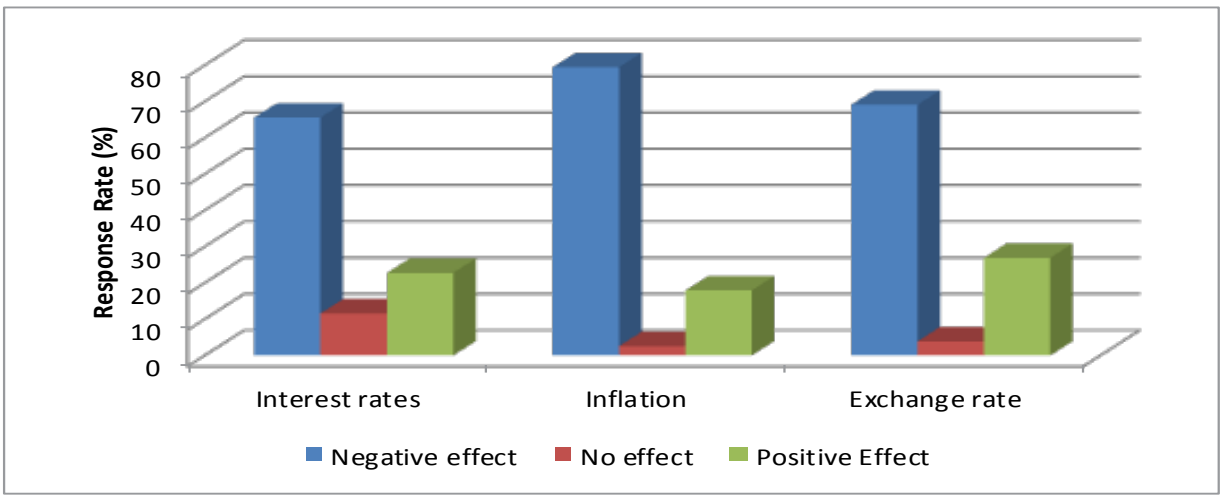
Figure 4.7: Effect of Access to Business Finance by Sector



4.2.5. Monetary Policy

The Government has continued to implement monetary policy measures aimed at maintaining price stability. Despite this effort, the cost of credit has remained high as perceived by the business community. Interest rates, inflation and exchange rates were reported to have a negative effect on business operations by 65.6, 79.5 and 69.1 per cent of the respondents, respectively as indicated in Figure 4.8.

Figure 4. 8: Effect of Monetary Policy



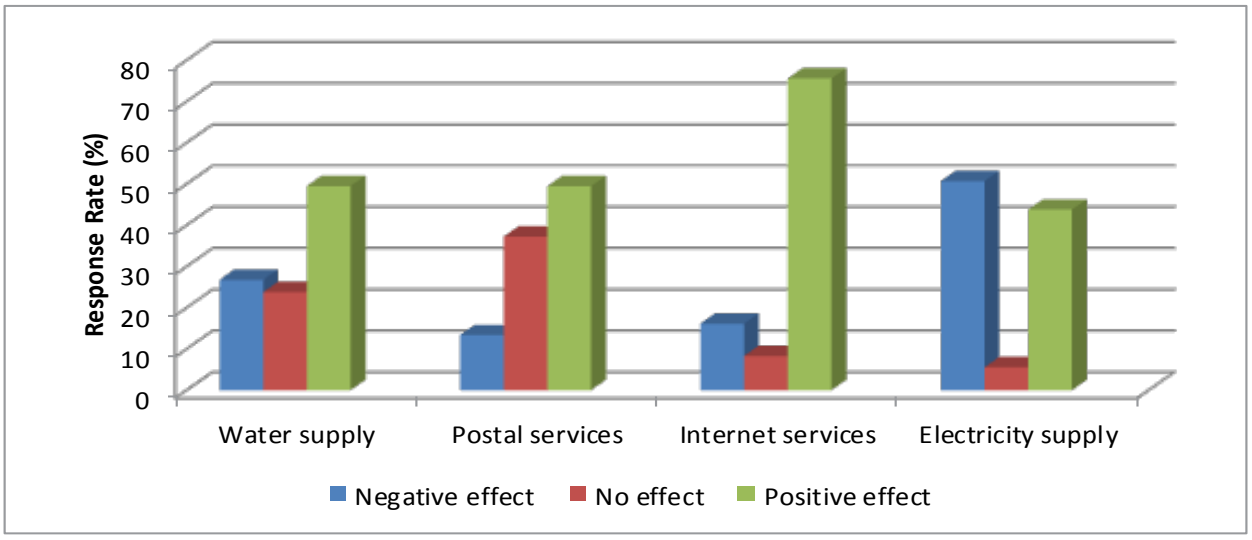
4.3. Effect of Efficiency and cost of business support services on business operations

Bureaucracies in processing necessary documents, complex and costly procedures of establishing a business, multiple points of contacts, high energy cost and poor infrastructure are some of the obstacles that impede business operations. The World Bank's Doing Business Indicators, which compares ease, efficiency and effectiveness of regulation and facilitation in different countries and which influences choice of investment destinations ranks Kenya at position 9 out of the 46 countries in Sub-Saharan Africa (World Bank's Doing Business report, 2014).

4.3.1. Efficiency in the Provision and Cost of Utilities

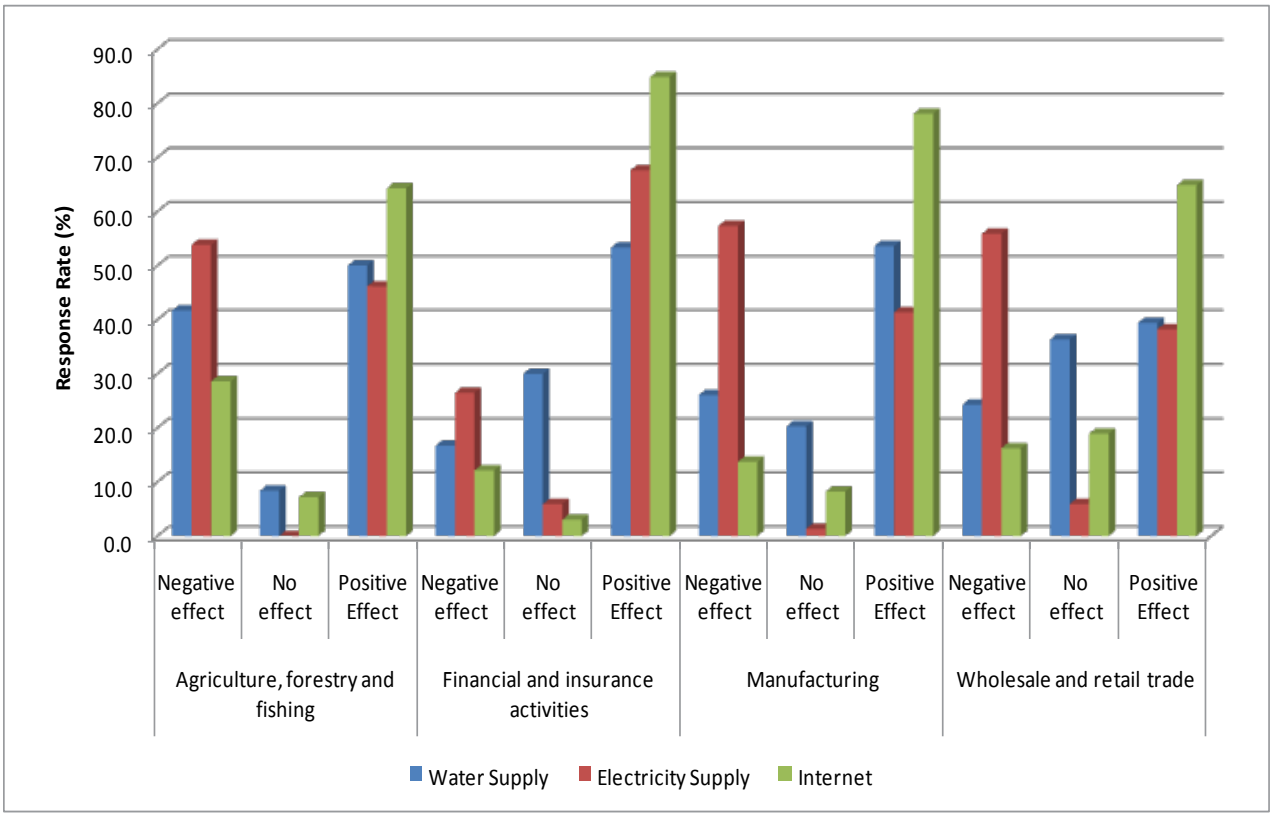
The developments in the ICT sector in particular, the interconnection with fiber optic, innovation and reduced cost of internet services seemed to have borne fruit. Three quarters of the respondents indicated that internet services had a positive impact on their business operations. Inefficiency in the supply of electricity was reported to have a negative impact on business activities by 50.7 per cent of the respondents although 43.8 per cent of the respondents perceived the cost of its supply to have improved. Efficiency in water supply and provision of postal services had a positive effect as indicated by 49.5 per cent and 49.4 per cent of respondents, respectively, as shown in Figure 4.9.

Figure 4.9: Effect of efficiency in the provision and Cost of Utilities



The effect of cost and efficiency of utilities including water supply, electricity and internet services differed across the sectors. As shown in Figure 4.10, more than 60.0 per cent of the respondents in the Wholesale and retail, Manufacturing, Financial and insurance services and; Agriculture, forestry and fishing indicated that internet services had a positive effect. Apart from firms in Financial and insurance services sector (67.8 per cent), which indicated that the efficiency in electricity supply had a positive effect, more than fifty per cent of respondents in the other sectors indicated that it had a negative effect on their business operations. More than fifty per cent of the respondents indicated that efficiency in Water supply had a positive effect on their business activities.

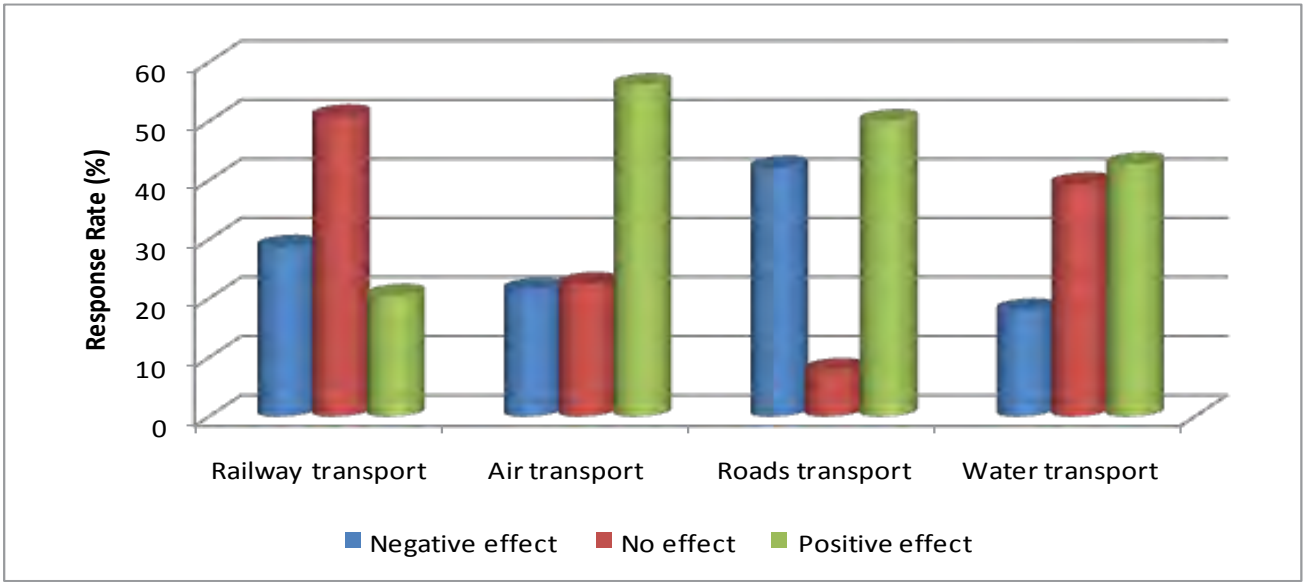
Figure 4. 10: Effect of Efficiency in the Provision and Cost of Utilities by Sector



4.3.2. Efficiency and Cost of Transport services

The state of Kenyan roads has improved in the recent years. However, there still are patches of poor quality roads and significant stretches of unpaved roads in some regions of the country. The railway network has remained underutilized due to lack of domestic connectivity. Half of the respondents perceived Road transport as having a positive effect while 42.1 per cent indicated that it had negative effect on their operations. Efficiency in Water and Air transport had a positive impact on business operations as indicated by 42.7 per cent and 56.1 per cent of the respondents, respectively (Figure 4.11).

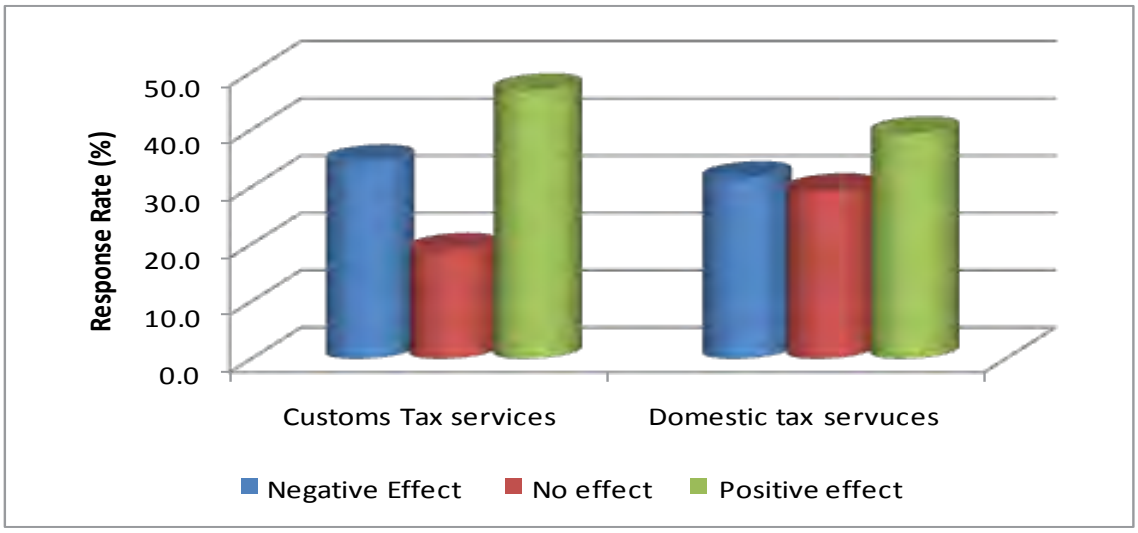
Figure 4.11: Effect of Efficiency and Cost of Transport Services



4.3.3. Tax Administration

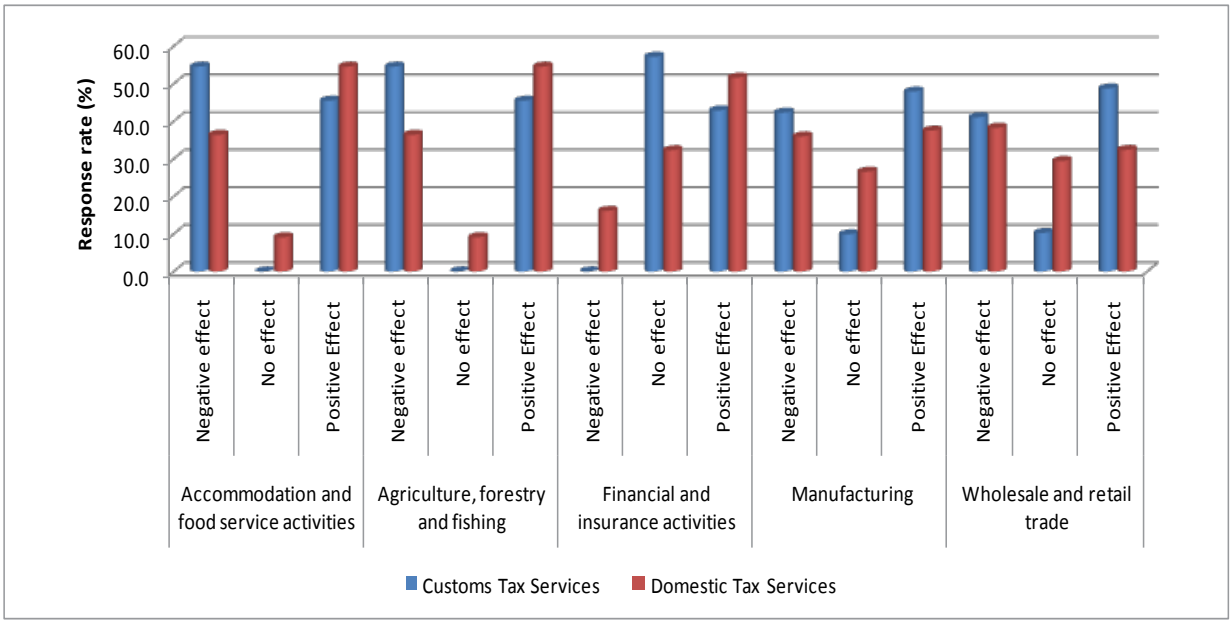
Tax compliance has been made easier for companies through adoption of Information Communication Technology and legal reforms. Efficiency in customs services and domestic tax services was reported to have a positive effect on business operations by 46.8 per cent and 39.3 per cent of the respondents, respectively. However, 34.3 per cent of the respondents indicated that customs services had a negative effect, while 31.4 per cent of the respondents indicated that domestic tax services had a negative effect as presented in Figure 4.12.

Figure 4. 12: Effect of Efficiency on Tax Administration



The effect of efficiency of tax administration by sector is shown in Figure 4.13. Enterprises in Accommodation and food services; and Agriculture, forestry and fishing perceived inefficiency in administration of customs services as having a negative effect on their business operations as reported by 54.5 per cent and 54.4 per cent of respondents, respectively. Efficiency in the administration of domestic tax services had positive effect in all sectors except in Wholesale and retail sector where it had a significant negative effect.

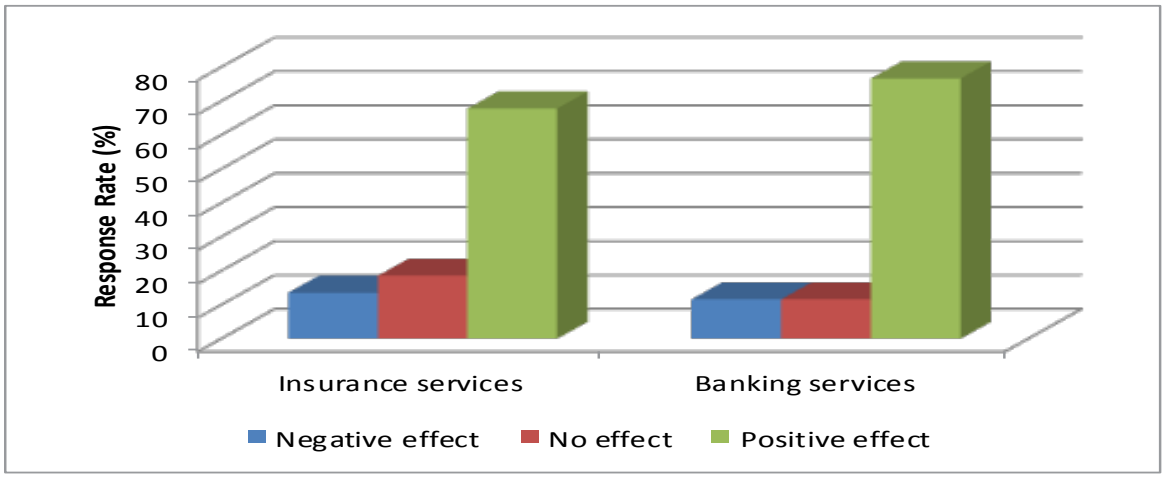
Figure 4. 13: Effect of Efficiency of Tax Administration by Sector



4.3.4. Financial services

Kenya has a relatively well developed financial system compared to some of the countries in Sub-Saharan Africa. Vibrant and competitive financial system is critical for the growth of business as it provides credit for financing investment. Banking services and insurance services had a positive effect on business operations as reported by 76.7 per cent and 67.8 per cent of the respondents, respectively (Figure 4.14).

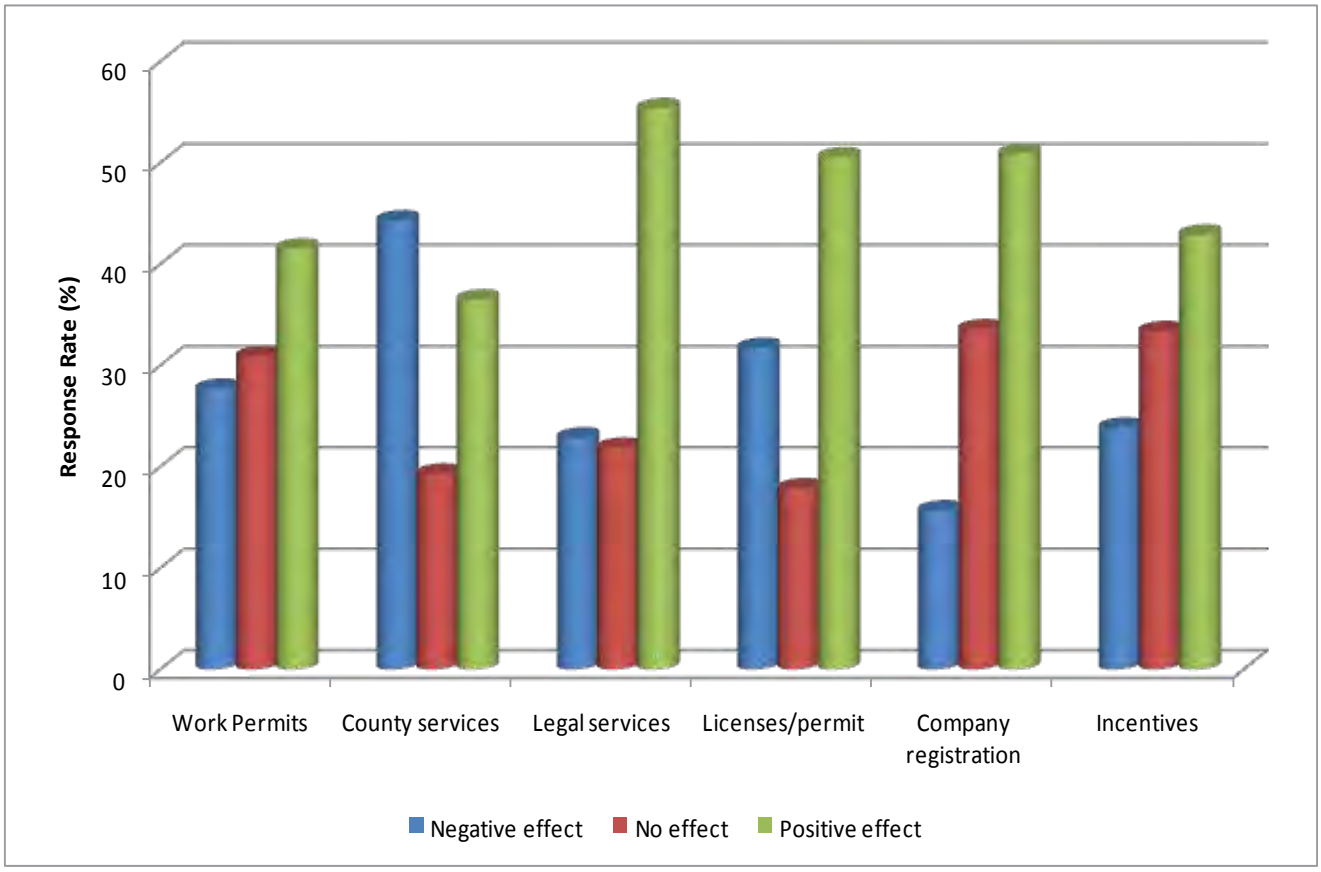
Figure 4.14: Effect of efficiency in provision of Financial Services



4.3.5. Business facilitation services

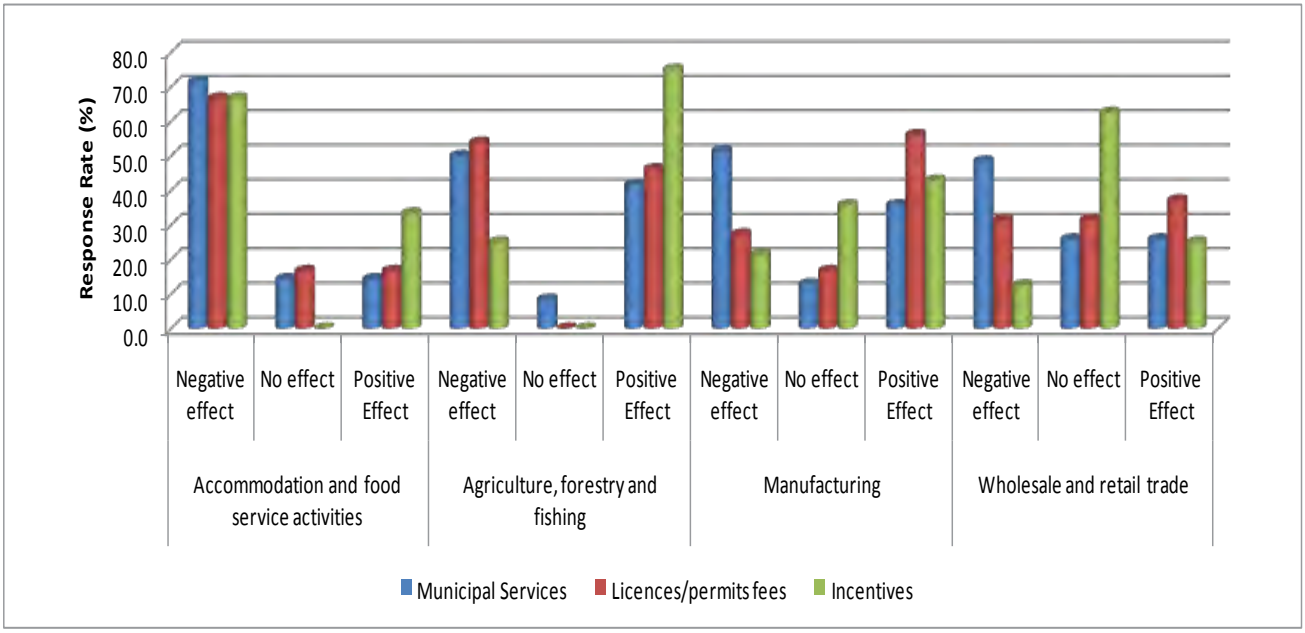
As indicated in Figure 4.15, efficiency in the provision of legal services, company registration, licensing /permits, incentives and work permits had positive effect on business operations except provision of municipal/county council services which had a negative effect. Legal services and company registration had a positive effect as perceived by 55.3 per cent and 50.8 per cent of respondents, respectively. Incentives such as capital investment allowances, investment deductions, tax holidays, capital gains tax exemptions and Manufacturing Under Bond among others which are offered by Government to encourage investments were perceived by 42.8 per cent of respondents to have positive effect on business operations.

Figure 4.15: Effect of Efficiency in Provision of Business Facilitation Services



The negative effect of the municipal/county services was more pronounced in Manufacturing and Accommodation and food services sectors, whereby 51.4 per cent and 71.4 per cent of respondents indicated that it had negative effect. All sectors apart from Accommodation and food services and Wholesale and retail activities sectors indicated incentives had a positive effect (Figure 4.16).

Figure 4.16: Effect of Efficiency in Provision of Business Facilitation Services by Sector



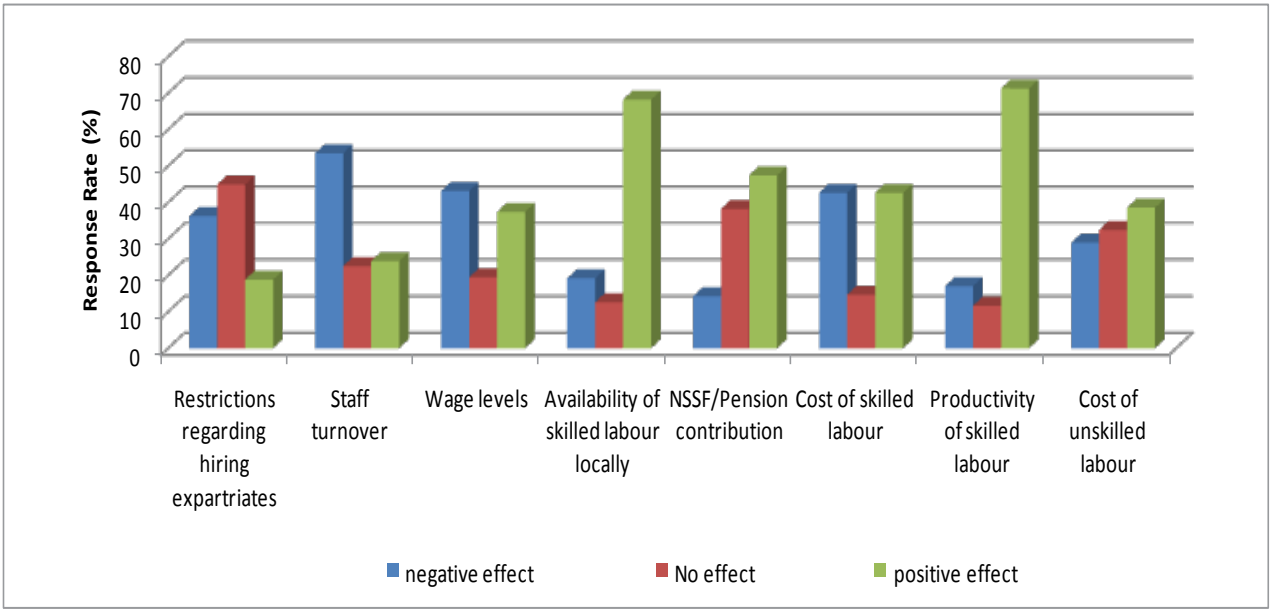
4.4. Effect of labour and health factors on business activities

The quality of labour (skills and health) affect the productivity while cost of labour impact on the profitability of business among other factors of production. Labour availability, productivity and health play an important role in business operations.

4.4.1. Labour factors

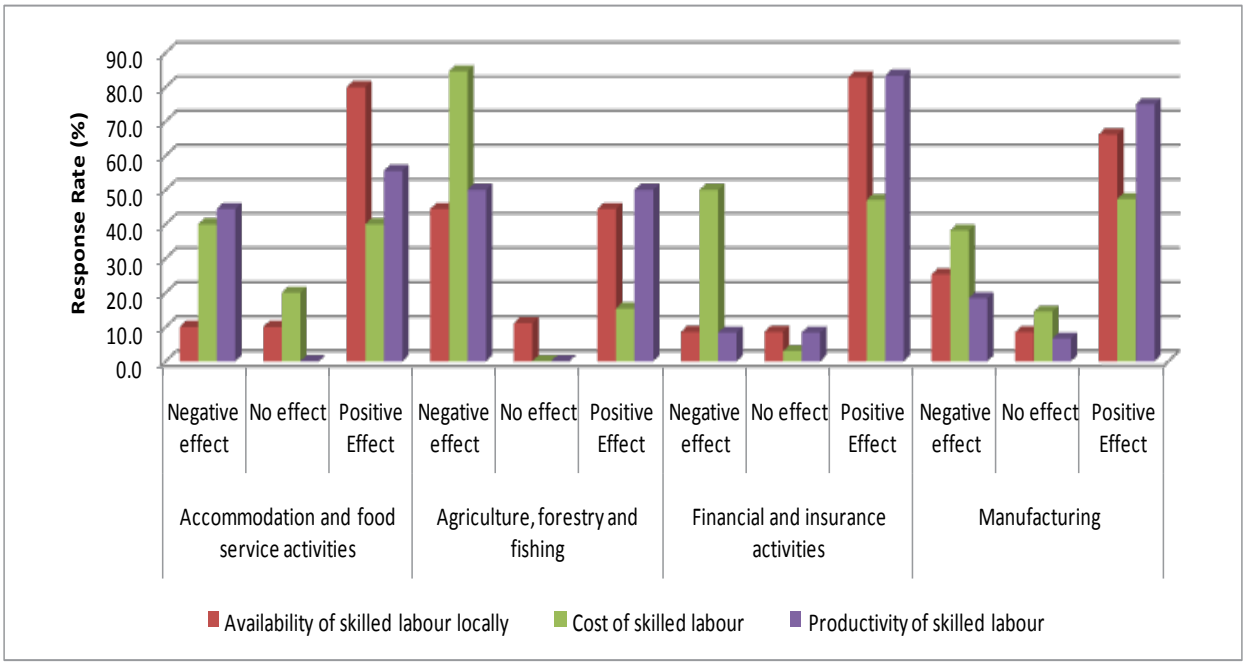
Availability and productivity of skilled labour were indicated as having a positive effect on business operations by 68.2 per cent and 71.3 per cent of respondents, respectively. Staff turnover, cost of skilled labour and wage levels were perceived to have a negative effect on business operations by 53.5, 42.7 and 43.1 per cent of respondents, respectively, as shown in figure 4.17.

Figure 4.17: Effect of Labour Factors on Business Activities



Cost of skilled labour was perceived to have a positive effect on business operations in all sectors except in Finance and insurance sector in which 50.0 per cent of respondents felt that it had a negative effect. All sectors except Agriculture, forestry and fishing sector indicated that availability and productivity of skilled labour had a positive effect as depicted in Figure 4.18.

Figure 4. 18: Effect of Labour Factors by Sector



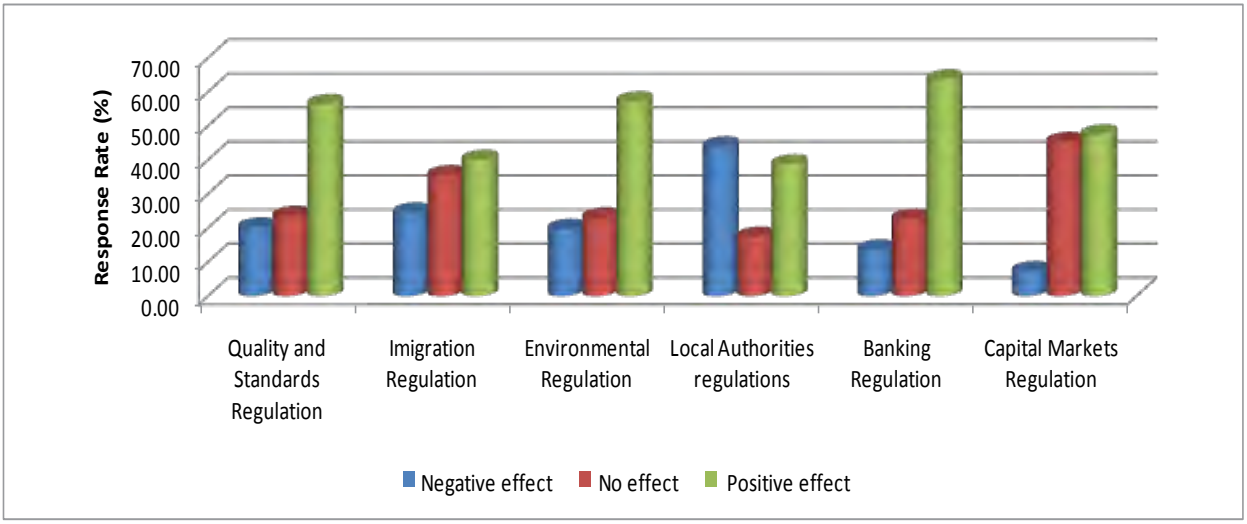
4.5. Efficiency of business regulatory and other bodies

Regulatory bodies are established by the Government to exercise authority in a regulatory or supervisory capacity to protect public interest and ensure safety, while business associations/bodies provide an essential link for co-operation, dialogue and understanding with the Government by advocating for and representing the views and concerns of its members.

4.5.1. Regulatory bodies

As presented in Figure 4.19, banking sector regulation was perceived to be effective by 63.6 per cent of the respondents while 57.2 per cent felt that environmental regulation was effective. Quality and standards regulation was perceived to be effective by 56.3 per cent of the respondents. Regulation by local authorities was perceived to be ineffective by 44.0 per cent of the respondents.

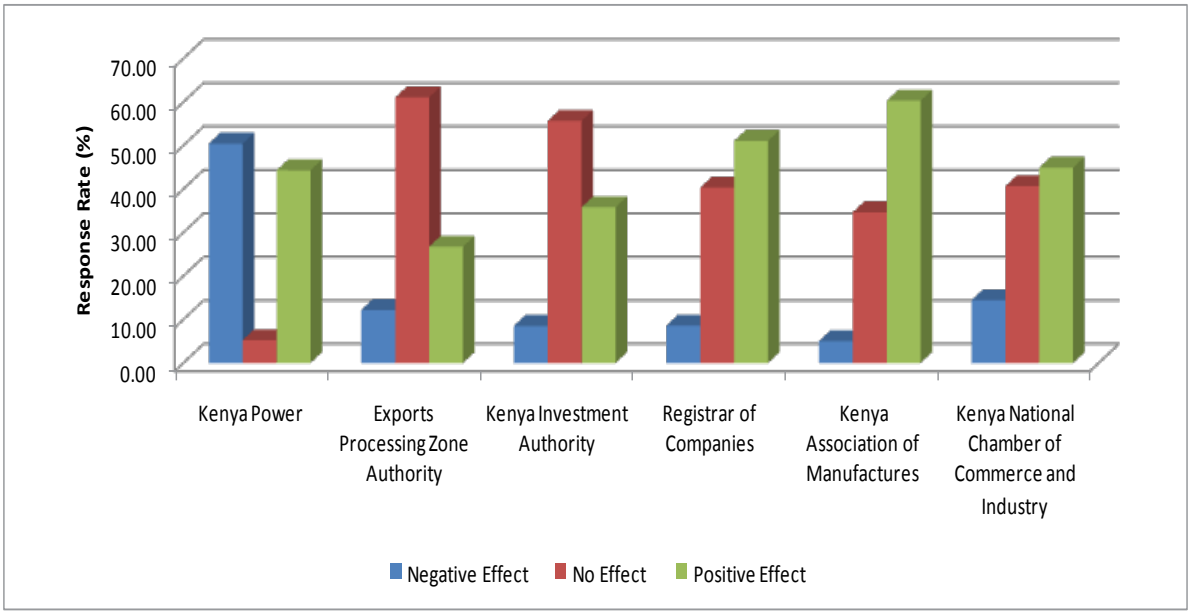
Figure 4.19: Effect of Regulatory Bodies on Business Activities



4.5.2. Business Associations and Facilitation Bodies

The efficiency of facilitation bodies such as KenInvest, EPZA, Registrar of Companies and Kenya Power was found to influence business operations as depicted in Figure 4.20. Registrar of Companies, KenInvest and EPZA were reported to have a positive effect on business operations by 51.1, 35.8 and 26.7 per cent of the respondents, respectively. However, 50.5 per cent of the respondents indicated that Kenya Power had negative effect on their business operations. In general, business associations such as Kenya Association of Manufacturers and Kenya National Chamber of Commerce and Industry were perceived to have a positive effect on business operations.

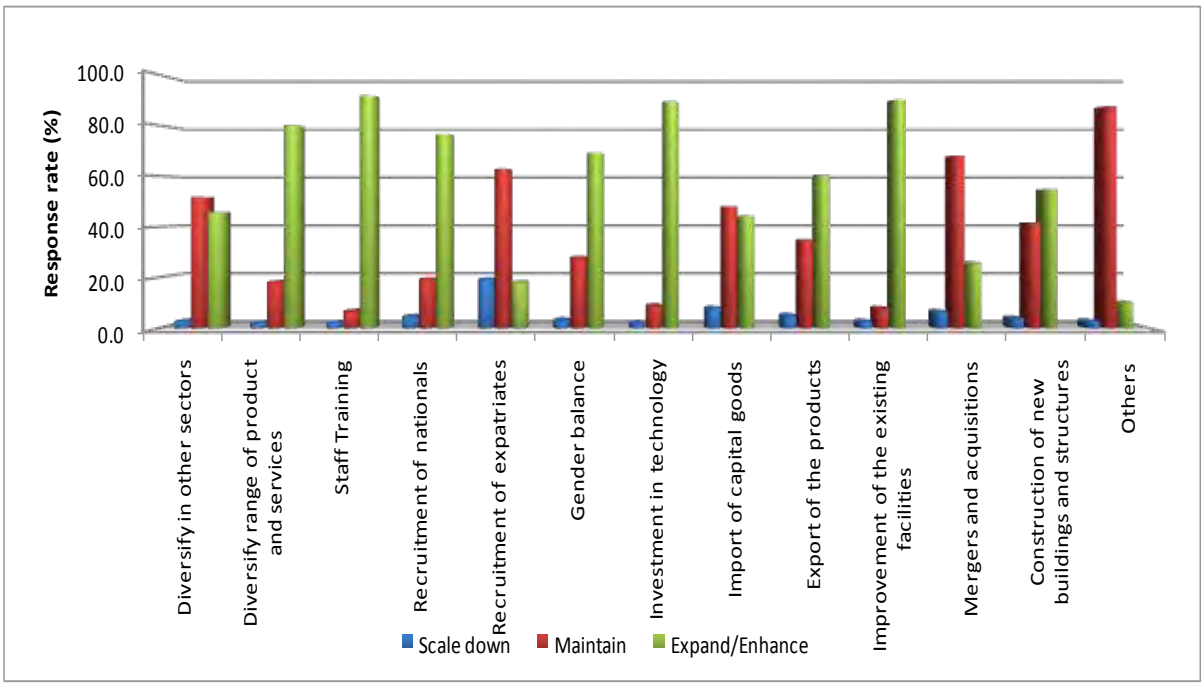
Figure 4.20: Effect of Business Facilitation Bodies



4.5.3. Future Investment Plans by Enterprises

Enterprises were asked to indicate the strategic direction of their investment in the next three years with respect to key aspects including diversification, human resource capacity and development, expansion and innovation. Over 60.0 per cent of the respondents indicated that they would expand on the product and service diversification, staff training, recruitment of nationals, gender balance, investment in technology, export of products and improvement of existing business facilities. Over 45.0 per cent of the respondents indicated that they would maintain status quo in the hiring of expatriates, import of goods and; mergers and acquisitions (Figure 4.21).

Figure 4.21: Future Investment Plans by Enterprises



CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

5.1. CONCLUSION

Foreign Investment Survey 2013 was intended to provide more updated information on the first foreign investment survey 2010. The specific objectives of the survey were to collect data necessary to improve the quality of BOP statistics and compilation of 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 establishments with foreign assets and liabilities (FAL). Additional information on flows was sought from EPZA, Capital Markets Authority (CMA) and KenInvest. The survey was designed to capture data on foreign private capital for the reference period 2009, 2010 and 2011 and investor perceptions on the business environment in 2013.

Foreign Direct Investment in Kenya: Foreign Direct Investment (FDI) inflows into the country maintained an upward trend, increasing from KSh 143,503 million in 2009 to KSh 198,398 million in 2011, depicting 38 percent increase, mainly in the form of Equity and Investment Fund Shares and short term debt instruments. In terms of economic Blocs, COMESA and the European Union remained the major sources of FDI inflows over the review period, whereas in terms of countries Mauritius and UK were the leading source countries. Other notable FDI source countries included Belgium, South Africa, China and US.

Kenya's Investments abroad: Investments abroad by residents increased from KSh 10,158 million in 2009 to KSh 20,662 million in 2011 mainly comprising of FDI in form of short term debt instruments and equity & Investment Fund shares. Africa in particular EAC and COMESA were the main investment destinations accounting for over half of the total investments abroad.

Employment trends: Employment in the surveyed enterprises increased by 25.1 per cent from 193,494 employees in 2010 to 242,074 employees in 2011. Unskilled employees remained the dominant category of employment during the review period. Overall, local employees in the surveyed enterprises constituted over 95.0 per cent of total employees in the review period. Total employee compensation increased from KSh 99,215 million in 2010 to KSh 117, 371 million in 2011.

Trade in Services: Generally, expenditure on services provided by non-residents remained higher than the income received from services rendered to non-residents, over the survey period. In 2011, expenditure on services provided by non-residents was KSh 39,754 million, while income received from services rendered to non-residents stood at KSh 9,443 million.

Investor Perception: Insecurity and crime, corruption, politics, the high cost and inefficient supply of electricity and high interest rates remained the main impediments to growth of investments as indicated by

the survey, in which respondents reported these factors as having a negative effect on their business operations. However, better road transport, efficiency of tax administration and access to domestic markets were reported to have positive impact on business operations. Interestingly, despite domestic interest rates having negative effect, access to domestic finance remained the main source of financing for Investments.

5.2. RECOMMENDATIONS

i. In view of the recent global financial crisis and recent economic turbulence in the Euro Zone Area among other international economic shocks and their linkage with Kenya's economic performance, up to date information on the levels and stocks of foreign capital are crucial in facilitating the making of appropriate policy decisions to cushion the economy against the negative effects of such shocks. In view of this, there is need to consistently carry out similar surveys to ensure that the data is timely, accurate and reliable.

ii. The negative effect of interest rates on business operations is an indication that interest rates are still high in the country which is a deterrent to investments. Efforts need to be taken to address the situation.

iii. There is need to further diversify the FDI sources to minimize the impact of future negative economic shocks arising from concentration of FDI in a limited number of source markets.

iv. Given the finding that unskilled employees remained the dominant category of employment in Kenya during the review period, going forward, there is need to improve the skills set for employees in Kenya in pursuance of a knowledge-based economy.

v. Kenya lags behind towards becoming a service-based economy as envisaged in Vision 2030, given the results of the survey. Kenyans spent more on payments for services rendered by non-residents than the amount received for services offered to non-residents. There is need to focus more on policies and strategies aimed at increasing investments into service-based sectors such as Business Process Outsourcing, ICT and Education, among others.

vi. From the Investor Perception findings, several factors were reported as having a negative impact on business operations. Among these were insecurity and crime, corruption, politics and the high cost and inefficient supply of electricity, among others. There is need to develop and implement necessary interventions to correct the situation.

APPENDICES

Appendix 1

5.3. Glossary of Key Terms and Concepts

Introduction

This section describesthe underlying technical concepts and definitions based on the IMF's *Balance of Payments Manual 5th Edition* (BPM5) and *Balance of Payments & International Investment Position Manual 6th Edition* (BPM 6) 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 summarises 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** (see para 3.4), irrespective of the currency in which the transaction is made.

2. International Investment Position / Stocks

International Investment Position **(IIP)** is a statistical statement that shows at a point in time the value and composition of Kenya's financial **assets** (claims on rest of the world) and **liabilities** (claims by the rest of the world).

3. Residency

A **resident** is any individual, enterprise, or other organisation ordinarily domiciled in Kenya. In other words, its centre of economic activity is in Kenya. For statistical purposes, an individual who lives (or intends to live) in Kenya for more than a year is considered a **resident** of Kenya regardless of the individual's citizenship or nationality. An enterprise 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.

All other entities are regarded as **non-residents** including the following:

1. Individuals or enterprises that have lived or operated abroad for a year or more, regardless of nationality
2. Foreign Governments and bilateral development assistance organizations e.g. DFID, JICA

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

4. Book (Nominal) Value

Book (Nominal) value comprises of authorised and issued share capital at historical cost plus any share premium reserves plus retained earnings plus any other reserves. This concept is familiar to accountants and financial managers, and is known to them as "shareholder funds".

5. Financial Instruments (Equity and Non-Equity)

Financial Instruments include both equity and non-equity.

5.1Equity means shares in companies, and equivalent ownership interest in unincorporated enterprises.

5.2Non-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, shareholderand inter-enterprise loans, arrears of debt or interest, currency and deposits.

6. Foreign Direct Investment

Foreign Direct Investment (FDI) occurs when 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.

Foreign Direct investment therefore indicates "the investments which a resident entity 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.

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

7. 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 per cent of the ordinary shares or the voting rights.

8. Direct Investment Enterprise(DIE) 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. **For inward**

investment, a DIE is a resident enterprise in which a non-resident Direct Investor owns more than 10 % of the total equity of the resident Direct Investment Enterprise. **For outward investment**, a DIE is a non-resident enterprise in which a resident Direct Investor owns more than 10% of the total equity of the non-resident Direct Investment Enterprise. DIE comprise **subsidiaries** (a **non-resident** investor owns more than 50%), **associates** (an investor owns 10%-50%) and **branches** (wholly or jointly owned unincorporated enterprises).

FDI has 3 components, which the survey captures

- Equity which entails ownership of shares or voting rights of 10% and above.
- Reinvested (or Retained) Earnings this denotes income on equity
- Shareholder and Inter-Enterprise Loans / Borrowing. It comprises 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.

9. Direct Investor

A direct investor is an enterprise or group of related enterprises that is able to control or have a significant degree of influence over another enterprise that is resident of a different economy. Control is determined to exist if the direct investor owns more than 50 % of the voting power in the direct investment enterprise (also called a subsidiary). A significant degree of influence is determined to exist if the direct investor owns from 10 to 50 % of the voting power in the direct investment enterprise (also called associate).

10. Direct Investment: is defined as any ownership stake held by a non-resident in your enterprise that is 10per cent or more of total equity. The control or influence may be direct (through ownership of voting power) or indirect (through ownership of enterprises that in turn have voting power).

11. Reverse Investment: for inward investment,reverse investment arises when a resident DIE has claims on its non-resident DI in the form of equity (if less than 10per cent of total equity of the DI) or claims on the DI in the form of debt instruments. For outward investment, reverse investment arises when a non-resident DIE has claims on its resident DI in the form of equity (if less than 10per cent of total equity of the DI) or claims on the DI in the form of debt instruments.

12. Fellow Enterprise (FE)

Forinward investment, reverse investment arises when a resident DIE has claims on its non-resident DI in the form of equity (if less than 10% of total equity of the DI) or claims on the DI in the form of debt instruments. **For outward investment**, reverse investment arises when a non-resident DIE has claims on its resident DI in the form of equity (if less than 10% of total equity of the DI) or claims on the DI in the form of debt instruments.

13. Reinvested (or Retained) Earnings

This is one of the three components of FDI (see para 3.7), and is also referred to as 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.

14. Trade Credit

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

15. Other 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). Repurchase agreements are treated as securitised loan. They consist of the sale (made with the intention that the transaction will be reversed at a specified future date) of a security such as a government bond by one institution to another.

16. Maturity

- ***Short-term***: original contractual maturity of one year or less.
- ***Long-term***: original contractual maturity of more than one year.

17. Investment Fund Shares (IFS)

They are collective investment undertakings through which investors pool funds for investment in financial or non financial assets or both. Thus, investment fund shares or units refer to the shares issued by mutual funds and unit trusts rather than the shares they may hold.

18. Investment income

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

19. Portfolio Investment

This entails ownership of shares/voting rights of less than 10% of the total equity by a non-resident entity.

As with FDI, this is divided into **equity securities and debt (non-equity) securities**. Portfolio investment instruments are tradable or non tradable between **non-residents** and **residents**.

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 shares securities such as certain preference shares if they do not entitle the holder to a specified return (these should be classified as debt and not equity).

19.1.1 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, collateralised mortgage obligations, dual currency bond, zero coupon and other deep discounted bonds, floating rate bonds, and index-linked bonds.

19.1.2 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.

20. Financial derivatives

These are financial instruments whose value is derived from the value of something else (particularly from other financial instruments). They generally take the form of contracts under which the parties agree to payments between them based upon the value of an underlying asset or other data at a particular point in time. The main types of derivatives are futures, forwards, options and swaps.

21. Insurance reserves

They refer to prepayments for unearned insurance premiums or outstanding insurance claims identified that are expected to be paid out and arise from events for which the claims are not yet settled.

22. Standardized Guarantees

Standardized guarantees are defined as those guarantees that are not provided by means of a financial derivative but for which the probability of default can be well established. These guarantees cover similar types of credit risk for a large number of cases. Examples of standardized guarantees include export credit guarantees and student loan guarantees. The guarantors are usually general government units or financial corporations. Because the guarantor provides large numbers of guarantees, it is possible to estimate the risk of default.

Generally it is not possible to estimate precisely the risk of any one loan being in default, but it is possible to make a reliable estimate of how many out of a large number of such loans will default. It is therefore possible

for a guarantor to determine suitable fees to charge for a guarantee working on the same sort of principle as an insurance corporation for which the fees received in respect of many policies cover the losses by a few. Standardized guarantees are used to manage event risk primarily by the pooling, not the trading, of risk.

23. Pension entitlements

These are financial claims that both existing and future pensioners hold against either their employer or a fund.

24. Employee Stock Option

This refers to options to buy equity of a company, offered to employees of the company as a form of remuneration.

25. Investment Fund Shares (IFS): They are collective investment undertakings through which investor's pool funds for investment in financial or non financial assets or both. Thus, investment fund shares or units refer to the shares issued by mutual funds and unit trusts rather than the shares they may hold.

Foreign Investment Survey (FIS) 2013
Questionnaire

Measuring Foreign Investment for Better Policy Formulation and Economic Development

January - April, 2013

Acknowledgement of receipt of the questionnaire	
I, ……of…… *(Name of recipient)* *(Name of enterprise)* Acknowledge receipt of the Foreign Investment Survey (FIS) 2013 questionnaire.	
Title:	
Telephone Number:	
Mobile Number:	
Signature and Stamp:	
Date:	
Interviewer:	
Date for collection of questionnaire and financial statements:	
Thank you for receiving and accepting to fill the questionnaire	

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, and investor perception on the business environment. The data so collected will be used in compiling balance of payments statistics; investment promotion; and policy formulation.

2. Collaborating Institutions

Kenya National Bureau of Statistics (KNBS), Central Bank of Kenya (CBK) and Kenya Investment Authority (KenInvest) are jointly conducting the second Foreign Investment Survey. The survey will collect information on private capital, which includes stocks and flows for the calendar years 2009, 2010 and 2011 and Investor Perceptions.

3. Legal Mandate

These statistics are collected under the Statistics Act 2006 which empowers KNBS to collect and compile Balance of Payments Statistics and the position of Kenya's external assets and liabilities, among other information/data.

4. Offence

Failure to comply constitutes an offence as provided for in the Statistics Act 2006 and results in legal and administrative action.

5. 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 aggregated form. The staff involved are under oath not to disclose any information to a third party.

6. Due Date

Kindly complete the questionnaire within 14 days upon receipt. Our staff will collect the filled questionnaire on the due date or earlier as agreed. Retain the duplicate copy of the questionnaire for your own records.

7. Respondent

The respondents are expected to be the Chief Executives, Finance Managers, Accountants or any other person who is familiar with the enterprises' financial statements.

8. Queries

Queries or assistance regarding the completion of this questionnaire should be addressed by the interviewer.

For more information contact the following office;

Director, Macroeconomic Statistics
Kenya National Bureau of Statistics
Bima House, 11th Floor
Tel. No.: 020- 2224243
Email Address: dmac@knbs.or.ke

B. Guidelines 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. **Enterprise**

   These are enterprises such as companies, branches, partnerships and exploration companies. This questionnaire seeks information on "your enterprise", which has been selected as one of the respondent enterprise.

3. **Residency**

   Residents are individuals, enterprises or any other organizations 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 governments in Kenya.

   Non-Residentsinclude;

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

   (2) Foreign Governments and bilateral development assistance organizations e.g. DFID, JICA

   (3) International organizations with shareholders who are governments of more than one country e.g. World Bank, African Development Bank, International Finance Corporation, etc. If you are not sure of the residency of any organization, please give its name.

4. **Investment Relationship**

   4.1 Direct Investor (DI): it is an enterprise, or group of related enterprises, that is able to control or have a significant degree of influence over another enterprise which is resident in a different economy. Control is said exist if the direct investor owns more than 50 per cent of the voting power in the direct investment enterprise (also called a subsidiary). A significant degree of influence is said to exist if the direct investor owns from 10 to 50 per cent of the voting power in the direct investment enterprise (also called associate).

   4.2 Direct Investment: is defined as any ownership stake held by a non-resident in your enterprise that is 10per cent or more of total equity. The control or influence may be direct (through ownership of voting power) or indirect (through ownership of enterprises that in turn have voting power).

   4.3 Direct Investment Enterprise (DIE):For inward investment, a DIE is a resident enterprise in which a non-resident Direct Investor owns more than 10 per cent of the total equity of the resident Direct Investment Enterprise. **For outward investment,** a DIE is a non-resident enterprise in which a resident Direct Investor owns more than 10per cent of the total equity of the non-resident Direct Investment Enterprise.

   4.4 Reverse Investment: for inward investment, reverse investment arises when a resident DIE has claims on its non-resident DI in the form of equity (if less than 10per cent of total equity of the DI) or claims on the DI in the form of debt instruments. **For outward investment,** reverse investment arises when a non-resident DIE has claims on its resident DI in the form of equity (if less than 10per cent of total equity of the DI) or claims on the DI in the form of debt instruments.

4.5 Fellow Enterprise (FE): For inward investment, these are non-resident investors who have less than 10per cent of the enterprise's equity but are also owned by another non-resident enterprise that is a DI in your enterprise. **For outward investment,** these are subsidiaries of your resident Direct Investor that have claims on a non-resident DIE owned by your resident DI in the form of equity (if less than 10per cent of the equity issued by the non-resident DIE) and claims in the form of debt instruments on the non-resident DIE.

4.6 Portfolio Investment (PI): Entails ownership of shares/voting rights of less than 10per cent of the total equity by a non-resident enterprise.

4.7 Investment Fund Shares (IFS): They are collective investment undertakings through which investors pool funds for investment in financial or non financial assets or both. Thus, investment fund shares or units refer to the shares issued by mutual funds and unit trusts rather than the shares they may hold.

5. Reporting Period

The questionnaire seeks information on balances with nonresidents as at end of December 2008, 2009, 2010 and 2011 and for transactions with nonresidents taking place in 2009, 2010 and 2011. If you are unable to provide the required information on calendar year basis, please provide the information on the basis of your accounting year as required in question 1.10.

6. Financial Statements

Kindly attach the copies of your Financial Statements for the years 2009, 2010 and 2011 to the completed questionnaire.

7. Valuation Principles

7.1 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 appropriate exchange rates at the time of the transaction.

7.2 Shareholders' Funds

Should be reported on book value basis.

7.3 Loans and Trade Credit (assets and liabilities)

Please report on nominal value basis (book value).

7.4 Debt Securities Issued

Report the market value of the securities issued at the balance sheet date for positions. If market value is not available, report book or redemption values. For transactions, report amounts raised at issue or redemptions as appropriate.

7.5 Debt and equity securities held

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

8. 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 33.

Section 1. General Information of the Enterprise

1.1Nameof Enterprise: … … … … … … … … … … … … … … … … … ….… … … … … … … … …

1.2 Physical Address:
Street/Building… … … … … … … ….City/Town… … ….… … … … … …County… … … … …

1.3 Postal Address: … … …,… ….… ….. Postal Code… … … ….… … … … … … …

1.4 Email Address: ….….

1.5Tel. No. … … ….…. … … Mobile No.… … … … … … …. Fax No. : … … … … … ….

1.6Website of Enterprise: ….….… … … … ….….….… … … … … … … … … … … … … …

1.7Name of person completing the questionnaire: … … … … … … … … … … … … … … ….

Designation:… … … … …. … … … … … Email Address: … … … … … … … … … … … … … … ….

Tel No.: … … … … … … … … … … … … …. Mobile No. : … … … … … … … ….… … … … … ….…

1.8Name of Alternative Contact Person: … … … … … ….… … … … … … …. … … ….….….…

Designation : … … … … ….… … … … … … …Email Address: … … … … … ….… … … … … …

Tel No… … … … … … … … … … : … … … … … Mobile No.: … … … … … … … … ….… … … ….

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

Name of Firm : …
Postal Address: … … … … … … … … … … … …. Postal Code… … … … … City/Town… … … … … … … … ….

Email Address: … … … … … … … … … … … … … … Tel No: … ….… … … …
Mobile No: … … … … … … … … … … … … . Fax: … … … … … … … … … … … … …

1.10 What is your enterprise's financial reporting period? … … … … … … … … … … …

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 enterprises in the Group:(In case the group has more than 6 enterprises, please mention them in the comment box on page 33)

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

1.13 Data for the local group (consolidated) is acceptable when all enterprises in the group are residents in Kenya but where the local group's activities cover more than one area of activity; please submit a separate return for each line of business.

You are supplying data for: (tick one)

1.Unconsolidated for this enterprise only on this questionnaire (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 Enterprise Turnover for 2009, 2010 and 2011 in KSh

Please enter the total turnover of your enterprise for the years 2009, 2010 and 2011				
	Year	2011	2010	2009
	Total Turnover			

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

Industrial Classification (ISIC Rev 4)	Tick sector	per cent share contribution to enterprise's turnover
A. Agriculture, forestry and fishing		
01. Crop and animal production, hunting and related activities		
02. Forestry and logging		
03. Fishing and aquaculture		
B. Mining and quarrying		
05. Mining of coal and lignite		
06. Extraction of crude petroleum and natural gas		
07. Mining of metal ores		
08. Other mining and quarrying		
09. Mining support service activities		
C. Manufacturing		
10. Manufacturing of food products		
11. Manufacture of beverages		
12. Manufacture of tobacco products		
13. Manufacture of textiles		
14. Manufacture of wearing apparel		
15. Manufacture of leather and related products		
16. Manufacture of wood and of products of wood and cork		
17. Manufacture of paper and paper products		
18. Printing and reproduction of recorded media		
19. Manufacture of coke and refined petroleum products		
20. Manufacture of chemical and chemical products		
21. Manufacture of pharmaceuticals ,medicinal chemical and botanical products		
22. Manufacture of rubber and plastic products		
23. Manufacture of other non-metallic mineral products		
24. Manufacture of basic metals		
25.Manufacture of fabricated metal products, except machinery		
26. Manufacture of computer, electronic and optical products		
27. Manufacture of electrical equipment		
28. Manufacture of machinery and equipment		
29. Manufacture of motor vehicles, trailers and semi-trailers		
30. Manufacture of other transport equipment		
31. Manufacture of furniture		
32. Other manufacturing		
33. Repairs and installation of machinery and equipment		
D. Electricity, gas and air conditioning supply		
35.Electricity, gas and air conditioning supply		
E. Water supply; sewerage, waste management and remediation activities		
36.Water collection, treatment and supply		
37.Sewerage		
38.Waste collection, treatment and disposal activities		
39.Remediation activities and other waste management		
F. Construction		
41. Construction of buildings		
42.Civil engineering		
43.Specialized construction activities Construction		
G. Wholesale & retail trade; repair of motor vehicles and motorcycles services		

45.Trade and repair of motor vehicles and motorcycles		
46.Whole sale trade, except of motor vehicles and motorcycles		
47.Retail trade, except of motor vehicles and motorcycles		
H. Transportation and Storage		
49. Land transport and transport via pipeline		
50. Water transport		
51. Air transport		
52. Warehousing and support activities for transportation		
53. Postal and courier activities		
I. Accommodation and food service activities services		
55. Accommodation		
56. Food and beverage service activities		
J. Information and communication		
58. Publishing activities		
59. Motion picture, videos and television programme production , sound recording and music publishing		
60. Programming and broadcasting activities		
61. Telecommunications		
62. Computer programming, consultancy and related activities		
63. Information service activities		
K. Finance and Insurance activities covered above		
64. Financial service activities, except insurance and pension funding		
65. Insurance, reinsurance and pension funding, except compulsory social security		
66. Activities auxiliary to financial service and insurance		
L. Real estate activities		
68. Real estate activities		
M. Professional, scientific and technical activities		
69. Legal and accounting activities		
70. Activities of head office; management consultancy		
71. Architectural and engineering activities; technical testing		
72. Science research and development		
73. Advertising and market research		
74. Other professional, scientific and technical activities		
75. Veterinary activities		
N. Administrative and support service activities		
77. Rental and leasing activities		
78. Employment activities		
79. Travel agency and tour operator, reservation service and		
80. Security and investigation activities		
81. Services related to building and landscape activities		
82. office administrative, office support and other business		
P. Education		
85. Education		
Q. Human Health and Social work activities		
86. Human health activities		
87. Residential care activities		
88. Social work activities without accommodation		

R. Arts, entertainment and recreation		
90. Creative, art and entertainment activities		
91. Libraries, archives, museum and other cultural activities		
92. Gambling and betting activities		
93. Sports, amusement and recreation activities		
S. Other service activities		
94. Activities of membership organizations		
95. Repair of computers and personal and household goods		
96. Other personal service activities		
Others Others (Specify)		

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

(a) Number of employees as at 30th June 2008, 2009, 2010 and 2011.

	Nature of Employment	2011				2010			
		Local		Foreign		Local		Foreign	
		Male	Female	Male	Female	Male	Female	Male	Female
1	Managerial/Supervisory								
2	Skilled/Technical								
3	Unskilled/Casual								
	Total								

	Nature of Employment	2009				2008			
		Local		Foreign		Local		Foreign	
		Male	Female	Male	Female	Male	Female	Male	Female
1	Managerial/Supervisory								
2	Skilled/Technical								
3	Unskilled/Casual								
	Total								

(b) Employee Compensation in KSh

	Type of Compensation	2011	2010	2009	2008
1	Salaries and wages				
2	Fringe benefits				
3	NSSF/Pension				
4	Directors' fees				
5	Other (Specify)				
	Total				

1.17. Total Values of Imports and Exports in KSh

Please enter the values (in KSh) of imports and exports during 2009, 2010 and 2011 in the spaces provided.

Values of Imports (CIF) and Exports (FOB) in KSh

No		2011	2010	2009
.	**Total Import of goods**			
.	**Total exports of goods**			

1.18 Shareholding Structure of Equity of Your Enterprise.

Name of Share holder	Country of Residence	per cent Shareholding			
		31 Dec. 2008	31 Dec. 2009	31 Dec. 2010	31 Dec. 2011
1					
2					
3					
4					
5					
6					
Total		**100.0**	**100.0**	**100.0**	**100.0**

1.19 Net Profits/Loss, Dividends and Retained Earnings during 2009, 2010 and 2011 in KSh

No.	Item	2011	2010	2009
1.	Net profit/loss (after tax) for the year			
2.	Total dividends declared for the year			
3.	Total dividends paid / profits remitted during the year			
4.	Total retained earnings for the year ***(1 – 2)***			

1.20 Please report Book Value of the shareholders' equity (Amount in KSh)

	31 Dec. 2008	***31 Dec. 2009***	***31 Dec. 2010***	***31 Dec. 2011***
1. Paid-up Share Capital				
2. Share Premium				
3. Accumulated retained earnings/loss				
4. Revaluations				
*5. Others**				
Total Book Value				
****Others - any other equity component e.g. unremitted dividends, debt equity swaps, deposits by shareholders etc***				

Section 2: Inward Investment/Foreign Liabilities

Please complete this section if your enterprise in Kenya had non-resident shareholders for the years 2008, 2009, 2010 and 2011. Report all values of foreign equity investments in Kenya shillings. The following abbreviations are used in the subsequent tables *(Refer to section B on guidelines for definitions)*

Abbreviations	Relationship
DI	Direct Investor
DIE	Direct Investment Enterprise
FE	Fellow Enterprise
PI	Portfolio Investment
OI	Other Investment
IFS	Investment Fund Shares

2.1 Please complete this table for all resident DIEs that are owned by a non-resident DI (which owns 10per cent or more of the equity or equivalent voting rights in your enterprise (Foreign Direct Investment) as at end 2008, 2009, 2010 and 2011 and associated transactions during 2009, 2010 and 2011.

			Direct Investor (DI)		
No.	**Item**		**1**	**2**	**3**
1.	Country of residence / International Organisation				
2.	Per centage shareholding (per cent)				
			Amount in KSh		
3.	**Share of Book Value of Equity as at 31st December 2008:**				
	o/w:	*Paid-up Share Capital:*			
		Share Premium:			
		Accumulated retained earnings/loss			
		Revaluations:			
		Others:*			
4.	Purchases of shares by non-residents in your enterprise during 2009 (inwards)				
5.	Sales of shares by non-residents in your enterprise during 2009 (outwards)				
6.	Retained Earnings/Loss during 2009				
7.	**Official Use Only** Other Changes				

8.	**Share of Book Value of Equity as at 31st December 2009**				
	o/w:	*Paid-up Share Capital:*			
		Share Premium:			
		Accumulated retained earnings/loss			
		Revaluations:			
		Others:*			
9.	Purchases of shares by non-residents in your enterprise during 2010 (inwards)				
10.	Sales of shares by non-residents in your enterprise during 2010 (outwards)				
11.	Retained Earnings/Loss during 2010				
12.	**Official Use Only** Other Changes				
13.	**Share of Book Value of Equity as at 31st December 2010**				
	o/w:	*Paid-up Share Capital:*			
		Share Premium:			
		Accumulated retained earnings/loss			
		Revaluations:			
		Others:*			
14.	Purchases of shares by non-residents in your enterprise during 2011 (inwards)				
15.	Sales of shares by non-residents in your enterprise during 2011 (outwards)				
16.	Retained Earnings/Loss during 2011				
17.	**Official Use Only** Other Changes				
18.	**Share of Book Value of Equity as at 31st December 2011**				
	o/w:	*Paid-up Share Capital:*			
		Share Premium:			
		Accumulated retained earnings/loss			
		Revaluations:			
		Others:*			

**Others - any other equity component e.g. unremitted dividends, debt equity swaps, deposits by shareholders etc*

Note: In case you have more than three non-residents DIs investing in your enterprise, please provide data on separate page(s) or sheet(s). In case the shareholding structure and country of residence has changed in the last three years, please provide the information on a separate sheet.

2.2 Provide aggregate data by country for all non-resident enterprises each owning less than 10per cent of the shares or equivalent voting rights in your enterprise as at end 2008, 2009, 2010 and 2011 and associated transactions during 2009, 2010 and 2011.

No.	Item				
1.	Country of residence/ International Organization				
2.	Percentage shareholding (per cent)				
3.	Type of investor i.e. Direct Investment Enterprise (DIE), Fellow Enterprise (FE), or Portfolio Investment (PI)				
				Amount in KSh	
4.	**Share of Book Value of Equity as at 31st December 2008:**				
	o/w:	*Paid-up Share Capital:*			
		Share Premium:			
		Accumulated retained earnings/loss			
		Revaluations:			
		Others:*			
5.	Purchases of shares by non-residents in your enterprise during 2009 (inwards)				
6.	Sales of shares by non-residents in your enterprise during 2009 (outwards)				
7.	Retained Earnings/Loss during 2009				
8.	**Official Use Only** Other Changes				
9.	**Share of Book Value of Equity as at 31st December 2009**				
	o/w:	*Paid-up Share Capital:*			
		Share Premium:			
		Accumulated retained earnings/loss			
		Revaluations:			
		Others:*			
10.	Purchases of shares by non-residents in your enterprise during 2010 (inwards)				
11.	Sales of shares by non-residents in your enterprise during 2010 (outwards)				

12.	Retained Earnings/Loss during 2010				
13.	**Official Use Only** Other Changes				
14.	**Share of Book Value of Equity as at 31st December 2010**				
	o/w:	*Paid-up Share Capital:*			
		Share Premium:			
		Accumulated retained earnings/loss			
		Revaluations:			
		Others:*			
15.	Purchases of shares by non-residents in your enterprise during 2011 (inwards)				
16.	Sales of shares by non-residents in your enterprise during 2011 (outwards)				
17.	Retained Earnings/Loss during 2011				
18.	**Official Use Only** Other Changes				
19.	**Share of Book Value of Equity as at 31st December 2011**				
	o/w:	*Paid-up Share Capital:*			
		Share Premium:			
		Accumulated retained earnings/loss			
		Revaluations:			
		Others:*			

**** Others** - any other equity component e.g. unremitted dividends, debt equity swaps, deposits by shareholders etc.*

*Note: **In case you have more than three countries investing in your enterprise and different types of investors, please provide data on separate page or sheet.***

2.3 Non-Equity Liabilities from Non-Residents

2.3.1 Long-term external liabilities comprise of loans, trade credits and advances, accounts payable and debt securities (bonds, notes, bills etc). These are liabilities with original maturity of 12 months or more.

Please provide total outstanding balances as at end-December 2008, 2009, 2010 and 2011, and transactionsduring 2009, 2010 and 2011, for each individual non-equity external long-term obligation (debt instrument).

No	Particulars	Debt Instrument 1	Debt Instrument 2	Debt Instrument 3	Debt Instrument 4
1.	**Debt type***				
2.	Creditor type**				
3.	Creditor country/International organization				
4.	**Original currency of liability**				
5.	Total debt amount (original contracted)				
6.	Interest rate				
7.	**Outstanding balance as at 31st December 2008**				
	o/w: *Balance of principal*				
8.	Debt received from non-residents during 2009 (Disbursements)				
9.	Debt repaid to non-residents during 2009 (Principal repayments)				
10.	Interest paid during 2009				
11.	Fees and commission paid in 2009				
12.	**Official Use Only** Other Changes				
13.	**Outstanding balance as at 31st December 2009**				
	o/w: *Balance of principal*				
14.	Debt received from non-residents during 2010 (Disbursements)				
15.	Debt repaid to non-residents during 2010 (Principal repayments)				
16.	Interest paid during 2010				
17.	Fees and commission paid in 2010				
18.	**Official Use Only** Other Changes				
19.	**Outstanding balance as at 31st December 2010**				
	o/w: *Balance of principal*				
20.	Debt received from non-residents during 2011 (Disbursements)				
21.	Debt repaid to non-residents during 2011 (Principal repayments)				

22.	Interest paid during 2011					
23.	Fees and commission paid in 2011					
24.	**Official Use Only** Other Changes					
25.	**Outstanding balance as at 31st December 2011**					
	o/w:	*Balance of principal*				

Debt type include: Loans, trade credits and advances, accounts payable and debt securities (e.g. bonds, bills, notes etc)

Creditor type can either be: Direct Investor (DI), or Direct Investment Enterprise (DIE), or Fellow Enterprise (FE) or Unrelated Enterprise (UE)

Note: In case you have more than four debt instruments in your enterprise, please provide data on separate page(s) or sheet(s).

2.3.2 Short-term external debt liabilities - loans, trade credits and advances, accounts payable and debt securities.

Short-term debt liabilities constitute loans, trade credits and advances, accounts payable and debt securities with original maturity of less than 12 months. Please provide total outstanding balances as at end- 2008, 2009, 2010 and 2011, and transactionsduring 2009, 2010 and 2011, for each individual non-equity external short-term obligation (debt instrument).

No.	Particulars	Debt Instrument 1	Debt Instrument 2	Debt Instrument 3	Debt Instrument 4
1.	**Debt type***				
2.	Creditor type**				
3.	Creditor country/International organization				
4.	**Original currency of liability**				
5.	Total debt amount (original contracted)				
6.	Interest rate				
7.	**Outstanding balance as at 31st December 2008**				
	o/w: *Balance of principal*				
8.	Debt received from non-residents during 2009 (Disbursements)				
9.	Debt repaid to non-residents during 2009 (Principal repayments)				
10.	Interest paid during 2009				
11.	Fees and commission paid in 2009				
12.	**Official Use Only** Other Changes				
13.	**Outstanding balance as at 31st December 2009**				
	o/w: *Balance of principal*				
14.	Debt received from non-residents during 2010 (Disbursements)				
15.	Debt repaid to non-residents during 2010 (Principal repayments)				
16.	Interest paid during 2010				
17.	Fees and commission paid in 2010				
18.	**Official Use Only** Other Changes				
19.	**Outstanding balance as at 31st December 2010**				
	o/w: *Balance of principal*				
20.	Debt received from non-residents during 2011 (Disbursements)				
21.	Debt repaid to non-residents during 2011 (Principal repayments)				

22.	Interest paid during 2011					
23.	Fees and commission paid in 2011					
24.	**Official Use Only** Other Changes					
25.	**Outstanding balance as at 31st December 2011**					
	o/w:	*Balance of principal*				

Debt type include: Loans, trade credits and advances, accounts payable and debt securities (e.g. bonds, bills, notes etc)

Creditor type can either be: Direct Investor (DI), or Direct Investment Enterprise (DIE), or Fellow Enterprise (FE) or Unrelated Enterprise.

Note: In case you have more than four debt instruments, please provide data on separate page(s) or sheet(s).

2.4 Other liabilities from non-residents other than equity, loans, trade credits and advances, accounts payable and debt securities

Other liabilities from non-residents may include: insurance reserves, pension entitlements, standardized guarantees, employee stock options, investment fund shares, and financial derivatives. Please providetotal outstanding amounts as at end- 2008, 2009, 2010 and 2011 and transactionsduring 2009, 2010 and 2011 for each individual liability.

Note:

Definition of other liabilities:

i) ***Insurance reserves:*** refer to prepayments for unearned insurance premiums or outstanding insurance claims identified that are expected to be paid out and arise from events for which the claims are not yet settled.

ii) ***Pension entitlements:*** refer tofinancial claims that both existing and future pensioners hold against either their employer or a fund.

iii) ***Employee Stock Option:*** refer to options to buy equity of a company, offered to employees of the company as a form ofremuneration.

iv) ***Investment Fund Shares:*** are collective investment undertakings through which investors pool funds for investment in financial or non financial assets or both. Thus, investment fund shares or units refer to the shares issued by mutual funds and unit trusts rather than the shares they may hold.

v) ***Financial Derivatives:*** are financial instruments whose value is derived from the value of something else (mostly from other financial instruments). They generally take the form of contracts under which the parties agree to payments between them based upon the value of an underlying asset at a particular point in time. The main types of derivatives are futures, forwards, options and swaps.

vi) ***Standardized guarantees:*** Standardized guarantees are defined as those guarantees that are not provided by means of a financial derivative but for which the probability of default can be well established. These guarantees cover similar types of credit risk for a large number of cases. Examples of standardized guarantees include export credit guarantees and student loan guarantees. The guarantors are usually general government units or financial corporations. Because the guarantor provides large numbers of guarantees, it is possible to estimate the risk of default.

Please complete the table below if your enterprise acquired liabilities (excluding equity, loans, trade credits and advances, accounts payable, debt securities) from non-resident enterprises or individuals.

	Item	Other liabilities from non-residents		
1.	Type of liability *(namely; insurance reserves, pension entitlements, standardised guarantees, employee stock option, Investment Fund Shares, and financial derivatives)*			
2.	Creditor type*			
3.	Creditor country / International Organization of counterpart			
		Amount in KSh		
4.	**Outstanding balance as at 31st December 2008**			
5.	Value of liability received from non-residents during 2009			
6.	Settled liabilities during 2009			
7.	Interest paid on liability holding during 2009 *(please provide this if applicable to the liabilities held)*			
8.	**Official Use Only** Other Changes			
9.	**Outstanding balance as at 31st December 2009**			
10.	Value of liability received from non-residents during 2010			
11.	Settled liabilities during 2010			
12.	Interest paid on liability holding during 2010 *(please provide this if applicable to the liabilities held)*			
13.	**Official Use Only** Other Changes			
14.	**Outstanding balance as at 31st December 2010**			
15.	Value of liability received from non-residents during 2011			
16.	Settled liabilities during 2011			
17.	Interest paid on liability holding during 2011 *(please provide this if applicable to the liabilities held)*			
18.	**Official Use Only** Other Changes			
19.	**Outstanding balance as at 31st December 2011**			
Creditor type can either be: Direct Investor (DI),or Direct Investment Enterprise (DIE), or Fellow Enterprise (FE) or Unrelated Enterprise (UE)				

Section 3: Investment (Assets) Abroad by the Enterprise

3.1 Holdings of shares by your enterprise in non-resident enterprises

Please complete the table as follows:

- In *Column A*, please provide data on your holdings of shares in each of the non-resident enterprises where you hold 10per cent or more.
- In *Column B*, please provide data for your holdings of shares in each of the non-resident enterprises where you hold less than 10per cent.

Please provide total outstanding amounts as at end- 2008, 2009, 2010 and 2011 and transactionsduring 2009, 2010 and 2011 for each individual asset.

No	Item		Equity held by your enterprise			
			A. Holdings of 10per cent or more		B. Holdings of less than 10per cent	
1.	Name of enterprise					
2.	Country of investment /International Organisations					
			Amount in KSh			
3.	**Share of Book value of equity as at 31st December 2008**					
	O/w:	*Paid-up Share Capital:*				
		Share Premium:				
		Accumulated Retained earnings				
		Revaluations:				
		Others:				
4.	Purchases of shares in non-resident enterprises by your enterprise during 2009 (outwards)					
5.	Sales of enterprise shares in non-resident enterprises during 2009 (inwards)					
6.	Retained Earnings/Loss during 2009					
7.	**Official Use Only** Other Changes					
8.	**Share of Book value of equity as at 31st December 2009**					
	O/w:	*Paid-up Share Capital:*				
		Share Premium:				
		Accumulated Retained earnings				

		Revaluations:				
		Others:				
9.	Dividends received during 2009					
10.	Purchases of shares in non-resident enterprises by your enterprise during 2010 (outwards)					
11.	Sales of enterprise shares in non-resident enterprises during 2010 (inwards)					
12.	Retained Earnings/Loss during 2010					
13.	**Official Use Only** Other Changes					
14.	**Share of Book value of equity as at 31st December 2010**					
	O/w:	*Paid-up Share Capital:*				
		Share Premium:				
		Accumulated Retained earnings				
		Revaluations:				
		Others:				
15.	Dividends received during 2010					
16.	Purchases of shares in non-resident enterprises by your enterprise during 2011 (outwards)					
17.	Sales of enterprise shares in non-resident enterprises during 2011 (inwards)					
18.	Retained Earnings/Loss during 2011					
19.	**Official Use Only** Other Changes					
20.	**Share of Book value of equity as at 31st December 2011**					
	O/w:	*Paid-up Share Capital:*				
		Share Premium:				
		Accumulated Retained earnings				
		Revaluations:				
		Others:				
21.	Dividends received during 2011					

Note:In case you hold direct or portfolio equity in more than two enterprises please provide data on a separate page or sheet to be provided by the interviewer.

3.2. External debt assets in form of loans, trade credits and advances, accounts receivable and debt securities

External debt assets comprise the enterprise's long-term and short-term debt assets. Long-term debt assets constitute loans, trade credits and advances, accounts receivable, currency and deposits and debt securities (bonds, notes, bills etc) with original maturity of 12 months or more while short-term debt have original maturity of less than 12 months. Providetotal outstanding asset balances as at end-2008, 2009, 2010 and 2011 and transactionsduring 2009, 2010 and 2011 for each individual debt asset.

No	Items		Assets 1	Asset 2	Asset 3	Assets 4
1.	Debtor type*					
2.	**Debt type****					
3.	Tenure [ST – short term or LT – long term]					
4.	**Debtor country of residence / International Organization**					
5.	**Original debt currency**					
6.	Interest rate					
			Amount in KSh			
7.	**Outstanding balance as at 31st Dec 2008**					
	O/w:	*Balance of principal*				
8.	Debt extended to non-residents during 2009 (Disbursements)					
9.	Debt repaid by non-residents during 2009 (Principal repayments)					
10.	Interest received during 2009					
11.	Fees and commissions received in 2009					
12.	**Official Use Only** Other Changes					
13.	**Outstanding balance as at 31st Dec 2009**					
	O/w:	*Balance of principal*				
14.	Debt extended to non-residents during 2010 (Disbursements)					
15.	Debt repaid by non-residents during 2010 (Principal repayments)					
16.	Interest received during 2010					
17.	Fees and commissions received in 2010					
18.	**Official Use Only** Other Changes					
19.	**Outstanding balance as at 31st Dec 2010**					
	O/w:	*Balance of principal*				
20.	Debt extended to non-residents during 2011 (Disbursements)					
21.	Debt repaid by non-residents during 2011 (Principal repayments)					
22.	Interest received during 2011					
23.	Fees and commissions received in 2011					
24.	**Official Use Only** Other Changes					
25.	**Outstanding balance as at 31st Dec 2011**					

	O/w:	*Balance of principal*				

**** Debtor type can be either: Direct Investor (DI), or Direct Investment Enterprise (DIE),or Fellow Enterprise (FE) or Unrelated Enterprise(UE)***
***** Debt type includes; loans, trade credits and advances, accounts receivable, currency and deposits, and Debt security (e.g. bonds, bills, notes etc)***
Note: In case your enterprise lends to non-residents more than four debt types, please provide data on separate page or sheet.

3.3 Other assets from non-residents other than equity, loans, trade credits and advances, account receivable and debt securities

Other assets acquired from non-residents may include: insurance reserves, pension entitlements and standardized guarantees, employee stock options, investment fund shares, and financial derivatives. Provide total outstanding balances as at end-2008, 2009, 2010 and 2011 and transactionsduring 2009, 2010 and 2011 for each individual asset.

No.	Item	Assets 1	Asset 2	Asset 3
1.	Type of Assets* *(namely; insurance reserve, pension entitlement and standardized guarantees, employee stock option, investment fund shares, and financial derivatives)*			
2.	**Debtor type****			
3.	Debtor Country / International Organization of counterpart			
		Amount in KSh		
4.	**Outstanding balance as at 31 December 2008**			
5.	Value of asset acquired from non-residents during 2009			
6.	Settlements (repayments) during 2009			
7.	Interest received on other assets during 2009 *(please provide amounts for applicable assets)*			
8.	**Official Use Only** Other Changes			
9.	**Outstanding balance as at 31 December 2009**			
5.	Value of asset acquired from non-residents during 2010			
6.	Settlements (repayments) during 2010			
7.	Interest received on other assets during 2010 *(please provide amounts for applicable assets)*			
8.	**Official Use Only** Other Changes			

9.	**Outstanding balance as at 31 December 2010**			
5.	Value of asset acquired from non-residents during 2011			
6.	Settlements (repayments) during 2011			
7.	Interest received on other assets during 2011 *(please provide amounts for applicable assets)*			
8.	**Official Use Only** Other Changes			
9.	**Outstanding balance as at 31 December 2011**			

Refer to Page 21 for the definitions of some of these terms.

*** Debtor type can be either: Direct Investor (DI), or Direct Investment Enterprise (DIE), or Fellow Enterprise (FE) or Unrelated enterprise (UE)***

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 during 2009, 2010 and 2011

Type of service	Amount (KSh) paid during		
	2011	2010	2009
1. Manufacturing services on physical inputs owned by others			
2. Maintenance and repair services n.i.e			
3. Transport services			
4. Construction services			
5. Insurance and pension services			
6. Financial services			
7. Charges for the use of intellectual property n.i.e			
8 . Telecommunications, computer and information services			
9. Other business services			
10. Personal, cultural and recreational services			
11. Others (Specify)			
Total			

4.2. Please indicate in the table below how much your enterprise received for services it rendered to non-residents during 2009, 2010 and 2011

	Amount (KSh) received during		
Type of service	**2011**	**2010**	**2009**
1. Manufacturing services on physical inputs owned by others			
2. Maintenance and repair services n.i.e			
3. Transport services			
4. Construction services			
5. Insurance and pension services			
6. Financial services			
7. Charges for the use of intellectual property n.i.e			
8. Telecommunications, computer and information services			
9. Other business services			
10. Personal, cultural and recreational services			
11. Others (Specify)			
Total			

Section 5: Investor Perceptions

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 -2 to +2 where:

+2 = "Strong positive effect", +1 = "Limited positive effect", 0 = "No effect", -1 = "Limited negative effect" and -2 = "Strong negative effect"

5.1	Effect of Economic and Financial Factors to your business			
	Factor	Rating		Reason
5.1.1	Domestic market size	( )		
5.1.2	Smuggling/Counterfeit	( )		
5.1.3	Corruption	( )		
5.1.4	Competition with imports	( )		
5.1.5	Access to international markets	( )		
5.1.6	Corporate tax/VAT	( )		
5.1.7	Customs and excise duty	( )		
5.1.8	Interest rates	( )		
5.1.9	Inflation	( )		
5.1.10	Exchange rate	( )		
5.1.11	Access to local business finance/credit	( )		
5.1.12	Access to international finance	( )		
5.1.13	Access to regional business finance	( )		
5.1.14	Security and Crime	( )		
5.1.15	Politics/elections	( )		
5.1.16	others (specify)	( )		

5.2	Efficiency and cost of the following support services			
		Rating		
	Factor	Efficiency	Cost	Comments
5.2.1	Air Transport	( )		
5.2.2	Railway Transport	( )		
5.2.3	Roads Transport	( )		
5.2.4	Water Transport	( )		
5.2.5	Water Supply	( )		
5.2.6	Electricity Supply	( )		
5.2.7	Postal Services	( )		
5.2.8	Telecommunication	( )		
5.2.9	Internet	( )		
5.2.10	Customs Services	( )		
5.2.11	Internal Revenue Services	( )		
5.2.12	Insurance Services	( )		
5.2.13	Banking Services	( )		
5.2.14	Immigration Services/Work permits	( )		
5.2.15	Municipal Services	( )		
5.2.16	Legal Services	( )		

5.2.17	Licenses/permit fees	( )		
5.2.18	Company registration	( )		
5.2.19	Incentives	( )		
5.2.20	Others (Specify)	( )		

5.3	Effect of Labour, Environmental and Health factors to your business			
	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	Cancer	( )		
5.3.10	HIV/AIDS	( )		
5.3.11	Substance abuse	( )		
5.3.12	Other Diseases	( )		

5.4	Efficiency of Business, Regulatory and Other government bodies			
	Factor	**Rating**		**Reason**
5.4.1	Kenya Power	( )		
5.4.2	Kenya National Chamber of Commerce and Industry	( )		
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 Environmental Management Authority (NEMA)	( )		
5.4.8	Local Authorities	( )		
5.4.9	Export Processing Zone Authority	( )		
5.4.10	Kenya Investment Authority	( )		
5.4.11	Registrar of Companies	( )		
5.4.12	Judicial Services (e.g. Commercial Court)	( )		
5.4.13	Central Bank of Kenya	( )		
5.4.14	Capital Markets Authority	( )		
5.4.15	Kenya Association of Manufacturers (KAM)	( )		
5.4.16	Treasury/ Ministry of Finance	( )		
5.4.16	Other (specify)	( )		

5.5	Please indicate the direction of your investment in Kenya in the next 3 years where: +1 = "Expand", 0 = "Maintain" and -1 = "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 services	( )		
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 products	( )		
5.5.10	Improvement of existing facilities	( )		
5.5.11	Mergers and Acquisition	( )		
5.5.12	Construction of New Buildings and Structures	( )		
5.5.13	Others (specify)	( )		

Comments

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