

# 2023 Foreign Investment Survey Report

Measuring Cross Border Private Capital to Inform Decision Making





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## PREFACE AND ACKNOWLEDGEMENT

Foreign Investment Surveys (FISs) are a major source of data on inward and outward investments in an economy. The surveys collect data on transactions and positions of foreign investment between an economy and the rest of the world. These surveys inform compilation of the Kenya's Balance of Payments (BOP); International Investment Position (IIP); and the Gross Domestic Product (GDP), among other related macroeconomic statistics. These indicators enable monitoring of the levels of investments the country received within a given period by source and type of instrument as well as the level of investments by Kenyan enterprises in the rest of the world. Moreover, the surveys provide invaluable insights into a country's ability to attract and to retain foreign investment besides informing policy makers in formulation of policy interventions aimed at attracting foreign capital, as well as monitoring and evaluation of the effects of international capital including employment, technology transfer and savings. The surveys are also relied upon by investors in decision-making on the destination of investment.

The 2023 Foreign Investment Survey (FIS 2023) is the seventh in a series of surveys, with the first one having been conducted in 2010. The Kenya National Bureau of Statistics (KNBS) has been implementing these surveys in collaboration with the Central Bank of Kenya (CBK) and the Kenya Investment Authority (KenInvest). Based on their mandates of oversight of enterprises within their respective sectors, other stakeholders who have been part of this process include the Exports Processing Zones Authority (EPZA), Capital Markets Authority (CMA) and the Insurance Regulatory Authority (IRA). Within the Private Sector, the Kenya Association of Manufacturers (KAM) has been pivotal in rallying the manufacturing industry stakeholders to provide responses to the surveys.

The Statistics Act, 2006 empowers the KNBS to collect data from enterprises on their foreign transactions and positions with the rest of the world, among other indicators, as outlined in the First Schedule of the Act. Moreover, the Act guarantees confidentiality of the information collected and its use for statistics purposes only. The collected data is aggregated and subsequent analysis is based on internationally agreed methodology of compilation of External Sector Statistics as outlined in the Balance of Payments and International Investment Position Manual, Sixth Edition (BPM6).

Data collection for the FIS 2023 was undertaken between November 2023 and February 2024 targeting enterprises with Foreign Assets and Liabilities (FAL) as well as other cross border transactions in goods and services. The list of targeted enterprises for FIS 2023 was drawn from the master file register of enterprises which had participated in the previous FISs, as well as new enterprises which met the criteria of having cross border transactions and positions. The data collected pertained to cross border positions for the years ended 2019 to 2022 and flows during the years 2020, 2021 and 2022. In addition, the survey sought information on international trade in services and investor perceptions on the investment environment since 2020.

The FIS 2023 findings were used to update the Kenya's BOP and IIP Statistics. This information provided analytical insights on investment and international capital flows as observed since 2020 including effects of COVID-19 pandemic, climate change and associated challenges, disruptions to the global supply chains, resulting from geo-political conflicts and global volatility in exchange rates.

The FIS 2023 could not have been successful without collaboration of the implementing agencies earlier mentioned. Special thanks go to Senior Management of CBK, KenInvest and KNBS for coordinating the implementation of the survey, in particular the CBK Director of Research Department Prof. Robert Mudida, CBK Deputy Director, Research Department Dr. Lydia Ndirangu; and KNBS Director for Macroeconomic Statistics Mr. Collins Omondi. Our appreciation further goes to the BOP Technical Team that implemented the FIS 2023 which comprised of Mr. Simon Gaitho, Mr. William Etwasi, Ms. Gladys Mbaluku, Mr. Anthony Makau, Ms. Pauline Kamau, Mr. Milton Tonui, Mr. Pascal Owiti, Mr.

Peter Kamau Waithera and Mr. Collins Kamire from KNBS; Mr. Chris Amdany, Mr. James Maina, Ms. Kethi Ngoka, Ms. Maureen Odongo, Mr. Leonard Kipyegon, Ms. Juliet Akello, Mr. Paul Kamondo and Ms. Sylvia Anam from CBK; and Ms. Caren Mutai from KenInvest. Their efforts in instrument design, field supervision and monitoring and quality control ensured successful collection of the required information. Allow us to extend our appreciation to Mr. Francis Rotich from EPZA, Mr. Samuel Gachanja from CMA, and Mr. Bosco Mwanza, from IRA who were pivotal in sensitizing stakeholders within their respective industries to support the process by providing the required information. Our gratitude goes to the field teams comprising of Supervisors and Research Assistants for their tireless efforts to administer the survey and to conduct the necessary follow ups to ensure the respondents provide the data in the required format within the agreed timeline. Our gratitude also goes to Ms. Linda Olweny, who facilitated the process by interpreting provisions of the Act to the respondents and to all other members of staff from the collaborating institutions who contributed to the success of the process.

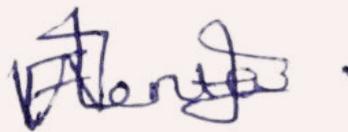
Recognition also goes to Mr. Senei Molapo and Mr. Dennis Mollel from the Macroeconomic and Financial Management Institute for Eastern and Southern Africa (MEFMI); and to Mr. Nahashon Mutai from the East African Community (EAC) for continually providing peer review and technical support during analysis of the survey data.

The FIS 2023 would not have been possible without the cooperation of all the data providing respondents. We reiterate our gratitude to them and encourage them to continue playing this pivotal role in similar future surveys.

In conclusion, we encourage all of us to make use of the information available in this report and to provide any feedback in order to improve our services of informing evidence-based decision-making using quality statistics.



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## ABBREVIATIONS AND ACRONYMS

<b>AfCFTA</b>	African Continental Free Trade Area
<b>AfDB</b>	African Development Bank
<b>AU</b>	African Union
<b>BETA</b>	Bottom-Up Economic Transformation Agenda
<b>BOP</b>	Balance of Payments
<b>BOP-TWG</b>	Balance of Payments Technical Working Group
<b>BPM6</b>	Balance of Payments and International Investment Position Manual, Sixth Edition
<b>CBK</b>	Central Bank of Kenya
<b>CMA</b>	Capital Markets Authority
<b>COMESA</b>	Common Market for Eastern and Southern Africa
<b>COVID-19</b>	Corona Virus Disease of 2019
<b>DIE</b>	Direct Investment Enterprise
<b>EAC</b>	East African Community
<b>EIB</b>	European Investment Bank
<b>EPZA</b>	Export Processing Zones Authority
<b>EU</b>	European Union
<b>FAL</b>	Foreign Assets and Liabilities
<b>FCDO</b>	Foreign Commonwealth and Development Office
<b>FDI</b>	Foreign Direct Investment
<b>FE</b>	Fellow Enterprises
<b>FIS</b>	Foreign Investment Survey
<b>FISs</b>	Foreign Investment Surveys
<b>GDP</b>	Gross Domestic Product
<b>IFAD</b>	International Fund for Agricultural Development
<b>IFC</b>	International Finance Corporation
<b>IFS</b>	Investment Fund Shares
<b>IIP</b>	International Investment Position
<b>IMF</b>	International Monetary Fund
<b>ISIC</b>	International Standard of Industrial Classification of all Economic Activities
<b>ITRS</b>	International Transactions Reporting System
<b>IRA</b>	Insurance Regulatory Authority
<b>JICA</b>	Japan International Cooperation Agency
<b>KenInvest</b>	Kenya Investment Authority
<b>KfW</b>	Kreditanstalt für Wiederaufbau
<b>KNBS</b>	Kenya National Bureau of Statistics
<b>MEFMI</b>	Macroeconomic and Financial Management Institute of Eastern and Southern Africa
<b>NSE</b>	Nairobi Securities Exchange
<b>NSS</b>	National Statistical System
<b>OECD</b>	Organization for Economic Co-operation and Development
<b>OI</b>	Other Investment
<b>PCMS</b>	Private Capital Monitoring System
<b>PI</b>	Portfolio Investment
<b>PIM</b>	Public Investment Management
<b>PSED</b>	Private Sector External Debt
<b>PTA</b>	Preferential Trade Area
<b>UK</b>	United Kingdom
<b>UN</b>	United Nations
<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>USA</b>	United States of America
<b>WEO</b>	World Economic Outlook
<b>WIR</b>	World Investment Report

## EXECUTIVE SUMMARY

### Background

The Government of Kenya continues to implement measures aimed at improving the investment climate with the current reforms hinged on the Bottom-up Economic Transformation Agenda (BETA) that is premised on five pillars focusing on key sectors of the economy. This involves measures aimed at increasing productivity of agriculture and manufacturing sectors, provision of affordable housing, raising productivity of the labour force, expanding the national fibre optic connectivity network, upgrading and improving road infrastructure. Despite multiple shocks to the global economy that included the COVID-19 pandemic and the Russia-Ukraine conflict as well as adverse geopolitical tensions in the Middle East, Kenya has continued to provide conducive investment environment, backed by macroeconomic stability and a well-diversified economy. It is in this regard, that the Kenya National Bureau of Statistics (KNBS), the Central Bank of Kenya (CBK), and the Kenya Investment Authority (KenInvest) have continued to roll out Foreign Investment Surveys (FISs) to measure the size, direction and nature of foreign investments as well as investors' perception on the factors that affect the business environment.

The 2023 Foreign Investment Survey is the seventh in the series since the launch of these surveys in 2010. The FIS 2023 captured data on foreign private capital flows and positions for the period 2020, 2021 and 2022. The information collected is important for monitoring the type, direction and the magnitude of foreign assets and liabilities. In addition, the data collected provides relevant information for research and analysis; planning and policy formulation; and assessing the impact of risks and vulnerabilities that may arise.

The FIS 2023 was implemented by administering questionnaires to respondents. The data collection was undertaken by 42 Research Assistants who were engaged for a period of 40 days, with supervision by a team drawn from KNBS, CBK and KenInvest. The survey targeted 1,159 enterprises out of which 1,032 questionnaires were administered. A total of 736 questionnaires were completed and collected translating to a response rate of 71.3 per cent. The enterprises which had indicated to have Foreign Assets and Liabilities (FAL) were 477.

### Key Findings

The stock of foreign liabilities increased by 17.9 per cent from KSh 1,748.8 billion at the end of 2020 to KSh 2,062.4 billion at the end of 2022. The increase was attributed to Foreign Direct Investment (FDI) which increased by 11.6 per cent from KSh 1,069.1 billion at the end of 2020 to KSh 1,193.6 billion at the end of 2022. The stock of Other Investment (OI) liabilities increased from KSh 645.9 billion in 2020 to KSh 808.0 billion in 2022. Similarly, Portfolio Investment (PI) rose from KSh 33.0 billion in 2020 to KSh 37.4 billion in 2022. FDI accounted for more than half of the stock of foreign liabilities across the period under review, with the main driver being equity and investment fund shares which increased by 18.8 per cent from KSh 777.9 billion in 2020 to KSh 923.9 billion in 2022. The OI liabilities accounted for 39.2 per cent of total foreign liabilities in 2022, and were mainly in the form of loans; and currency and deposits.

Net inflows of foreign liabilities increased from KSh 59.0 billion in 2020 to KSh 229.9 billion in 2021, but declined to KSh 57.1 billion in 2022. The increase in 2021 was mainly on account of net inflows of Other Investment, largely in the form of loans; and currency and deposits, while the decline in 2022 was on account of lower net inflows of Portfolio Investment, Financial Derivatives and Other Investment. Net inflows of FDI increased in the three years under review, from net outflows of KSh 688.5 million in 2020 to net inflows of KSh 93.2 billion 2022.

Europe accounted for the largest share of foreign liabilities at 38.8, 35.5 and 37.1 per cent at the end of 2020, 2021 and 2022, respectively. The stock of foreign liabilities from Europe was primarily attributable to the United Kingdom, which contributed 47.2 per cent of the total stock of liabilities at the end of 2022. Africa remained the second largest source of foreign liabilities across the reference period, contributing 29.1 per cent of the total stock of foreign liabilities at the end of 2022. South Africa remained the leading source of investment from Africa, on average accounting for

37.5 per cent of the total stock of liabilities from Africa over the reference period. Other sources of investments from Africa which contributed significantly to the total stock of liabilities included Mauritius and the Democratic Republic of Congo, which accounted for 28.4 per cent and 21.2 per cent, respectively, at the end of 2022. Investment from Asia grew by 17.6 per cent from KSh 225.9 billion at the end of 2020 to KSh 265.7 billion at the end of 2022, with India accounting for 42.9 per cent of the total liabilities from Asia at the end of 2022. The total value of the stock of liabilities from America increased by 28.9 per cent from KSh 92.5 billion at the end of 2020 to KSh 119.2 billion at the end of 2022, primarily attributable to investment from the United States of America.

Europe accounted for the largest share of the total stock of FDI liabilities at 47.8 per cent, with its stock rising by 9.2 per cent from KSh 522.1 billion at the end of 2021 to KSh 570.3 billion at the end of 2022. This was attributable to the United Kingdom and Netherlands which accounted for 45.8 per cent and 24.1 per cent of the total stock of FDI liabilities from this region, respectively, at the end of 2022. Africa accounted for 24.9 per cent of the total stock of FDI liabilities, increasing by 2.8 per cent from KSh 289.4 billion at the end of 2021 to KSh 297.6 billion at the end of 2022, with Mauritius and South Africa accounting for the largest share of the stock of FDI liabilities.

Finance and insurance activities accounted for the largest share of the stock of FDI liabilities, at 31.5 per cent in 2022. The stock of FDI within finance and insurance sector increased by 11.8 per cent from KSh 336.1 billion at the end of 2020 to KSh 375.7 billion at the end of 2022. Manufacturing sector had the second largest share of the stock of FDI liabilities at 16.3 per cent at the end of 2022. Notably, Information and communication, and Wholesale and retail trade; and Agriculture, forestry and fishing sectors recorded significant shares of the stock of FDI liabilities in the review period.

The stock of Private Sector External Debt (PSED) increased by 19.6 per cent from KSh 938.0 billion at the end of 2020 to KSh 1,122.3 billion at the end of 2021, mainly reflected in Other Investment category, in particular currency and deposits; and long-term loans. PSED declined by 1.8 per cent to KSh 1,101.7 billion in 2022, attributable to reduced stock of Financial Derivatives and Employees' stock options.

International Financial Institutions/ Organisations were the leading source of the stock of PSED accounting for 17.9 per cent of the total stock of PSED at the end of 2022, which increased by 16.4 per cent from KSh 169.3 billion at the end of 2020 to KSh 197.0 billion at the end of 2022. The Democratic Republic of Congo accounted for the second largest share of total stock of PSED at 11.9 per cent at the end of 2022, followed by the United Kingdom (9.1%), South Africa (8.4%), Mauritius (7.7%), Netherlands (5.5%) and India (5.2%).

Inflows of PSED increased by 42.9 per cent to KSh 456.6 billion in 2021, mainly as a result of increases in inflows from the Democratic Republic of Congo, Mauritius and Singapore. In 2022, inflows of PSED declined by 18.6 per cent to KSh 371.8 billion, mainly due to declines from the Democratic Republic of Congo, the Netherlands, and Singapore. Total outflows of PSED increased by 26.4 per cent to KSh 261.7 billion in 2021, and by 41.3 per cent to KSh 369.7 billion in 2022.

The survey results indicate that the stock of foreign assets increased by 30.4 per cent to KSh 452.9 billion at the end of 2021, and further by 13.7 per cent to KSh 514.9 billion at the end of 2022, mainly in the form of FDI and OI. FDI nearly doubled from KSh 187.7 billion at the end of 2020 to KSh 329.2 billion at the end of 2022, accounting for 63.9 per cent of the total foreign assets.

Other Investment abroad increased from KSh 158.0 billion at the end of 2020 to KSh 182.7 billion at the end of 2021 and further to KSh 183.9 billion at the end of 2022. The increase was driven by currency and deposits, which accounted

for 69.0 per cent of the total Other Investment abroad at the end of 2022. However, loans which accounted for 20.9 per cent of Other Investment declined by 17.2 per cent at the end of 2022, while other accounts receivable which accounted for 10.1 per cent declined by 27.1 per cent.

Total outflows of foreign assets increased by 41.2 per cent to KSh 267.8 billion in 2021 but declined by 8.3 per cent to KSh 245.5 billion in 2022. This movement was occasioned by Foreign Direct Investment outflows which increased by 46.1 per cent in 2021, but declined by 12.3 per cent in 2022.

The stock of foreign assets was mainly held in African countries, in particular, Ethiopia, Tanzania, Uganda and Democratic Republic of Congo which collectively accounted for 46.8 per cent at the end of 2022. Other countries with notable stock of foreign assets included Rwanda, Mauritius, South Africa and South Sudan.

Expenditure on services provided by non-residents declined by 1.3 per cent to KSh 186.9 billion in 2021 and further by 7.9 per cent to KSh 172.2 billion in 2022. Income from services provided to non-residents increased marginally to KSh 190.2 billion in 2021 but decreased by 20.9 per cent to KSh 150.6 billion in 2022 .

The total employment by enterprises which reported FAL increased by 2.0 per cent to 169,209 employees in 2021 and further by 7.5 per cent to 181,956 employees in 2022. The increase was reflected in both local and foreign employees. Foreign employees accounted for 1.0 per cent of the total employees from the firms which reported FAL, while the local regular employees accounted for the largest share at 85.0 per cent. The proportion of female employees to total employment in enterprises which reported FAL increased from 36.0 per cent in 2020 to 38.2 per cent in 2022.

Investors cited internet reliability (29.6%); and transport and infrastructure (24.4%) as improved business factors in the period under review. On the contrary, 22.2 per cent of the respondents indicated that the cost of electricity had worsened, closely followed by cost of credit and tax policy measures at 17.8 per cent and 16.5 per cent, respectively. On access to services, 25.2 per cent of the respondents indicated that it takes a shorter time to register with the tax authority, acquire single business permit (23.7%), and business incorporation services (18.0 %). However, access to immigration services was rated to take long at 20.7 per cent, power connection at 17.1 per cent and construction permit at 13.9 per cent. On the aspects of climate change, 87.7 per cent of the respondents were concerned about the impact of climate change with 20.9 per cent of the respondents indicating they had invested in waste minimization and recycling initiatives to build resilience to the risk posed by climate change. In addition, 40.4 per cent of the respondents indicated they had not allocated any portion of their investment towards climate change adaptation and mitigation measures, while 35.6 per cent indicated they had invested between 1 per cent and 50 per cent of their investments towards climate change adaptation.

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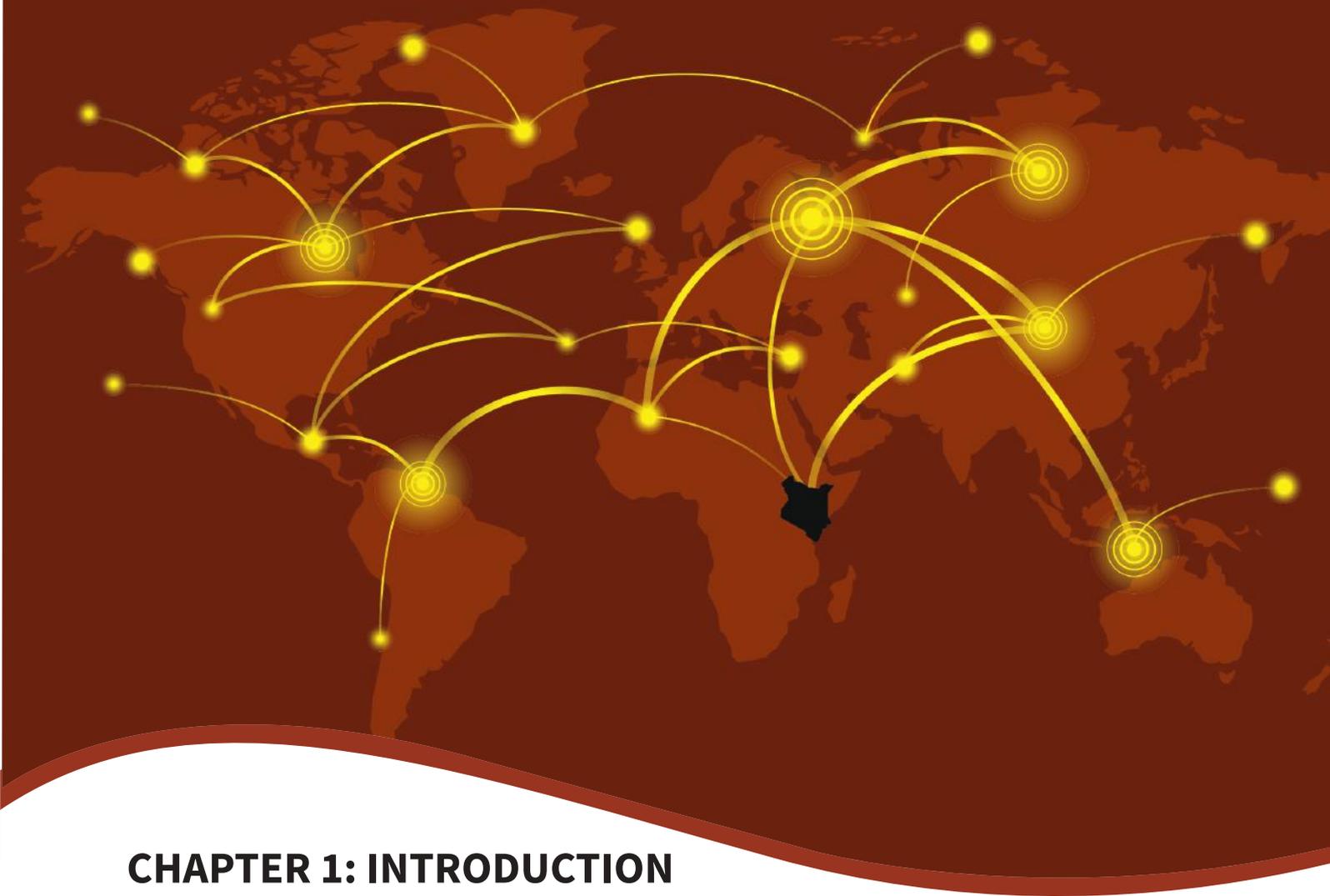
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## CHAPTER 1: INTRODUCTION

### Overview

The Government of Kenya continued to implement measures aimed at improving the investment climate in the country. Economic reforms currently hinged on the Government's Bottom-up Economic Transformation Agenda (BETA) which is premised on five pillars overarching key sectors of the economy. The plan comprises a wholesome approach to increasing productivity of agriculture and manufacturing by boosting key product value chains, provision of affordable housing, raising productivity of the labour force by delivering a universal health coverage system, expanding the national fibre optic network connectivity and establishing an Africa Regional Hub for development of software for export, upgrading rural access roads and improving the national and regional trunk roads that yield economic benefits.

**1.2.** Despite multiple shocks to the global economy that included the COVID-19 pandemic and the Russia-Ukraine war as well as adverse geo-political developments in the Middle East, Kenya's investment climate has remained attractive backed by a resilient macroeconomic environment that made it conducive for the private sector investment. Regional initiatives aimed at deepening economic integration in Africa by boosting trade in goods and services and cross-border investments continued apace, thus complementing domestic initiatives. Besides the East African Community (EAC) and the Common Market for Eastern and Southern Africa (COMESA), the African Continental Free Trade Area (AfCFTA) - the largest free trade area in the world, presents a great opportunity for Kenya's private sector. In 2022, the African Union (AU) launched a pilot programme, the AfCFTA Guided Trade Initiative. In the pioneering stage, eight countries including Kenya participated. Kenya shipped batteries and tea to Ghana, marking the first-ever shipments under the AfCFTA.

**1.3.** The effects of climate change have become apparent in Kenya with significant implications on the economy. Whereas Kenya's share of global emissions is relatively small, the country has committed to ambitious climate change mitigation goals, including reducing greenhouse gas emissions by 32 per cent by the year 2030. In addition, the Government is committed to mainstreaming climate change in its public investment management process. The private sector is expected to support these initiatives through resource mobilization and implementation of sustainable eco-friendly projects. Guidelines and regulations for project appraisal and selection have been developed as well as setting up a dedicated Public Investment Management (PIM) unit.

**1.4.** The FIS 2023 was the seventh in the series since the launch of the surveys in 2010 and captured data on foreign capital flows and positions for 2020, 2021 and 2022. The information collected is important for monitoring the type, direction and the magnitude of foreign assets and liabilities. In addition, the data collected provides relevant information for research and analysis; planning and policy formulation; and

assessing the impact of risks and vulnerabilities that may arise.

### Macroeconomic Developments and Prospects

**1.5.** Global economic growth declined to 3.2 per cent in 2023 from 3.5 per cent in 2022. The decline stems from long-term consequences of the COVID-19 pandemic, Russia -Ukraine war and extreme weather conditions. In addition, tighter financial conditions occasioned by monetary policy tightening and withdrawal of fiscal support amid high debt had a negative impact on growth. Growth in advanced economies declined to 1.6 per cent in 2023 from 2.6 per cent in 2022 reflecting weak consumer sentiment, effects of high energy prices, and weakness in the manufacturing sector in the euro area. Growth in the US improved to 2.5 per cent in 2023 from 1.9 per cent in 2022 supported by government and private spending as well as higher real disposable incomes. Growth in emerging market and developing economies remained resilient at 4.1 per cent in both years (IMF World Economic Outlook, April 2024).

**1.6.** In its April 2024 update of the World Economic Outlook (WEO) report, the IMF estimates global output to grow at 3.2 per cent in 2024 and 2025, the same level as in 2023. The outlook for 2024 is 0.1 percentage points higher compared with the January 2024 WEO, reflecting greater than expected resilience in the U.S and growth in several large emerging markets and developing economies. However, the forecast for 2024–25 remains below the historical (2000–19) annual average of 3.8 per cent. Risks to the global outlook are expected to be more balanced despite elevated geo-political risks, particularly in the Middle East that could result to increased likelihood of commodity or other supply disruptions.

**1.7.** The Kenyan economy recorded robust growth in the first three quarters of 2023, largely driven by strong growth of the agriculture and services sectors. Real GDP grew by 5.6 per cent compared to 5.2 per cent in a similar period of 2022. The strong rebound reflects the impact of favourable weather conditions and Government efforts to enhance production through supply of quality and affordable inputs.

### International Private Capital Flows

**1.8.** According to the United Nations Conference on Trade and Development (UNCTAD) World Investment Report (WIR) for 2023, global FDI declined by 12.0 per cent to US Dollar 1,295 billion in 2022. The decline was attributed to multiple shocks that impacted the global economy namely the war in the Ukraine, high food and energy prices and high debt levels. In addition, tighter international financing conditions affected the availability of credit.

**1.9.** FDI inflows to developed economies declined by 36.7 per cent to US Dollar 378 billion in 2022, driven by lower inflows to Europe due to fluctuations in the major conduit economies and a large withdrawal of capital by a telecommunication company in Luxembourg. FDI inflows to developing economies increased by 4.0 per cent to US Dollar 916 billion in 2022. However, in 2022 FDI inflows to Africa declined by 43.5 per cent to US Dollar 45 billion attributed to a peak in 2021 due to a large corporate reconfiguration in South Africa in 2021. FDI flows to developing Asia remained flat unchanged during the period.

**1.10.** Global FDI inflows were projected to decline in 2023 owing to the difficult business environment that prevailed in the year as geo-political tensions remained high impacting supply chain. Global FDI inflows are estimated to have declined further in 2023, reflecting a difficult business environment that prevailed in the year as geo-political tensions remained high impacting supply chains. The USA banking sector challenges in March 2023 also affected international investor sentiment. Global FDI is expected to increase modestly following easing of inflationary pressures and lower borrowing costs as international financing conditions stabilize making it conducive for investment. However, downside risks include geo-political risks, high debt levels accumulated in many countries, and concerns about further global economic fracturing (UNCTAD, 2024).

### Justification of conducting the 2023 Foreign Investment Survey

**1.11.** The main data sources for compiling the financial account of BOP/IIP statistics are the CBK – Banking

survey and International Transactions Reporting System (ITRS), and FISs. These are complemented with data from other administrative and survey sources. However, data collected on private capital flows using the ITRS from commercial banks' foreign exchange transactions, are normally incomplete, mainly due to misclassification resulting from incomplete information from commercial bank customers. Secondly, international transactions outside commercial banks cannot be captured using ITRS leading to underestimation of data. Further, although FISs are supposed to be conducted annually, due to inevitable circumstances the last one was conducted in 2020 capturing data for 2018 and 2019. The foreign capital flows have macroeconomic effects that demand urgent policy responses. With limited data on the level and composition of these flows and stocks, policy makers are constrained in making timely and appropriate policy responses.

**1.12.** It is evident from available data that, with increased globalization and liberalization, the size and role of foreign private capital on investment and growth of the economy has gained more significance, and is expected to continue playing an important role in the economy. There is therefore need to carry out FISs regularly to strengthen the information base on foreign investment while improving on data quality for monitoring and evaluation of the implementation of various programmes in the Kenya Vision 2030, Medium-Term Plans, and the Bottom-Up Economic Transformation Agenda (BETA), among others.

**1.13.** The FIS 2023 captured data on foreign private capital flows for 2020, 2021 and 2022, and stocks for 2019, 2020, 2021 and 2022. This will be useful in building the data series for comparison and improvement in the quality of BOP and IIP statistics.

### Objectives of the Survey

**1.14.** The FISs are intended to provide information required for compilation of BOP, IIP statistics and assessment of investors' perceptions of the investment climate in the country.

**1.15.** The data collected through the FIS 2023 covering 2020, 2021 and 2022 extends time series data on foreign investment to sixteen years. This builds on the data collected during FIS 2010 covering the period 2007 and 2008; FIS 2013 covering the period 2009, 2010 and 2011; FIS 2015 covering the period 2012 and

2013; FIS 2016 covering the period 2014 and 2015; FIS 2018 covering the period 2016 and 2017; and FIS 2020 covering the period 2018 and 2019. The time series data will be useful for research and analysis, planning, policy making and formulation of strategies to achieve the Kenya Vision 2030 goals.



## CHAPTER 2: SURVEY FINDINGS ON FOREIGN LIABILITIES

### Overview

This chapter presents survey findings on investments by non-residents in Kenya, referred to as foreign liabilities. They are broadly categorized into Foreign Direct Investment (FDI); Portfolio Investment (PI); Financial Derivatives and Employee Stock Options; and Other Investment (OI). FDI and PI comprise equity and investment fund shares and debt instruments, while OI includes other equity; currency and deposits; trade credit and advances; loans; insurance, pension and standardized guarantee schemes; and other accounts payable.

### Stock of Foreign Liabilities

**2.2.** The stock of foreign liabilities increased by 17.9 per cent from KSh 1,748.8 billion at the end of 2020 to KSh 2,062.4 billion at the end of 2022, as presented in Table 2.1. The increase was attributed to FDI which increased by 11.6 per cent from KSh 1,069.1 billion at the end of 2020 to KSh 1,193.6 billion at the end of 2022. The stock of Other Investment liabilities increased from KSh 645.9 billion in 2020 to KSh 808.0 billion in 2022. Similarly, Portfolio Investment rose from KSh 33.0 billion in 2020 to KSh 37.4 billion in 2022. Financial Derivatives and Employee Stock Options increased substantially from KSh 915.5 million in 2020 to KSh 47.6 billion in 2021 but declined to KSh 23.5 billion in 2022.

**2.3.** FDI accounted for more than half of the stock of foreign liabilities across the period under review. The

main driver was equity and investment fund shares which increased by 18.8 per cent from KSh 777.9 billion in 2020 to KSh 923.9 billion in 2022. However, the stock of debt under FDI declined by 7.8 per cent from KSh 291.1 billion in 2020 to KSh 269.7 billion in 2022. The decline was on account of reduced long-term debt.

**2.4.** Other Investment liabilities accounted for 39.2 per cent of total foreign liabilities in 2022, mainly in the form of loans; and currency and deposits. Portfolio Investment accounted for less than 2.0 per cent of the total stock of external liabilities during the period under review. The PI was predominantly in the form of equity and investment fund shares.



**Table 2.1: Stock of Foreign Liabilities, 2020-2022**

Category	2020		2021		2022	
	KSh Million	% Share	KSh Million	% Share	KSh Million	% Share
<b>Foreign Direct Investment</b>	<b>1,069,052.6</b>	<b>61.1</b>	<b>1,109,776.6</b>	<b>55.9</b>	<b>1,193,588.5</b>	<b>57.9</b>
Equity and Investment Fund Shares	777,912.9	44.5	826,796.9	41.7	923,920.4	44.8
Equity and Investment Fund Shares other than Reinvested Earnings	695,052.1	39.7	715,187.4	36.0	692,624.8	33.6
Retained Earnings	82,860.8	4.7	111,609.6	5.6	231,295.6	11.2
Debt Instruments	291,139.7	16.6	282,979.7	14.3	269,668.1	13.1
Long Term	241,036.7	13.8	232,304.0	11.7	212,618.2	10.3
Short Term	50,103.0	2.9	50,675.7	2.6	57,049.9	2.8
<b>Portfolio Investment</b>	<b>32,988.0</b>	<b>1.9</b>	<b>35,377.0</b>	<b>1.8</b>	<b>37,362.4</b>	<b>1.8</b>
Equity and Investment Fund Shares	32,950.2	1.9	35,112.4	1.8	36,833.0	1.8
Debt Securities	37.8	0.0	264.6	0.0	529.4	0.0
Long Term	32.8	0.0	241.5	0.0	526.6	0.0
Short Term	5.0	0.0	23.1	0.0	2.8	0.0
<b>Financial Derivatives and Employee Stock Options</b>	<b>915.5</b>	<b>0.1</b>	<b>47,592.7</b>	<b>2.4</b>	<b>23,490.9</b>	<b>1.1</b>
Forwards	488.5	0.0	43,631.7	2.2	20,367.4	1.0
Option	49.2	0.0	3,288.5	0.2	2,923.9	0.1
Employees Stock Options	377.8	0.0	672.5	0.0	199.6	0.0
<b>Other Investment</b>	<b>645,867.9</b>	<b>36.9</b>	<b>791,417.5</b>	<b>39.9</b>	<b>807,973.3</b>	<b>39.2</b>
Other Equity	0.0	0.0	0.0	0.0	0.0	0.0
Currency and Deposits	121,449.2	6.9	211,713.4	10.7	187,432.4	9.1
Long Term	1,396.0	0.1	2,071.1	0.1	2,656.7	0.1
Short Term	120,053.2	6.9	209,642.2	10.6	184,775.7	9.0
Trade Credits and Advances	7,135.5	0.4	10,200.1	0.5	10,784.2	0.5
Long Term	577.6	0.0	757.8	0.0	713.1	0.0
Short Term	6,558.0	0.4	9,442.3	0.5	10,071.2	0.5
Loans	449,846.6	25.7	497,279.1	25.1	522,020.9	25.3
Long Term	390,149.4	22.3	420,055.3	21.2	449,316.4	21.8
Short Term	59,697.2	3.4	77,223.8	3.9	72,704.5	3.5
Insurance, Pension and Standardised Guarantee Schemes	42,530.6	2.4	47,086.1	2.4	57,728.2	2.8
Life Insurance Reserves	1,517.8	0.1	1,352.8	0.1	1,066.4	0.1
Non-life Insurance Reserves	8,212.0	0.5	9,423.0	0.5	12,145.3	0.6
Pension Entitlements / Claims	31,421.1	1.8	34,783.1	1.8	42,644.1	2.1
Standardised Guarantee Schemes	1,379.6	0.1	1,527.3	0.1	1,872.4	0.1
Other Accounts Payable	24,906.0	1.4	25,138.7	1.3	30,007.6	1.5
Long Term	8,651.5	0.5	9,684.0	0.5	12,599.5	0.6
Short Term	16,254.6	0.9	15,454.7	0.8	17,408.0	0.8
<b>Total</b>	<b>1,748,823.9</b>	<b>100.0</b>	<b>1,984,163.8</b>	<b>100.0</b>	<b>2,062,415.1</b>	<b>100.0</b>



**Table 2.2: Flows of Foreign Liabilities, 2020 – 2022**

Category	2020			2021			2022		
	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
<b>Foreign Direct Investment</b>	<b>160,658.6</b>	<b>161,347.1</b>	<b>-688.5</b>	<b>154,284.5</b>	<b>108,174.6</b>	<b>46,109.8</b>	<b>188,190.1</b>	<b>95,032.3</b>	<b>93,157.8</b>
Equity and Investment Fund Shares	109,195.2	129,227.5	-20,032.3	89,699.4	46,451.9	43,247.5	117,489.9	38,637.1	78,852.8
Equity and Investment Fund Shares other than Reinvested Earnings	50,095.9	6,439.3	43,656.6	26,526.2	6,514.7	20,011.5	26,395.6	819.3	25,576.2
Retained Earnings	59,099.3	122,788.2	-63,688.9	63,173.2	39,937.2	23,236.0	91,094.4	37,817.8	53,276.6
Debt Instruments	51,463.3	32,119.5	19,343.8	64,585.1	61,722.7	2,862.3	70,700.2	56,395.2	14,305.0
Long Term	25,183.3	18,065.4	7,117.8	36,038.2	33,725.5	2,312.7	25,944.4	17,760.5	8,183.9
Short Term	26,280.1	14,054.1	12,226.0	28,546.9	27,997.2	549.7	44,755.8	38,634.7	6,121.0
<b>Portfolio Investment</b>	<b>83,443.6</b>	<b>117,020.5</b>	<b>-33,576.9</b>	<b>76,439.6</b>	<b>84,550.5</b>	<b>-8,111.0</b>	<b>43,930.5</b>	<b>67,496.7</b>	<b>-23,566.2</b>
Equity and Investment Fund Shares	83,411.0	116,982.7	-33,571.8	76,180.0	84,517.8	-8,337.8	43,645.3	67,476.3	-23,831.0
Debt Securities	32.6	37.8	-5.2	259.6	32.8	226.8	285.2	20.4	264.8
Long Term	32.6	0.0	32.6	241.5	32.8	208.7	285.2	0.0	285.2
Short Term	0.0	37.8	-37.8	18.1	0.0	18.1	0.0	20.4	-20.4
<b>Financial Derivatives and Employee Stock Options</b>	<b>518.8</b>	<b>269.3</b>	<b>249.4</b>	<b>47,106.9</b>	<b>429.6</b>	<b>46,677.3</b>	<b>347.4</b>	<b>24,449.3</b>	<b>-24,101.9</b>
Forwards	249.8	90.7	159.1	43,296.0	152.8	43,143.2	122.9	23,387.2	-23,264.3
Option	47.4	9.4	38.1	3,265.6	26.2	3,239.4	25.0	389.6	-364.6
Employees Stock Options	221.5	169.3	52.2	545.3	250.5	294.7	199.6	672.5	-473.0
<b>Other Investment</b>	<b>267,560.9</b>	<b>174,593.5</b>	<b>92,967.4</b>	<b>344,659.5</b>	<b>199,484.9</b>	<b>145,174.6</b>	<b>300,493.9</b>	<b>288,856.5</b>	<b>11,637.4</b>
Other Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and Deposits	71,912.0	10,551.9	61,360.1	113,852.1	24,291.1	89,561.0	34,380.1	58,663.6	-24,283.5
Long Term	370.4	0.9	369.4	1,307.3	1,335.3	-28.1	2,284.9	1,699.4	585.5
Short Term	71,541.7	10,551.0	60,990.6	112,544.8	22,955.8	89,589.0	32,095.3	56,964.3	-24,869.0
Trade Credits and Advances	4,241.7	5,846.1	-1,604.3	9,322.6	7,632.4	1,690.2	7,722.7	7,428.6	294.1
Long Term	130.2	331.5	-201.3	379.4	204.1	175.3	277.7	326.5	-48.7
Short Term	4,111.5	5,514.5	-1,403.0	8,943.2	7,428.3	1,514.9	7,445.0	7,102.1	342.8
Loans	129,821.1	110,981.0	18,840.2	141,399.5	103,297.6	38,101.8	141,381.1	134,420.0	6,961.1
Long Term	80,823.0	49,306.4	31,516.6	68,945.6	48,424.7	20,520.8	79,418.1	66,925.2	12,492.9
Short Term	48,998.2	61,674.6	-12,676.5	72,453.9	54,872.9	17,581.0	61,963.0	67,494.8	-5,531.8
Insurance, Pension and Standardised Guarantee Schemes	21,267.8	9,353.4	11,914.3	25,085.0	9,537.4	15,547.6	35,089.5	11,134.8	23,954.7
Life Insurance Reserves	1,431.2	1,797.1	-365.8	1,424.3	2,300.5	-876.2	1,400.7	1,865.9	-465.2
Non-life Insurance Reserves	11,659.7	7,552.3	4,107.3	14,016.2	7,232.8	6,783.5	20,198.0	9,264.1	10,933.8
Pension Entitlements / Claims	7,363.3	4.1	7,359.3	8,684.9	4.1	8,680.8	12,148.7	4.8	12,143.9
Standardised Guarantee Schemes	813.5	0.0	813.5	959.5	0.0	959.5	1,342.2	0.0	1,342.2
Other Accounts Payable	40,318.2	37,861.1	2,457.1	55,000.4	54,726.4	274.0	81,920.4	77,209.4	4,711.0
Long Term	1,465.3	3,111.1	-1,645.8	2,727.3	1,707.3	1,020.0	11,948.1	9,201.6	2,746.5
Short Term	38,852.9	34,750.0	4,102.9	52,273.1	53,019.1	-746.0	69,972.3	68,007.9	1,964.4
<b>Total</b>	<b>512,181.7</b>	<b>453,230.4</b>	<b>58,951.4</b>	<b>622,490.4</b>	<b>392,639.7</b>	<b>229,850.7</b>	<b>532,961.9</b>	<b>475,834.9</b>	<b>57,127.1</b>

### Stock of Foreign Liabilities by Source

**2.8.** The stock of foreign liabilities by source is presented in Table 2.3, Figures 2.1, 2.2 and 2.3. The total foreign liabilities exhibited an increasing trend from KSh 1,748.8 billion at the end of 2020 to KSh 2,069.4 billion at the end of 2022. Europe accounted for the largest share of foreign liabilities at 38.8, 35.5 and 37.1 per cent at the end of 2020, 2021 and 2022, respectively. The stock of foreign liabilities from Europe was primarily attributable to the United Kingdom, which contributed 47.2, 49.1 and 47.2 per cent of the total stock of liabilities at the end of 2020, 2021 and 2022, respectively. Other European countries which contributed significantly to the stock of foreign liabilities were the Netherlands, France, Switzerland, and Jersey, whose stock of liabilities jointly stood at KSh 336.3 billion at the end of 2022 from KSh 297.8 billion at the end of 2020.

**2.9.** Africa remained the second largest source of foreign liabilities across the reference period, contributing 29.1 per cent of the total stock of foreign liabilities at the end of 2022. South Africa remained the leading source of investment from Africa, accounting for 37.5 per cent of the total stock of liabilities from Africa over the reference period, with the value of investments from this source increasing from KSh 199.0 billion at the end of 2020 to KSh 233.8 billion at the end of 2022. Other sources of investments from Africa which contributed significantly to the total stock of liabilities included Mauritius and the Democratic

Republic of Congo, which accounted for 28.4 per cent and 21.2 per cent, respectively, at the end of 2022. The entry of the Democratic Republic of Congo to the East Africa Community (EAC) at the end of 2022 caused the shift in the stock of foreign liabilities from the EAC bloc, from KSh 32.9 billion at the end of 2021 to KSh 163.2 billion at the end of 2022 largely attributed to Other Investment.

**2.10.** Within the period under review, investments from Asia exhibited a notable growth of 17.6 per cent from KSh 225.9 billion at the end of 2020 to KSh 265.7 billion at the end of 2022. India, which had the largest share of investments attributable to Asia, accounted for 43.0 per cent at the end of both 2020 and 2021, and 42.9 per cent of the total stock of liabilities at the end of 2022. The stock of liabilities from the United Arab Emirates and China increased from KSh 30.1 billion and KSh 15.7 billion at the end of 2020 to KSh 39.6 billion and KSh 25.2 billion at the end of 2022, respectively. Despite Japan accounting for the second largest share of investments from Asia, the foreign liabilities from this source reduced by 13.3 per cent from KSh 49.1 billion at the end of 2020 to KSh 42.6 billion at the end of 2022.

**2.11.** The stock of liabilities from America increased by 28.9 per cent from KSh 92.5 billion at the end of 2020 to KSh 119.2 billion at the end of 2022. The increase was majorly due to a 24.5 per cent increase in investment from the United States of America from KSh 71.1 billion at the end of 2020 to KSh 90.0 billion at the end of 2022.

**Table 2.3: Stock of Foreign Liabilities by Source, 2020-2022**

Source	2020		2021		2022	
	KSh Million	%Share	KSh Million	%Share	KSh Million	%Share
<b>Africa</b>	<b>499,019.7</b>	<b>28.5</b>	<b>623,386.7</b>	<b>31.4</b>	<b>599,769.8</b>	<b>29.1</b>
<b>COMESA<sup>1</sup></b>	<b>271,922.6</b>	<b>15.5</b>	<b>388,388.1</b>	<b>19.6</b>	<b>343,534.0</b>	<b>16.7</b>
Mauritius	159,977.0	9.1	164,251.9	8.3	170,486.1	8.3
Democratic Republic of Congo <sup>2</sup>	74,813.9	4.3	182,886.3	9.2		
Madagascar	3,709.6	0.2	4,715.2	0.2	5,256.9	0.3
Zambia	370.5	0.0	384.9	0.0	3,134.8	0.2
Djibouti	3,230.6	0.2	3,789.7	0.2	2,823.2	0.1
Egypt	2,280.4	0.1	2,874.9	0.1	2,626.8	0.1
Somalia	1,833.0	0.1	1,995.8	0.1	2,068.6	0.1
Other COMESA	1,251.9	0.1	290.9	0.0	2,045.1	0.1
<b>EAC</b>	<b>29,712.4</b>	<b>1.7</b>	<b>32,871.3</b>	<b>1.7</b>	<b>163,226.2</b>	<b>7.9</b>
Democratic Republic of Congo <sup>2</sup>					127,316.2	6.2
Uganda	13,121.3	0.8	14,144.7	0.7	15,434.5	0.7
Rwanda	8,141.3	0.5	9,771.7	0.5	10,974.4	0.5
Tanzania	5,256.6	0.3	5,672.9	0.3	8,133.7	0.4
Other EAC	3,193.2	0.2	3,282.0	0.2	1,367.4	0.1
<b>Other Africa</b>	<b>221,840.5</b>	<b>12.7</b>	<b>229,325.7</b>	<b>11.6</b>	<b>248,102.1</b>	<b>12.0</b>
South Africa	199,018.6	11.4	209,820.3	10.6	233,819.3	11.3
Nigeria	17,311.2	1.0	16,417.1	0.8	17,483.3	0.8
Morocco	7,633.9	0.4	4,965.3	0.3	3,905.5	0.2
Tunisia	1,260.4	0.1	1,293.7	0.1	1,474.9	0.1
Ghana	195.4	0.0	148.7	0.0	1,401.4	0.1
Cote d'Ivoire	924.9	0.1	1,037.3	0.1	1,158.9	0.1
Togo	-4,828.5	-0.3	-4,361.5	-0.2	-11,953.9	-0.6
Rest of Africa	324.5	0.0	4.8	0.0	812.7	0.0
<b>America</b>	<b>92,502.3</b>	<b>5.3</b>	<b>97,780.6</b>	<b>4.9</b>	<b>119,213.8</b>	<b>5.8</b>
<b>North America</b>	<b>87,768.4</b>	<b>5.0</b>	<b>91,072.7</b>	<b>4.6</b>	<b>112,500.4</b>	<b>5.5</b>
United States	71,088.6	4.1	72,257.9	3.6	89,957.4	4.4
British Virgin Islands	13,776.4	0.8	15,568.8	0.8	18,742.7	0.9
Canada	2,847.2	0.2	3,209.3	0.2	3,797.5	0.2
Other North America	56.2	0.0	36.7	0.0	2.9	0.0
<b>South America</b>	<b>4,733.9</b>	<b>0.3</b>	<b>6,707.8</b>	<b>0.3</b>	<b>6,713.4</b>	<b>0.3</b>
<b>Asia</b>	<b>225,889.2</b>	<b>12.9</b>	<b>249,950.5</b>	<b>12.6</b>	<b>265,650.3</b>	<b>12.9</b>
<b>Middle East</b>	<b>50,720.1</b>	<b>2.9</b>	<b>56,179.1</b>	<b>2.8</b>	<b>65,271.2</b>	<b>3.2</b>
United Arab Emirates	30,146.8	1.7	33,264.8	1.7	39,573.7	1.9
Bahrain	15,049.6	0.9	15,231.3	0.8	15,537.1	0.8
Saudi Arabia	3,900.4	0.2	6,125.3	0.3	7,926.8	0.4
Israel	427.4	0.0	754.8	0.0	1,724.2	0.1
Other Middle East	1,195.8	0.1	803.0	0.0	509.5	0.0
<b>Far East</b>	<b>175,169.1</b>	<b>10.0</b>	<b>193,771.4</b>	<b>9.8</b>	<b>200,379.1</b>	<b>9.7</b>
India	97,113.3	5.6	107,437.4	5.4	114,014.3	5.5
Japan	49,084.1	2.8	49,259.7	2.5	42,555.2	2.1
China	15,745.6	0.9	19,053.9	1.0	25,183.7	1.2
Pakistan	9,037.2	0.5	9,679.4	0.5	9,555.7	0.5
Singapore	-109.8	0.0	5,809.8	0.3	6,536.4	0.3
Malaysia	1,692.4	0.1	1,720.3	0.1	1,755.0	0.1
Other Far East	2,606.3	0.1	810.9	0.0	778.8	0.0
<b>Europe</b>	<b>679,069.0</b>	<b>38.8</b>	<b>704,466.5</b>	<b>35.5</b>	<b>766,023.8</b>	<b>37.1</b>
<b>Eastern Europe</b>	<b>1,131.4</b>	<b>0.1</b>	<b>1,101.8</b>	<b>0.1</b>	<b>1,322.6</b>	<b>0.1</b>
<b>Western Europe</b>	<b>677,937.6</b>	<b>38.8</b>	<b>703,364.6</b>	<b>35.4</b>	<b>764,701.2</b>	<b>37.1</b>
<b>EU</b>	<b>295,732.3</b>	<b>16.9</b>	<b>292,639.6</b>	<b>14.7</b>	<b>332,555.7</b>	<b>16.1</b>
Netherlands	131,234.4	7.5	125,738.3	6.3	153,712.5	7.5
France	92,106.4	5.3	94,748.1	4.8	97,588.0	4.7
Jersey	18,791.7	1.1	19,468.8	1.0	19,158.2	0.9
Isle of Man	14,429.5	0.8	9,127.6	0.5	17,741.3	0.9
Finland	7,609.2	0.4	6,922.6	0.3	7,927.3	0.4

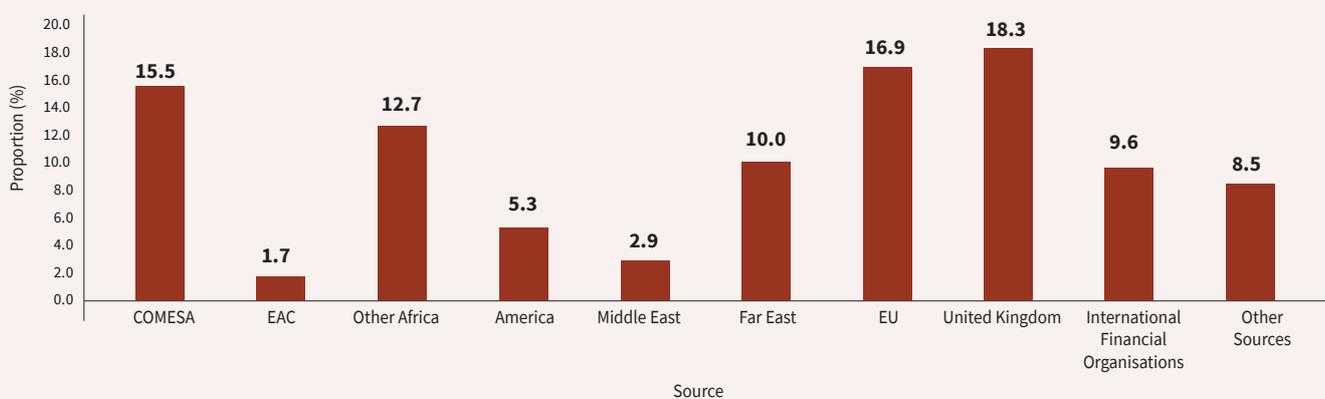
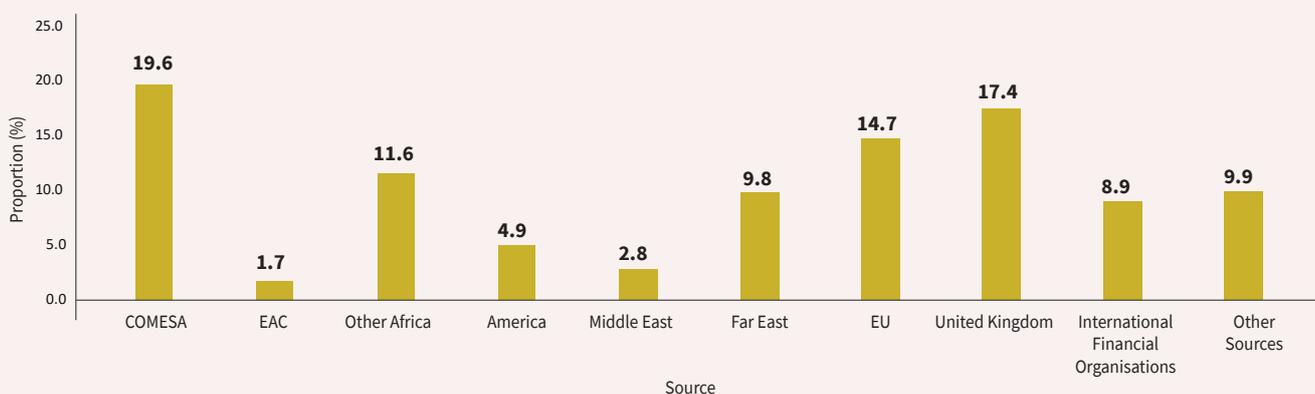
**Table 2.3: Stock of Foreign Liabilities by Source, 2020-2022 (Cont'd)**

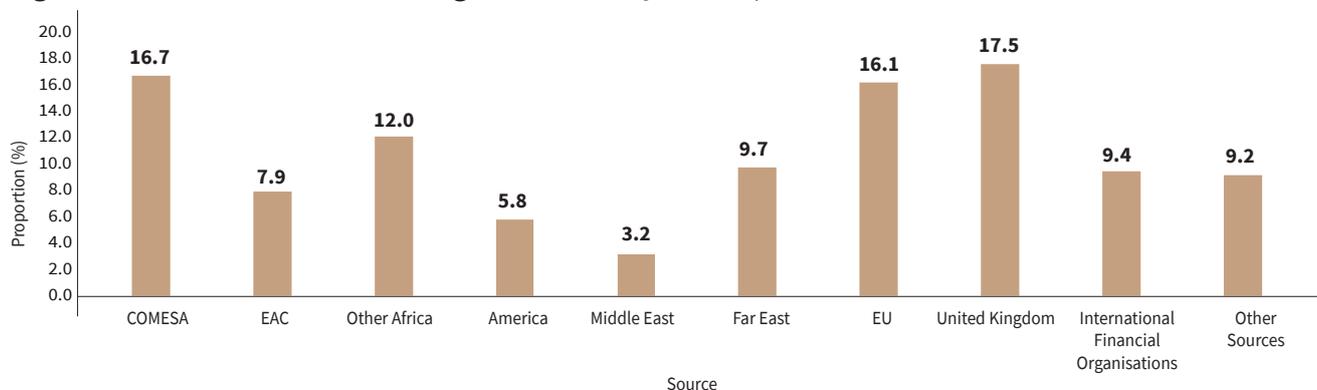
Source	2020		2021		2022	
	KSh Million	%Share	KSh Million	%Share	KSh Million	%Share
Sweden	4,989.7	0.3	6,679.9	0.3	7,767.3	0.4
Spain	1,277.3	0.1	4,765.2	0.2	5,404.8	0.3
Belgium	3,334.9	0.2	4,672.5	0.2	5,337.3	0.3
Denmark	4,530.9	0.3	4,346.9	0.2	4,447.9	0.2
Germany	10,512.2	0.6	5,810.5	0.3	2,313.3	0.1
Other EU	6,916.3	0.4	10,359.3	0.5	11,157.8	0.5
<b>Other Western Europe</b>	<b>382,205.3</b>	<b>21.9</b>	<b>410,725.0</b>	<b>20.7</b>	<b>432,145.5</b>	<b>21.0</b>
United Kingdom	320,339.4	18.3	346,207.8	17.4	361,702.0	17.5
Switzerland	55,632.1	3.2	62,050.1	3.1	65,877.9	3.2
Norway	5,877.6	0.3	1,039.2	0.1	1,942.3	0.1
Rest of Western Europe	356.2	0.0	1,427.9	0.1	2,623.3	0.1
<b>Australia and Oceanic</b>	<b>34,411.3</b>	<b>2.0</b>	<b>32,795.6</b>	<b>1.7</b>	<b>38,363.0</b>	<b>1.9</b>
<b>International Financial Institutions/ Organizations<sup>3</sup></b>	<b>167,445.8</b>	<b>9.6</b>	<b>177,470.9</b>	<b>8.9</b>	<b>194,452.4</b>	<b>9.4</b>
<b>Countries not stated</b>	<b>50,486.6</b>	<b>2.9</b>	<b>98,313.1</b>	<b>5.0</b>	<b>78,941.9</b>	<b>3.8</b>
<b>Total</b>	<b>1,748,823.9</b>	<b>100.0</b>	<b>1,984,163.8</b>	<b>100.0</b>	<b>2,062,415.1</b>	<b>100.0</b>

<sup>1</sup>EAC Partner State are also members of COMESA except Tanzania

<sup>2</sup>Democratic Republic of Congo officially joined EAC on 11<sup>th</sup> July 2022

<sup>3</sup>Includes AfDB, IFC, JICA, IFAD, EIB, PTA, KfW, International Freephone

**Figure 2.1: Share of Stock of Foreign Liabilities by Source, 2020****Figure 2.2: Share of Stock of Foreign Liabilities by Source, 2021**

**Figure 2.3: Share of Stock of Foreign Liabilities by Source, 2022**

### Flows of Foreign Liabilities by Source

**2.12.** The flows of foreign liabilities by source are presented in Table 2.4, and Figures 2.4, 2.5 and 2.6. In the period under review, the total foreign liability inflows increased from KSh 512.2 billion in 2020 to KSh 622.5 billion in 2021, but declined by 14.4 per cent to KSh 533.0 billion in 2022. The regions with the highest inflows of foreign liabilities within the reference period were Africa and Europe, accounting for 37.8 per cent and 25.3 per cent of the total liability inflows, on average. Africa's dominance was significantly boosted by the inflows from South Africa, Mauritius and Morocco, generating KSh 91.6 billion, KSh 32.7 billion, and KSh 26.8 billion in 2022, respectively. The foreign liability inflows from International Financial Institutions/Organizations recorded a 3.5 per cent increase from KSh 41.8 billion in 2020 to KSh 43.3 billion in 2022.

**2.13.** The foreign liability outflows increased by 5.0 per cent from KSh 453.2 billion in 2020 to KSh 475.8 billion in 2022, with Africa and Europe accounting for the highest outflows. While outflows to South Africa decreased from KSh 96.6 billion in 2020 to KSh 73.0 billion in 2022, the country remained the leading source of outflows in Africa within the reference period. The foreign liability outflows to Europe were primarily attributed to the United Kingdom, the Netherlands, and Switzerland, accounting for 30.8, 22.3 and 13.7 per cent of the total liability outflows to Europe in 2022.

**2.14.** The net foreign liability inflows increased from KSh 59.0 billion in 2020 to KSh 229.9 billion in 2021, but declined to KSh 57.1 billion in 2022. The high net liability outflows in 2021 were mainly due to increase in net liability outflows to Africa, which rose from KSh 62.4 billion in 2020 to KSh 132.0 billion in 2021.

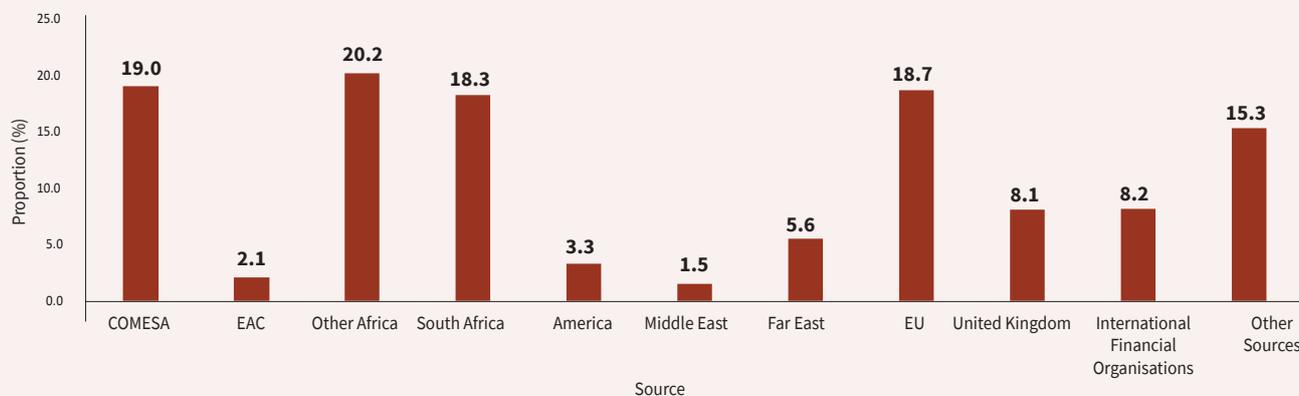
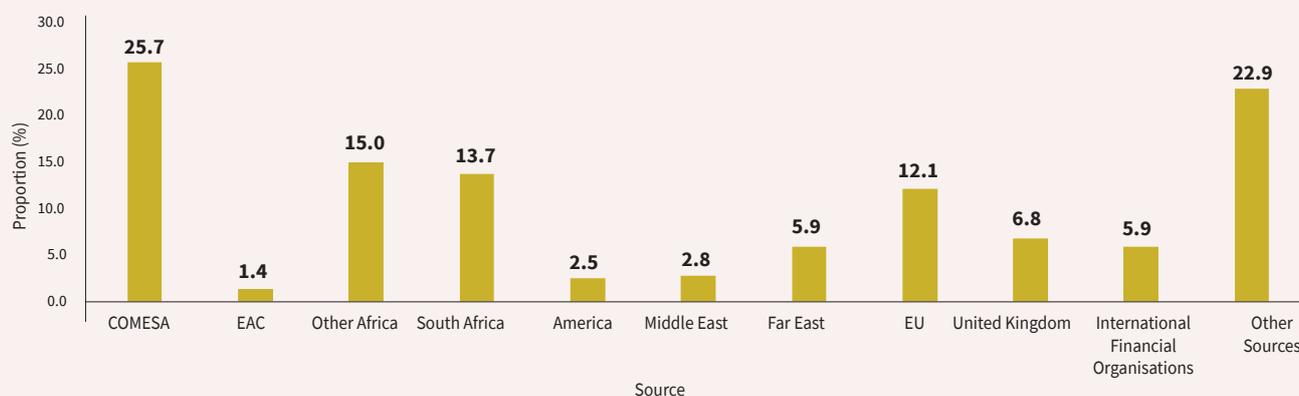
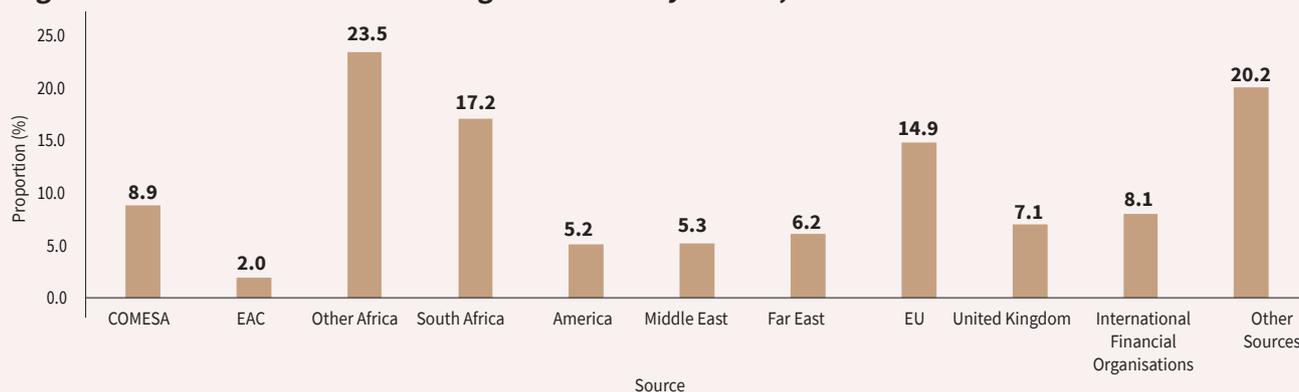
**Table 2.4: Flows of Foreign Liabilities by Source, 2020-2022**

Source	2020			2021			2022		
	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
<b>Africa</b>	<b>201,927.4</b>	<b>139,497.3</b>	<b>62,430.1</b>	<b>254,952.4</b>	<b>122,954.7</b>	<b>131,997.7</b>	<b>175,368.1</b>	<b>211,461.1</b>	<b>-36,092.9</b>
<b>COMESA<sup>1</sup></b>	<b>97,522.9</b>	<b>29,712.4</b>	<b>67,810.5</b>	<b>160,189.3</b>	<b>23,406.5</b>	<b>136,782.9</b>	<b>47,507.8</b>	<b>105,898.4</b>	<b>-58,390.6</b>
Mauritius	13,979.3	22,752.7	-8,773.4	24,229.1	16,354.9	7,874.2	32,719.3	28,795.7	3,923.5
Zambia	432.0	0.0	432.0	283.2	293.6	-10.4	3,102.4	1.2	3,101.2
Ethiopia	0.0	47.0	-47.0	12.2	0.0	12.2	1,635.8	100.4	1,535.4
Madagascar	2,336.8	0.0	2,336.8	1,167.8	0.6	1,167.2	588.1	0.0	588.1
Egypt	2,259.3	344.9	1,914.4	836.5	160.9	675.5	439.3	728.7	-289.3
Djibouti	3,276.6	825.6	2,451.0	730.4	88.8	641.6	155.9	1,291.8	-1,135.8
Democratic Republic of Congo <sup>2</sup>	64,872.4	4.6	64,867.8	125,215.8	0.0	125,215.8			
Other COMESA	553.2	7.4	545.8	422.8	1,452.9	-1,030.0	646.7	335.9	310.8
<b>EAC</b>	<b>10,765.1</b>	<b>7,360.6</b>	<b>3,404.4</b>	<b>8,515.8</b>	<b>7,165.4</b>	<b>1,350.4</b>	<b>10,901.4</b>	<b>76,517.3</b>	<b>-65,616.0</b>
Uganda	4,111.4	4,314.3	-202.8	4,200.2	3,006.7	1,193.5	4,096.0	3,050.7	1,045.4
Tanzania	951.7	1,630.5	-678.8	1,224.3	2,110.7	-886.4	2,681.1	1,872.5	808.5
Rwanda	5,147.2	1,415.9	3,731.4	2,882.6	1,933.7	948.9	3,122.6	3,406.7	-284.1
Democratic Republic of Congo <sup>2</sup>							879.4	65,840.4	-64,961.0
Other EAC	554.7	0.0	554.7	208.8	114.4	94.5	122.2	2,347.0	-2,224.8
<b>Other Africa</b>	<b>103,452.8</b>	<b>108,154.4</b>	<b>-4,701.6</b>	<b>93,538.8</b>	<b>97,437.6</b>	<b>-3,898.8</b>	<b>125,179.2</b>	<b>103,690.1</b>	<b>21,489.1</b>
South Africa	93,677.2	96,606.5	-2,929.3	85,372.0	85,853.4	-481.4	91,560.1	73,023.6	18,536.6
Ghana	14.6	20.0	-5.4	19.6	81.0	-61.4	1,436.5	24.1	1,412.4
Nigeria	2,689.4	8,315.4	-5,626.0	2,107.2	3,762.2	-1,655.0	3,526.3	2,548.4	977.9
Togo	226.3	1,484.9	-1,258.6	2,311.9	228.3	2,083.6	443.0	52.0	391.0
Cote d'Ivoire	1,093.4	10.2	1,083.2	130.8	0.0	130.8	136.9	4.9	132.0
Morocco	5,178.3	1,266.3	3,912.1	3,554.9	7,101.3	-3,546.4	26,822.5	27,889.9	-1,067.4
Rest of Africa	573.6	451.1	122.5	42.4	411.4	-369.0	1,253.8	147.2	1,106.7
<b>America</b>	<b>16,975.3</b>	<b>8,670.9</b>	<b>8,304.3</b>	<b>15,626.1</b>	<b>13,762.1</b>	<b>1,864.0</b>	<b>27,929.0</b>	<b>7,762.4</b>	<b>20,166.5</b>
<b>North America</b>	<b>16,126.4</b>	<b>6,841.1</b>	<b>9,285.3</b>	<b>14,865.3</b>	<b>13,486.0</b>	<b>1,379.4</b>	<b>27,280.4</b>	<b>6,885.3</b>	<b>20,395.1</b>
United States	12,865.0	6,011.5	6,853.5	12,500.1	12,764.4	-264.2	23,230.4	6,488.5	16,741.9
British Virgin Islands	2,655.8	320.2	2,335.6	2,017.9	231.1	1,786.8	3,108.4	113.4	2,995.0
Canada	605.6	508.2	97.4	328.0	444.3	-116.3	940.5	243.1	697.3
Other North America	0.0	1.1	-1.1	19.3	46.1	-26.9	1.1	40.3	-39.2
<b>South America</b>	<b>848.9</b>	<b>1,829.8</b>	<b>-981.0</b>	<b>760.8</b>	<b>276.1</b>	<b>484.7</b>	<b>648.6</b>	<b>877.1</b>	<b>-228.6</b>
<b>Asia</b>	<b>36,028.2</b>	<b>26,042.7</b>	<b>9,985.5</b>	<b>54,198.7</b>	<b>32,339.4</b>	<b>21,859.3</b>	<b>61,225.7</b>	<b>42,572.8</b>	<b>18,652.9</b>
<b>Middle East</b>	<b>7,575.7</b>	<b>6,744.5</b>	<b>831.2</b>	<b>17,373.8</b>	<b>12,798.9</b>	<b>4,574.9</b>	<b>28,064.0</b>	<b>19,262.7</b>	<b>8,801.3</b>
United Arab Emirates	6,929.7	5,437.3	1,492.4	13,603.3	11,592.5	2,010.8	24,651.7	18,749.2	5,902.5
Saudi Arabia	311.1	992.9	-681.8	2,721.7	169.5	2,552.2	1,891.0	0.0	1,891.0
Israel	52.0	0.0	52.0	379.5	0.0	379.5	1,083.7	0.0	1,083.7
Other Middle East	282.9	314.3	-31.4	669.3	1,036.9	-367.6	437.5	513.5	-75.9
<b>Far East</b>	<b>28,452.6</b>	<b>19,298.2</b>	<b>9,154.4</b>	<b>36,824.9</b>	<b>19,540.5</b>	<b>17,284.4</b>	<b>33,161.7</b>	<b>23,310.1</b>	<b>9,851.6</b>
India	8,969.3	2,485.8	6,483.6	12,004.7	1,703.6	10,301.1	11,827.7	2,886.7	8,941.0
China	8,520.9	11,260.6	-2,739.6	11,156.9	8,300.3	2,856.6	12,285.8	4,178.8	8,107.0

**Table 2.4: Flows of Foreign Liabilities by Source, 2020-2022 (Cont'd)**

Source	2020			2021			2022		
	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
Pakistan	498.1	4.2	493.9	482.7	4.0	478.7	646.1	7.4	638.7
Hong Kong	213.3	750.2	-536.9	169.0	160.0	9.0	688.6	222.8	465.8
Thailand	709.1	159.8	549.4	145.9	746.7	-600.8	273.4	7.8	265.5
Singapore	583.3	1,285.4	-702.1	7,334.7	723.2	6,611.6	1,492.0	1,272.6	219.4
Republic of Korea	399.5	394.8	4.7	286.6	1,917.3	-1,630.7	426.7	785.4	-358.7
Sri Lanka	1,126.7	409.9	716.9	495.4	634.0	-138.6	115.9	515.4	-399.5
Japan	6,556.7	2,415.0	4,141.6	4,697.2	4,923.6	-226.4	5,282.9	13,364.6	-8,081.7
Other Far East	875.6	132.6	743.1	51.8	427.8	-375.9	122.7	68.6	54.2
<b>Europe</b>	<b>148,474.2</b>	<b>161,012.2</b>	<b>-12,537.9</b>	<b>137,233.7</b>	<b>101,001.2</b>	<b>36,232.5</b>	<b>133,134.8</b>	<b>67,533.9</b>	<b>65,600.9</b>
<b>Eastern Europe</b>	<b>193.2</b>	<b>0.0</b>	<b>193.2</b>	<b>67.5</b>	<b>111.3</b>	<b>-43.8</b>	<b>243.7</b>	<b>0.0</b>	<b>243.7</b>
<b>Western Europe</b>	<b>148,281.1</b>	<b>161,012.2</b>	<b>-12,731.1</b>	<b>137,166.2</b>	<b>100,889.9</b>	<b>36,276.3</b>	<b>132,891.1</b>	<b>67,533.9</b>	<b>65,357.2</b>
<b>EU</b>	<b>95,692.3</b>	<b>51,099.6</b>	<b>44,592.8</b>	<b>75,576.5</b>	<b>70,182.3</b>	<b>5,394.2</b>	<b>79,564.0</b>	<b>37,148.6</b>	<b>42,415.4</b>
Netherlands	33,232.2	28,090.1	5,142.1	45,079.9	45,226.6	-146.8	42,355.5	15,047.5	27,308.0
Isle of Man	77.1	4,465.2	-4,388.1	0.0	6,759.8	-6,759.8	9,675.3	0.0	9,675.3
France	47,274.7	5,889.9	41,384.7	4,737.1	3,150.0	1,587.1	8,115.6	5,168.7	2,947.0
Ireland	45.1	203.1	-158.0	3,351.2	2,679.3	671.9	4,128.3	2,631.3	1,497.0
Sweden	921.5	1,237.0	-315.5	2,829.8	1,023.1	1,806.7	2,105.3	800.0	1,305.3
Finland	1,147.2	28.3	1,119.0	1,373.7	103.0	1,270.7	1,407.8	126.8	1,281.0
Belgium	687.7	981.2	-293.5	2,665.9	1,231.8	1,434.1	1,465.9	795.8	670.1
Luxembourg	462.7	753.7	-291.0	949.0	850.6	98.4	1,759.5	1,128.9	630.6
Germany	8,462.6	7,999.0	463.6	6,983.2	8,011.6	-1,028.4	5,964.3	8,564.5	-2,600.2
Other EU	3,381.6	1,452.1	1,929.5	7,606.7	1,146.4	6,460.3	2,586.3	2,885.0	-298.8
<b>Other Western Europe</b>	<b>52,588.7</b>	<b>109,912.6</b>	<b>-57,323.9</b>	<b>61,589.6</b>	<b>30,707.5</b>	<b>30,882.1</b>	<b>53,327.1</b>	<b>30,385.3</b>	<b>22,941.8</b>
United Kingdom	41,379.8	101,855.0	-60,475.2	42,453.4	20,285.5	22,168.0	37,916.1	20,780.0	17,136.1
Switzerland	10,866.8	7,633.7	3,233.1	17,403.0	9,451.4	7,951.6	13,348.2	9,277.1	4,071.1
Norway	342.1	234.7	107.5	395.6	864.8	-469.2	1,038.1	18.2	1,019.9
Rest of Western Europe	0.0	189.2	-189.2	1,337.6	105.9	1,231.7	1,024.7	310.0	714.7
<b>Australia and Oceanic</b>	<b>15,526.0</b>	<b>9,094.4</b>	<b>6,431.6</b>	<b>542.3</b>	<b>11,789.8</b>	<b>-11,247.5</b>	<b>6,707.8</b>	<b>500.4</b>	<b>6,207.3</b>
<b>International Financial Institutions/Organizations<sup>3</sup></b>	<b>41,795.1</b>	<b>48,726.6</b>	<b>-6,931.5</b>	<b>36,963.4</b>	<b>34,334.0</b>	<b>2,629.5</b>	<b>43,252.1</b>	<b>35,386.9</b>	<b>7,865.2</b>
<b>Countries not stated</b>	<b>51,455.5</b>	<b>60,186.3</b>	<b>-8,730.8</b>	<b>122,973.9</b>	<b>76,458.6</b>	<b>46,515.3</b>	<b>85,344.4</b>	<b>110,617.4</b>	<b>-25,273.0</b>
<b>Total</b>	<b>512,181.7</b>	<b>453,230.4</b>	<b>58,951.4</b>	<b>622,490.4</b>	<b>392,639.7</b>	<b>229,850.7</b>	<b>532,961.9</b>	<b>475,834.9</b>	<b>57,127.1</b>

<sup>1</sup>EAC Partner State are also members of COMESA except Tanzania<sup>2</sup>Democratic Republic of Congo officially joined EAC on 11<sup>th</sup> July 2022<sup>3</sup>Includes AfDB, IFC, JICA, IFAD, EIB, PTA, KfW, International Freephone

**Figure 2.4: Share of Inflows of Foreign Liabilities by Source, 2020****Figure 2.5: Share of Inflows of Foreign Liabilities by Source, 2021****Figure 2.6: Share of Inflows of Foreign Liabilities by Source, 2022**

### Stock of FDI Liabilities by Source

**2.15.** Table 2.5 shows the stock of FDI liabilities by source from 2020 to 2022. Europe accounted for the largest share of FDI liabilities at 47.4 per cent, with its stock rising by 9.2 per cent from KSh 522.1 billion at the end of 2021 to KSh 570.3 billion at the end of 2022. This was attributable to United Kingdom, the Netherlands and France which accounted for 45.8, 24.1 and 14.0 per cent of the total stock of FDI liabilities from this region, respectively, at the end of 2022. The stock of FDI liabilities from the EU rose by 15.0 per cent from KSh 223.6 billion at the end of 2021 to KSh 257.2 billion at the end of 2022, accounting for 21.5 per cent of the total stock of FDI liabilities at the end of 2022.

**2.16.** The stock of FDI liabilities attributable to Africa accounted for 24.9 per cent of the total stock of FDI liabilities, increasing by 2.8 per cent from KSh 289.4 billion at the end of 2021 to KSh 297.6 billion at the end of 2022. Mauritius and South Africa accounted for the largest share of the stock of FDI liabilities for the three-year period, averaging 12.7 per cent and 11.0 per cent, respectively. The stock of FDI liabilities attributable to the EAC declined for two consecutive years from KSh 5.6 billion at the end of 2020 to KSh 3.9 billion at the end of 2022, mainly due to a 54.4 per cent decrease in the stock of FDI liabilities from Uganda.

**Table 2.5: Stock of FDI Liabilities by Source, 2020-2022**

Source	2020		2021		2022	
	KSh Million	% Share	KSh Million	% Share	KSh Million	% Share
<b>Africa</b>	<b>281,735.6</b>	<b>26.4</b>	<b>289,378.5</b>	<b>26.1</b>	<b>297,594.5</b>	<b>24.9</b>
<b>COMESA<sup>1</sup></b>	<b>155,687.8</b>	<b>14.6</b>	<b>149,803.4</b>	<b>13.5</b>	<b>151,583.6</b>	<b>12.7</b>
Mauritius	145,105.0	13.6	140,410.3	12.7	141,209.9	11.8
Egypt	2,215.7	0.2	2,209.7	0.2	2,424.7	0.2
Somalia	1,281.7	0.1	1,542.1	0.1	1,720.7	0.1
Ethiopia	4.3	0.0	14.5	0.0	1,268.9	0.1
Other COMESA	1,559.3	0.1	892.4	0.1	1,309.6	0.1
<b>EAC</b>	<b>5,631.8</b>	<b>0.5</b>	<b>4,832.1</b>	<b>0.4</b>	<b>3,928.8</b>	<b>0.3</b>
Uganda	3,763.3	0.4	2,876.4	0.3	1,714.5	0.1
Rwanda	885.5	0.1	982.0	0.1	1,059.4	0.1
Burundi	643.1	0.1	693.1	0.1	693.1	0.1
Other EAC	340.0	0.0	280.6	0.0	461.9	0.0
<b>Other Africa</b>	<b>125,937.7</b>	<b>11.8</b>	<b>139,477.4</b>	<b>12.6</b>	<b>145,731.9</b>	<b>12.2</b>
South Africa	110,536.9	10.3	124,213.7	11.2	137,855.7	11.5
Nigeria	15,560.2	1.5	15,891.0	1.4	16,991.2	1.4
Morocco	3,624.7	0.3	3,876.8	0.3	2,794.4	0.2
Tunisia	1,229.8	0.1	1,263.0	0.1	1,433.6	0.1
Togo	-5,111.8	-0.5	-5,755.9	-0.5	-13,325.5	-1.1
Rest of Africa	98.0	0.0	-11.3	0.0	-17.5	0.0
<b>America</b>	<b>75,735.7</b>	<b>7.1</b>	<b>78,383.9</b>	<b>7.1</b>	<b>88,321.8</b>	<b>7.4</b>
<b>North America</b>	<b>71,273.6</b>	<b>6.7</b>	<b>72,058.3</b>	<b>6.5</b>	<b>81,841.1</b>	<b>6.9</b>
United States	54,868.8	5.1	53,538.1	4.8	59,763.9	5.0
British Virgin Islands	13,881.4	1.3	15,654.7	1.4	18,714.9	1.6
Canada	2,468.6	0.2	2,829.7	0.3	3,359.5	0.3
Other North America	54.9	0.0	35.8	0.0	2.8	0.0
<b>South America</b>	<b>4,462.1</b>	<b>0.4</b>	<b>6,325.5</b>	<b>0.6</b>	<b>6,480.7</b>	<b>0.5</b>
<b>Asia</b>	<b>161,146.8</b>	<b>15.1</b>	<b>178,472.4</b>	<b>16.1</b>	<b>191,042.2</b>	<b>16.0</b>
<b>Middle East</b>	<b>38,194.1</b>	<b>3.6</b>	<b>46,207.0</b>	<b>4.2</b>	<b>51,292.6</b>	<b>4.3</b>
United Arab Emirates	19,080.1	1.8	24,375.0	2.2	26,493.7	2.2
Bahrain	14,684.5	1.4	14,870.4	1.3	15,102.7	1.3
Saudi Arabia	3,452.7	0.3	5,596.0	0.5	7,282.0	0.6
Israel	417.0	0.0	736.9	0.1	1,676.0	0.1
Other Middle East	559.8	0.1	628.7	0.1	738.1	0.1
<b>Far East</b>	<b>122,952.7</b>	<b>11.5</b>	<b>132,265.4</b>	<b>11.9</b>	<b>139,749.5</b>	<b>11.7</b>
India	90,083.3	8.4	95,989.4	8.6	98,784.1	8.3
China	14,013.7	1.3	17,488.3	1.6	23,265.3	1.9

**Table 2.5: Stock of FDI Liabilities by Source, 2020-2022 (Cont'd)**

Source	2020		2021		2022	
	KSh Million	%Share	KSh Million	%Share	KSh Million	%Share
Pakistan	8,811.4	0.8	9,436.8	0.9	9,281.5	0.8
Japan	9,671.0	0.9	9,459.6	0.9	8,401.6	0.7
Malaysia	1,651.4	0.2	1,679.6	0.2	1,706.0	0.1
Thailand	1,724.4	0.2	1,280.6	0.1	1,516.1	0.1
Hong Kong	-2,318.3	-0.2	-2,146.9	-0.2	-2,328.7	-0.2
Other Far East	-684.3	-0.1	-922.0	-0.1	-876.2	-0.1
<b>Europe</b>	<b>507,113.0</b>	<b>47.4</b>	<b>522,111.1</b>	<b>47.0</b>	<b>570,257.6</b>	<b>47.8</b>
<b>Eastern Europe</b>	<b>1,103.9</b>	<b>0.1</b>	<b>1,068.0</b>	<b>0.1</b>	<b>1,278.0</b>	<b>0.1</b>
<b>Western Europe</b>	<b>506,009.1</b>	<b>47.3</b>	<b>521,043.1</b>	<b>47.0</b>	<b>568,979.6</b>	<b>47.7</b>
<b>EU</b>	<b>222,568.5</b>	<b>20.8</b>	<b>223,575.6</b>	<b>20.1</b>	<b>257,200.8</b>	<b>21.5</b>
Netherlands	109,426.6	10.2	106,419.0	9.6	137,685.7	11.5
France	75,593.3	7.1	77,069.2	6.9	79,889.1	6.7
Jersey	17,481.9	1.6	17,974.3	1.6	17,610.3	1.5
Finland	7,159.9	0.7	6,580.2	0.6	7,589.3	0.6
Sweden	4,323.1	0.4	5,956.7	0.5	6,985.6	0.6
Belgium	2,886.1	0.3	3,533.5	0.3	3,897.7	0.3
Malta	3,964.3	0.4	4,149.7	0.4	3,375.2	0.3
Ireland	1,353.3	0.1	2,466.3	0.2	3,370.4	0.3
Cyprus	930.3	0.1	1,946.8	0.2	1,652.1	0.1
Luxembourg	1,240.2	0.1	1,209.3	0.1	1,303.4	0.1
Isle of Man	1,086.1	0.1	1,080.3	0.1	1,111.4	0.1
Germany	-3,751.3	-0.4	-6,568.3	-0.6	-9,587.9	-0.8
Other EU	874.8	0.1	1,758.7	0.2	2,318.5	0.2
<b>Other Western Europe</b>	<b>283,440.5</b>	<b>26.5</b>	<b>297,467.5</b>	<b>26.8</b>	<b>311,778.8</b>	<b>26.1</b>
United Kingdom	232,232.3	21.7	248,649.6	22.4	261,145.2	21.9
Switzerland	46,490.2	4.3	48,476.1	4.4	49,397.7	4.1
Rest of Western Europe	4,718.0	0.4	341.8	0.0	1,235.9	0.1
<b>Australia and Oceanic</b>	<b>33,429.2</b>	<b>3.1</b>	<b>32,042.9</b>	<b>2.9</b>	<b>37,003.4</b>	<b>3.1</b>
<b>Countries not stated</b>	<b>9,892.4</b>	<b>0.9</b>	<b>9,387.8</b>	<b>0.8</b>	<b>9,369.0</b>	<b>0.8</b>
<b>Total</b>	<b>1,069,052.6</b>	<b>100.0</b>	<b>1,109,776.6</b>	<b>100.0</b>	<b>1,193,588.5</b>	<b>100.0</b>

<sup>1</sup>EAC Partner State are also members of COMESA except Tanzania

**2.17.** The stock of FDI liabilities attributable to Asia rose by 7.0 per cent from KSh 178.5 billion at the end of 2021 to KSh 191.0 billion at the end of 2022, accounting for 16.0 per cent of the total stock of FDI liabilities at the end of 2022. The stock of FDI liabilities attributable to the Middle East went up by 11.0 per cent from KSh 46.2 billion at the end of 2021 to KSh 51.3 billion at the end of 2022. The top contributors to the stock of FDI liabilities from Asia included India, the United Arab Emirates and China, which accounted for 51.7, 13.9 and 12.2 per cent of the total stock FDI liabilities, respectively, at the end of 2022.

**2.18.** At the end of 2022, the stock of FDI liabilities attributable to America accounted for 7.4 per cent of the total stock of FDI liabilities, with a growth of 12.7 per cent to KSh 88.3 billion from KSh 78.4 billion at the

end of 2021. This was mainly due to the rise in stock of FDI liabilities from USA and British Virgin Islands which went up by 11.6 per cent and 19.5 per cent, respectively, at the end of 2022.

### Flows of FDI Liabilities by Source

**2.19.** The flows of FDI liabilities by source from 2020 to 2022 are presented in Table 2.6. Inflows of FDI liabilities declined by 4.0 per cent to KSh 154.3 billion in 2021, but recorded a 22.0 per cent increase to KSh 188.2 billion in 2022. Europe remained the major source of FDI inflows for the period under review, accounting for an average of 49.8 per cent of total FDI inflows. Within this region, FDI inflows from the Netherlands more than doubled to KSh 36.2 billion in 2021, but declined by 4.4 per cent to KSh 34.6 billion in 2022. On the contrary, FDI inflows from the United Kingdom declined by 8.1 per cent to

KSh 24.2 billion in 2021 but rose by 7.8 per cent to KSh 26.1 billion in 2022. Inflows of FDI from France more than doubled to KSh 6.5 billion in 2022, albeit these inflows being much lower than the volumes recorded in 2020.

**2.20.** Inflows of FDI liabilities from Africa nearly doubled from KSh 29.4 billion in 2021 to KSh 54.1 billion in 2022. This was mainly due to an increase in inflows of FDI liabilities from Morocco which rose from KSh 3.0 billion in 2021 to KSh 23.1 billion in 2022. FDI inflows from Mauritius rose by 15.6 per cent to KSh 13.0 billion in 2022, while those from South Africa rose by 4.9 per cent to KSh 11.9 billion in 2022. However, FDI inflows from the EAC declined by 23.2 per cent to KSh 362.3 million, mainly on account of a 63.5 per cent decline in inflows from Uganda in 2022. In the period under review, FDI inflows from Asia reduced from KSh 28.0 billion in 2021 to KSh 26.2 billion in 2022. This was partly attributable to 41.4 per cent and 29.7 per cent decreases in inflows from the United Arab Emirates and Saudi Arabia, respectively, in 2022. In contrast, inflows from China and India rose by 14.1 per cent and 16.4 per cent, respectively, over the same period. America accounted for 6.8 per cent of the total FDI inflows amounting to KSh 12.8 billion in 2022. The bulk of these flows originated from the United States of America and the British Virgin Islands.

**2.21.** Outflows of FDI liabilities declined by 12.1 per cent to KSh 95.0 billion in 2022. This was driven by a decline in outflows to Europe from KSh 54.9 billion in 2021 to KSh 35.8 billion in 2022. Outflows to the Netherlands recorded the greatest decline of 77.7 per cent in 2022,

pointing to a preference to maintain investment within the country. A slowdown in FDI disinvestment was similarly observed in outflows to the United Kingdom from KSh 74.1 billion in 2020 to KSh 10.5 billion in 2022. On the contrary, FDI outflows to Africa more than doubled from KSh 20.1 billion in 2021 to KSh 41.7 billion in 2022 due to increased outflows to Morocco. Mauritius, which has remained a major destination of FDI outflows, also recorded an increase in outflows from KSh 11.8 billion in 2021 to KSh 13.3 billion in 2022. China and the United Arab Emirates registered reduced FDI outflows of KSh 2.7 billion and KSh 2.9 billion in 2022, ultimately resulting to a 29.6 per cent decline in FDI liability outflows to Asia over the same period.

**2.22.** The increase in inflows of FDI liabilities, coupled with a reduction in outflows, resulted to an increase in net inflows of FDI liabilities which more than doubled from KSh 46.1 billion in 2021 to KSh 93.2 billion in 2022. Europe was the leading source of net FDI inflows accounting for 55.3 per cent of the total net FDI inflows in 2022. The Netherlands was the main source of these inflows which grew more than four times from KSh 6.6 billion in 2021 to KSh 28.0 billion in 2022. Similarly, net FDI inflows from the United Kingdom rose by 35.3 per cent to KSh 15.6 billion in 2022. Asia was the second leading source of net FDI inflows, accounting for 18.5 per cent of the total net FDI inflows in 2022, rising from KSh 15.2 billion in 2021 to KSh 17.2 billion in 2022, partly attributable to China, India and Pakistan. Net FDI inflows from Africa grew from KSh 4.2 billion in 2020 to KSh 12.4 billion in 2022. This was mainly due to an increase in net inflows from South Africa which accounted for the bulk of inflows from the region.

**Table 2.6: Flows of FDI Liabilities by Source, 2020-2022**

Source	2020			2021			2022		
	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
<b>Africa</b>	<b>35,183.4</b>	<b>30,992.5</b>	<b>4,190.9</b>	<b>29,441.4</b>	<b>20,094.7</b>	<b>9,346.7</b>	<b>54,131.4</b>	<b>41,706.4</b>	<b>12,425.0</b>
<b>COMESA<sup>1</sup></b>	<b>14,150.9</b>	<b>17,437.7</b>	<b>-3,286.9</b>	<b>12,407.9</b>	<b>14,106.8</b>	<b>-1,699.0</b>	<b>15,354.8</b>	<b>14,829.8</b>	<b>525.0</b>
Ethiopia	0.0	34.6	-34.6	10.3	0.0	10.3	1,339.0	84.7	1,254.3
Egypt	1,756.0	212.6	1,543.4	101.3	107.5	-6.1	255.3	40.3	215.0
Somalia	368.0	0.0	368.0	260.3	0.0	260.3	319.0	140.4	178.6
Mauritius	10,122.3	16,409.0	-6,286.7	11,242.5	11,784.5	-542.0	13,000.9	13,288.9	-288.0
Other COMESA	198.9	82.9	116.0	375.5	1,008.9	-633.5	275.7	26.6	249.0
<b>EAC</b>	<b>1,764.5</b>	<b>745.9</b>	<b>1,018.7</b>	<b>472.0</b>	<b>1,272.3</b>	<b>-800.3</b>	<b>362.3</b>	<b>1,265.1</b>	<b>-902.7</b>
Tanzania	58.9	47.3	11.6	54.1	66.4	-12.3	197.4	16.1	181.2
Uganda	1,355.6	650.5	705.2	240.3	1,127.8	-887.5	87.6	1,248.9	-1,161.3
Other EAC	350.0	48.1	301.9	177.7	78.1	99.5	77.4	0.0	77.4
<b>Other Africa</b>	<b>20,973.6</b>	<b>13,507.5</b>	<b>7,466.1</b>	<b>16,979.4</b>	<b>5,921.5</b>	<b>11,057.9</b>	<b>38,579.3</b>	<b>26,860.5</b>	<b>11,718.8</b>
South Africa	17,647.7	10,530.1	7,117.6	11,372.5	1,273.3	10,099.3	11,928.3	1,164.4	10,764.0
Nigeria	1,910.9	2,097.7	-186.8	1,772.9	1,679.1	93.8	3,037.5	2,016.6	1,020.9
Morocco	1,334.0	528.4	805.5	2,996.5	2,732.6	263.9	23,104.2	23,532.3	-428.1
Rest of Africa	81.0	351.3	-270.3	837.5	236.5	601.0	509.2	147.2	362.0
<b>America</b>	<b>9,897.8</b>	<b>3,869.7</b>	<b>6,028.0</b>	<b>7,546.9</b>	<b>7,398.4</b>	<b>148.5</b>	<b>12,837.8</b>	<b>5,796.6</b>	<b>7,041.2</b>
<b>North America</b>	<b>9,348.5</b>	<b>2,523.2</b>	<b>6,825.3</b>	<b>6,972.1</b>	<b>7,187.3</b>	<b>-215.3</b>	<b>12,279.2</b>	<b>5,234.8</b>	<b>7,044.3</b>
United States	6,746.9	1,950.2	4,796.8	4,983.5	6,674.9	-1,691.4	8,794.3	4,908.8	3,885.5
British Virgin Islands	2,122.9	219.9	1,903.0	1,700.5	159.6	1,540.9	2,675.8	89.6	2,586.2
Canada	478.7	352.4	126.3	271.8	317.6	-45.8	808.0	202.4	605.6
Other North America	0.0	0.8	-0.8	16.2	35.3	-19.0	1.0	34.0	-33.0
<b>South America</b>	<b>549.3</b>	<b>1,346.5</b>	<b>-797.2</b>	<b>574.8</b>	<b>211.1</b>	<b>363.8</b>	<b>558.7</b>	<b>561.8</b>	<b>-3.1</b>
<b>Asia</b>	<b>23,594.4</b>	<b>15,330.4</b>	<b>8,263.9</b>	<b>27,970.8</b>	<b>12,722.8</b>	<b>15,248.0</b>	<b>26,182.2</b>	<b>8,961.5</b>	<b>17,220.7</b>
<b>Middle East</b>	<b>5,805.5</b>	<b>4,584.0</b>	<b>1,221.5</b>	<b>11,809.4</b>	<b>4,028.7</b>	<b>7,780.7</b>	<b>8,137.9</b>	<b>2,862.4</b>	<b>5,275.5</b>
United Arab Emirates	5,367.2	3,624.2	1,743.0	9,002.3	3,898.2	5,104.1	5,272.9	2,862.4	2,410.4
Saudi Arabia	221.0	731.1	-510.1	2,263.0	129.6	2,133.5	1,589.9	0.0	1,589.9
Israel	41.6	0.0	41.6	319.9	0.0	319.9	933.5	0.0	933.5
Other Middle East	175.7	228.6	-53.0	224.2	0.9	223.2	341.7	0.0	341.7
<b>Far East</b>	<b>17,788.9</b>	<b>10,746.5</b>	<b>7,042.4</b>	<b>16,161.4</b>	<b>8,694.0</b>	<b>7,467.3</b>	<b>18,044.3</b>	<b>6,099.0</b>	<b>11,945.2</b>
China	6,116.2	7,524.0	-1,407.8	8,497.9	5,202.5	3,295.4	9,693.1	2,734.1	6,959.1
India	6,750.2	1,254.0	5,496.2	5,471.7	809.7	4,662.0	6,369.7	1,261.9	5,107.8
Pakistan	398.1	0.0	398.1	396.8	0.0	396.8	556.5	0.0	556.5
Thailand	566.8	112.7	454.2	123.0	566.8	-443.8	235.5	0.0	235.5
Singapore	184.3	579.6	-395.2	200.0	183.8	16.3	505.0	435.7	69.3
Japan	3,021.2	604.1	2,417.1	1,219.8	1,431.3	-211.5	520.4	1,573.5	-1,053.0
Other Far East	752.0	672.2	79.8	252.0	500.0	-247.9	164.1	93.9	70.2
<b>Europe</b>	<b>76,939.3</b>	<b>101,791.7</b>	<b>-24,852.4</b>	<b>85,125.1</b>	<b>54,869.1</b>	<b>30,256.0</b>	<b>87,388.1</b>	<b>35,848.4</b>	<b>51,539.7</b>
<b>Eastern Europe</b>	<b>154.4</b>	<b>0.0</b>	<b>154.4</b>	<b>49.2</b>	<b>85.1</b>	<b>-35.9</b>	<b>210.0</b>	<b>0.0</b>	<b>210.0</b>
<b>Western Europe</b>	<b>76,784.8</b>	<b>101,791.7</b>	<b>-25,006.8</b>	<b>85,075.9</b>	<b>54,784.0</b>	<b>30,291.9</b>	<b>87,178.1</b>	<b>35,848.4</b>	<b>51,329.7</b>
<b>EU</b>	<b>45,876.8</b>	<b>24,593.1</b>	<b>21,283.7</b>	<b>52,893.1</b>	<b>38,130.2</b>	<b>14,762.8</b>	<b>52,590.8</b>	<b>19,186.8</b>	<b>33,404.0</b>
Netherlands	10,981.0	15,859.6	-4,878.6	36,189.5	29,543.0	6,646.5	34,608.8	6,574.2	28,034.7

**Table 2.6: Flows of FDI Liabilities by Source, 2020-2022 (Cont'd)**

Source	2020			2021			2022		
	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
France	26,453.3	4,039.3	22,414.0	3,118.8	2,146.0	972.8	6,506.4	3,728.3	2,778.1
Ireland	36.0	149.6	-113.5	2,824.8	2,048.3	776.5	3,556.0	2,220.2	1,335.9
Finland	917.0	0.0	917.0	1,157.9	6.2	1,151.7	1,211.1	41.9	1,169.2
Sweden	529.0	742.0	-213.0	2,250.6	667.0	1,583.7	1,682.8	544.0	1,138.8
Belgium	85.9	538.3	-452.4	860.0	189.7	670.3	526.2	146.8	379.4
Germany	4,871.0	2,452.9	2,418.1	4,440.3	2,863.1	1,577.1	2,599.9	3,900.8	-1,300.9
Other EU	2,003.6	811.5	1,192.1	2,051.2	667.0	1,384.3	1,899.6	2,030.8	-131.2
<b>Other Western Europe</b>	<b>30,908.0</b>	<b>77,198.6</b>	<b>-46,290.5</b>	<b>32,182.8</b>	<b>16,653.8</b>	<b>15,529.1</b>	<b>34,587.3</b>	<b>16,661.6</b>	<b>17,925.8</b>
United Kingdom	26,304.3	74,125.3	-47,821.0	24,182.2	12,689.2	11,493.0	26,075.2	10,522.1	15,553.1
Switzerland	4,330.6	2,926.1	1,404.5	7,901.3	3,881.6	4,019.7	7,615.3	6,133.7	1,481.6
Rest of Western Europe	273.0	147.1	125.9	99.4	83.0	16.4	896.7	5.7	891.0
<b>Australia and Oceanic</b>	<b>12,137.3</b>	<b>6,130.6</b>	<b>6,006.8</b>	<b>415.6</b>	<b>8,800.3</b>	<b>-8,384.7</b>	<b>5,112.8</b>	<b>163.0</b>	<b>4,949.8</b>
<b>Countries not stated</b>	<b>2,906.5</b>	<b>3,232.2</b>	<b>-325.7</b>	<b>3,784.7</b>	<b>4,289.4</b>	<b>-504.7</b>	<b>2,537.7</b>	<b>2,556.5</b>	<b>-18.7</b>
<b>Total</b>	<b>160,658.6</b>	<b>161,347.1</b>	<b>-688.5</b>	<b>154,284.5</b>	<b>108,174.6</b>	<b>46,109.8</b>	<b>188,190.1</b>	<b>95,032.3</b>	<b>93,157.8</b>

<sup>1</sup>EAC Partner State are also members of COMESA except Tanzania

### Stock of FDI liabilities by Economic Activity

**2.23.** The stock of FDI liabilities from 2020 to 2022, based on the International Standard of Industrial Classification of all Economic Activities (ISIC), Rev.4, is presented in Table 2.7. Finance and insurance activities sector remained the leading recipient of the stock of FDI across the review period, with the stock of FDI within this sector increasing by 11.8 per cent from KSh 336.1 billion at the end of 2020 to KSh 375.7 billion at the end of 2022. Similarly, the stock of FDI in the Manufacturing;

Wholesale and retail trade; and Agriculture, forestry and fishing rose for two consecutive years to KSh 194.1 billion, KSh 157.5 billion and KSh 84.5 billion, respectively, at the end of 2022. Notably, the stock of FDI in Information and communication; and Mining and quarrying recorded mixed performance during the period under review, recording 4.1 per cent and 5.3 per cent declines as at the end of 2021, but increased by 20.5 per cent and 8.2 per cent, respectively, at the end of 2022.

**Table 2.7: Stock of FDI liabilities by Economic Activity, 2020-2022**

Sector	2020		2021		2022	
	KSh Million	% Share	KSh Million	% Share	KSh Million	% Share
A. Agriculture, forestry and fishing	72,276.1	6.8	77,775.0	7.0	84,493.7	7.1
B. Mining and quarrying	69,879.5	6.5	66,194.9	6.0	71,625.1	6.0
C. Manufacturing	173,334.5	16.2	183,436.7	16.5	194,082.1	16.3
D. Electricity, gas and air conditioning supply	30,822.9	2.9	27,003.4	2.4	26,399.0	2.2
E. Water supply; sewerage, waste management and remediation activities	485.6	0.0	1,001.8	0.1	1,851.2	0.2
F. Construction	10,393.4	1.0	11,375.1	1.0	18,443.8	1.5
G. Wholesale & retail trade; repair of motor vehicles and motorcycles services	142,413.6	13.3	155,355.5	14.0	157,540.1	13.2
H. Transportation and storage	21,157.2	2.0	22,588.1	2.0	22,984.7	1.9
I. Accommodation and food service activities	9,032.9	0.8	6,677.8	0.6	7,862.5	0.7
J. Information and communication	140,598.3	13.2	134,830.0	12.1	162,470.0	13.6
K. Finance and insurance activities	336,121.3	31.4	358,453.2	32.3	375,736.2	31.5
L. Real estate activities	35,804.7	3.3	36,130.2	3.3	36,142.7	3.0
M. Professional, scientific and technical activities	13,475.9	1.3	16,158.1	1.5	19,208.8	1.6
N. Administrative and support service activities	8,171.8	0.8	7,603.8	0.7	8,799.9	0.7
P. Education	3,001.8	0.3	3,109.9	0.3	3,302.0	0.3
Q. Human health and social work activities	757.6	0.1	740.6	0.1	736.0	0.1
R. Arts, entertainment and recreation	553.9	0.1	374.1	0.0	586.4	0.0
S. Other service activities	771.7	0.1	968.4	0.1	1,324.2	0.1
<b>Total</b>	<b>1,069,052.6</b>	<b>100.0</b>	<b>1,109,776.6</b>	<b>100.0</b>	<b>1,193,588.5</b>	<b>100.0</b>

### Flows of FDI liabilities by Economic Activity

**2.24.** Table 2.8 highlights the flows of FDI liabilities categorized by economic activity. In 2021, FDI inflows to Information and communication more than doubled from KSh 14.4 billion in 2020 to KSh 37.7 billion in 2021. Inflows to Transportation and storage sector increased five-folds from KSh 1.2 billion in 2020 to KSh 6.0 billion in 2021, while those to Professional, scientific and technical activities more than doubled over the same period. On the contrary, FDI inflows to Mining and quarrying; Wholesale and retail trade; Manufacturing; and Finance and insurance activities declined by 87.3, 27.1, 14.0 and 22.5 per cent, respectively, in 2021. The decrease in FDI inflows was influenced by a range of factors, notably the global economic downturn worsened by the COVID-19 pandemic, which affected

global investment patterns. The pandemic led to economic contractions and heightened uncertainty, resulting in lower investments in sectors considered riskier or more vulnerable to economic cycles.

**2.25.** In 2022, there were significant increases in FDI inflows compared to 2021 across various sectors. Specifically, FDI inflows to Agriculture, forestry, and fishing; Wholesale and retail trade; and Finance and insurance activities rose by 52.0, 57.6 and 24.3 per cent, respectively, in 2022. Notably, inflows to Mining and quarrying more than doubled from KSh 2.4 billion in 2021 to KSh 5.6 billion in 2022.

**2.26.** Total FDI outflows declined by 33.0 per cent in 2021 from KSh 161.3 billion in 2020. The reduction

was occasioned majorly by decrease in outflows from Mining and quarrying; and Finance and insurance activities which jointly declined by KSh 70.5 billion. In contrast, outflows from Information and communication increased from KSh 19.4 billion in 2020 to KSh 36.1 billion in 2021.

**2.27.** The year 2022 witnessed a notable reduction in the outflows of FDI from both the Mining and quarrying; and Information and communication sectors, which dropped by 98.7 per cent and 49.9 per

cent, respectively, compared to the preceding year. In contrast, outflows of FDI from Wholesale and retail trade went up from KSh 19.4 billion in 2021 to KSh 46.1 billion in 2022.

**2.28.** Overall, the net FDI inflows showed an upward trend from 2021 to 2022. The growth was supported by increased net inflows to Agriculture, forestry and fishing; Finance and insurance activities; and Information and communication sectors over this period.

**Table 2.8: Flows of FDI liabilities by Economic Activity, 2020-2022**

Sector	KSh Million								
	2020			2021			2022		
	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
A. Agriculture, forestry and fishing	5,062.3	1,669.0	3,393.3	6,342.6	823.2	5,519.4	9,639.9	1,697.3	7,942.6
B. Mining and quarrying	18,789.7	72,918.6	-54,128.9	2,393.5	12,853.8	-10,460.3	5,596.2	166.0	5,430.2
C. Manufacturing	27,091.2	9,764.4	17,326.8	23,301.8	17,096.3	6,205.4	23,297.0	12,454.0	10,843.0
D. Electricity, gas and air conditioning supply	2,534.2	586.0	1,948.2	3,443.4	842.4	2,601.0	5,570.3	585.6	4,984.8
E. Water supply; sewerage, waste management and remediation activities	506.5	0.0	506.5	516.2	0.0	516.2	849.4	0.0	849.4
F. Construction	6,788.7	7,353.0	-564.3	8,453.2	5,164.7	3,288.5	11,257.2	3,384.8	7,872.5
G. Wholesale & retail trade; repair of motor vehicles and motorcycles services	42,940.4	18,642.4	24,298.1	31,322.0	19,364.8	11,957.1	49,363.9	46,096.9	3,267.0
H. Transportation and storage	1,160.2	5,058.3	-3,898.1	5,968.5	1,236.5	4,732.0	1,555.2	1,777.8	-222.6
I. Accommodation and food service activities	1,803.6	2,238.5	-434.9	195.7	1,694.1	-1,498.4	405.0	738.4	-333.4
J. Information and communication	14,393.2	19,426.2	-5,033.0	37,739.2	36,136.8	1,602.3	37,836.5	18,093.4	19,743.1
K. Finance and insurance activities	34,870.7	17,644.2	17,226.5	27,022.4	7,162.3	19,860.1	33,580.1	5,047.4	28,532.8
L. Real estate activities	419.7	148.7	271.0	673.9	36.4	637.4	182.2	323.0	-140.7
M. Professional, scientific and technical activities	1,998.7	2,951.9	-953.2	4,704.1	3,091.4	1,612.7	5,585.4	3,078.8	2,506.6
N. Administrative and support service activities	1,402.9	1,010.6	392.3	1,229.1	1,802.1	-573.0	1,936.1	747.9	1,188.2
P. Education	657.1	1,744.2	-1,087.1	667.6	621.8	45.8	884.3	799.6	84.7
Q. Human health and social work activities	39.7	0.0	39.7	46.1	0.3	45.8	40.1	0.0	40.1
R. Arts, entertainment and recreation	139.6	122.6	16.9	29.4	209.2	-179.8	223.3	11.1	212.3
S. Other service activities	60.2	68.6	-8.3	235.8	38.4	197.4	387.8	30.4	357.3
<b>Total</b>	<b>160,658.6</b>	<b>161,347.1</b>	<b>-688.5</b>	<b>154,284.5</b>	<b>108,174.6</b>	<b>46,109.8</b>	<b>188,190.1</b>	<b>95,032.3</b>	<b>93,157.8</b>

### Stock of Private Sector External Debt

**2.29.** The Private Sector External Debt (PSED) stock increased by 19.6 per cent from KSh 938.0 billion at the end of 2020 to KSh 1,122.3 billion at the end of 2021. However, it decreased by 1.8 per cent to KSh 1,101.7 billion in 2022, as shown in Table 2.9. The increase at the end of 2021 was mainly in Other Investment category that grew by 22.5 per cent to KSh 791.4 billion, largely on account of increased currency and deposits; and long-term loans. The decrease in PSED at the end of 2022 was mainly on account of Financial Derivatives

and Employees' Stock Options, which reduced by 50.6 per cent to KSh 23.5 billion. The debt instruments under FDI declined by 2.8 per cent to KSh 283.0 billion at the end of 2021, and by 4.7 per cent to KSh 269.7 billion at the end of 2022, mainly attributable to long-term debt instruments. Debt under Other Investment category contributed the highest share of total stock of PSED, averaging 70.9 per cent over the reference period. Debt instruments under FDI accounted for 26.9 per cent of the total PSED despite a 7.4 per cent decline over the same period.

**Table 2.9: Stock of Private Sector External Debt, 2020-2022**

Category	2020		2021		2022	
	KSh Million	% Share	KSh Million	% Share	KSh Million	% Share
<b>Foreign Direct Investment</b>	<b>291,139.7</b>	<b>31.0</b>	<b>282,979.7</b>	25.2	<b>269,668.1</b>	<b>24.5</b>
Debt Instruments	291,139.7	31.0	282,979.7	25.2	269,668.1	24.5
Long term	241,036.7	25.7	232,304.0	20.7	212,618.2	19.3
Short Term	50,103.0	5.3	50,675.7	4.5	57,049.9	5.2
<b>Portfolio Investment</b>	<b>37.8</b>	<b>0.0</b>	<b>264.6</b>	<b>0.0</b>	<b>529.4</b>	<b>0.0</b>
Debt Instruments	37.8	0.0	264.6	0.0	529.4	0.0
Long term	32.8	0.0	241.5	0.0	526.6	0.0
Short Term	5.0	0.0	23.1	0.0	2.8	0.0
<b>Financial Derivatives and Employee Stock Options</b>	<b>915.5</b>	<b>0.1</b>	<b>47,592.7</b>	<b>4.2</b>	<b>23,490.9</b>	<b>2.1</b>
Forwards	488.5	0.1	43,631.7	3.9	20,367.4	1.8
Options	49.2	0.0	3,288.5	0.3	2,923.9	0.3
Employees Stock Options	377.8	0.0	672.5	0.1	199.6	0.0
<b>Other Investment</b>	<b>645,867.9</b>	<b>68.9</b>	<b>791,417.5</b>	<b>70.5</b>	<b>807,973.3</b>	<b>73.3</b>
Currencies and Deposits	121,449.2	12.9	211,713.4	18.9	187,432.4	17.0
Long term	1,396.0	0.1	2,071.1	0.2	2,656.7	0.2
Short Term	120,053.2	12.8	209,642.2	18.7	184,775.7	16.8
Trade credits and Advances	7,135.5	0.8	10,200.1	0.9	10,784.2	1.0
Long term	577.6	0.1	757.8	0.1	713.1	0.1
Short Term	6,558.0	0.7	9,442.3	0.8	10,071.2	0.9
Loans	449,846.6	48.0	497,279.1	44.3	522,020.9	47.4
Long term	390,149.4	41.6	420,055.3	37.4	449,316.4	40.8
Short Term	59,697.2	6.4	77,223.8	6.9	72,704.5	6.6
Insurance, Pension and Standardised Guarantee Schemes	42,530.6	4.5	47,086.1	4.2	57,728.2	5.2
Life Insurance Reserves	1,517.8	0.2	1,352.8	0.1	1,066.4	0.1
Non-life Insurance Reserves	8,212.0	0.9	9,423.0	0.8	12,145.3	1.1
Pension Entitlements/Claims	31,421.1	3.3	34,783.1	3.1	42,644.1	3.9
Standardised Guarantee Schemes	1,379.6	0.1	1,527.3	0.1	1,872.4	0.2
Other Accounts Payable	24,906.0	2.7	25,138.7	2.2	30,007.6	2.7
Long term	8,651.5	0.9	9,684.0	0.9	12,599.5	1.1
Short Term	16,254.6	1.7	15,454.7	1.4	17,408.0	1.6
<b>Total</b>	<b>937,960.8</b>	<b>100.0</b>	<b>1,122,254.5</b>	<b>100.0</b>	<b>1,101,661.6</b>	<b>100.0</b>

**Flows of Private Sector External Debt**

**2.30.** Total inflows of PSED increased by 42.9 per cent from KSh 319.6 billion in 2020 to KSh 456.6 billion in 2021, as presented in Table 2.10. However, it declined by 18.6 per cent to KSh 371.8 billion in 2022. The changes in total inflows of PSED were mainly reflected in Other Investment category, in particular, currency and deposits. The inflows on debt instruments under FDI increased by 25.5 per cent to KSh 64.6 billion in 2021, and by 9.5 per cent to KSh 70.7 billion in 2022. Total outflows of PSED increased by 26.4 per cent to KSh 261.7 billion in 2021 and by 41.3 per cent to KSh 369.7 billion in 2022, mainly due to increases in debt under

Other Investment, in particular, currency and deposits. The outflows on debt instruments under FDI increased by 92.2 per cent to KSh 61.7 billion in 2021, largely on account of both short and long-term debt. However, it decreased by 8.6 per cent to KSh 56.4 billion in 2022 on account of a decrease in long-term debt.

**2.31.** The value of PSED net inflows increased by 73.2 per cent to KSh 194.9 billion in 2021, mainly reflecting increases in net inflows of Other Investment category, in particular, currencies and deposits. The net inflows of PSED declined by 98.9 per cent to KSh 2.1 billion in 2022 due to decline in currencies and deposits.



**Table 2.10: Flows of Private Sector External Debt, 2020-2022**

Category	2020			2021			2022		
	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
<b>Foreign Direct Investment</b>	<b>51,463.3</b>	<b>32,119.5</b>	<b>19,343.8</b>	<b>64,585.1</b>	<b>61,722.7</b>	<b>2,862.3</b>	<b>70,700.2</b>	<b>56,395.2</b>	<b>14,305.0</b>
Debt Instruments	51,463.3	32,119.5	19,343.8	64,585.1	61,722.7	2,862.3	70,700.2	56,395.2	14,305.0
Long term	25,183.3	18,065.4	7,117.8	36,038.2	33,725.5	2,312.7	25,944.4	17,760.5	8,183.9
Short Term	26,280.1	14,054.1	12,226.0	28,546.9	27,997.2	549.7	44,755.8	38,634.7	6,121.0
<b>Portfolio Investment</b>	<b>32.6</b>	<b>37.8</b>	<b>-5.2</b>	<b>259.6</b>	<b>32.8</b>	<b>226.8</b>	<b>285.2</b>	<b>20.4</b>	<b>264.8</b>
Debt Instruments	32.6	37.8	-5.2	259.6	32.8	226.8	285.2	20.4	264.8
Long term	32.6	0.0	32.6	241.5	32.8	208.7	285.2	0.0	285.2
Short Term	0.0	37.8	-37.8	18.1	0.0	18.1	0.0	20.4	-20.4
<b>Financial Derivatives and Employee Stock Options</b>	<b>518.8</b>	<b>269.3</b>	<b>249.4</b>	<b>47,106.9</b>	<b>429.6</b>	<b>46,677.3</b>	<b>347.4</b>	<b>24,449.3</b>	<b>-24,101.9</b>
Forwards	249.8	90.7	159.1	43,296.0	152.8	43,143.2	122.9	23,387.2	-23,264.3
Options	47.4	9.4	38.1	3,265.6	26.2	3,239.4	25.0	389.6	-364.6
Employees Stock Options	221.5	169.3	52.2	545.3	250.5	294.7	199.6	672.5	-473.0
<b>Other Investment</b>	<b>267,560.9</b>	<b>174,593.5</b>	<b>92,967.4</b>	<b>344,659.5</b>	<b>199,484.9</b>	<b>145,174.6</b>	<b>300,493.9</b>	<b>288,856.5</b>	<b>11,637.4</b>
Currencies and Deposits	71,912.0	10,551.9	61,360.1	113,852.1	24,291.1	89,561.0	34,380.1	58,663.6	-24,283.5
Long term	370.4	0.9	369.4	1,307.3	1,335.3	-28.1	2,284.9	1,699.4	585.5
Short Term	71,541.7	10,551.0	60,990.6	112,544.8	22,955.8	89,589.0	32,095.3	56,964.3	-24,869.0
Trade credits and Advances	4,241.7	5,846.1	-1,604.3	9,322.6	7,632.4	1,690.2	7,722.7	7,428.6	294.1
Long term	130.2	331.5	-201.3	379.4	204.1	175.3	277.7	326.5	-48.7
Short Term	4,111.5	5,514.5	-1,403.0	8,943.2	7,428.3	1,514.9	7,445.0	7,102.1	342.8
Loans	129,821.1	110,981.0	18,840.2	141,399.5	103,297.6	38,101.8	141,381.1	134,420.0	6,961.1
Long term	80,823.0	49,306.4	31,516.6	68,945.6	48,424.7	20,520.8	79,418.1	66,925.2	12,492.9
Short Term	48,998.2	61,674.6	-12,676.5	72,453.9	54,872.9	17,581.0	61,963.0	67,494.8	-5,531.8
Insurance, Pension and Standardised Guarantee Schemes	21,267.8	9,353.4	11,914.3	25,085.0	9,537.4	15,547.6	35,089.5	11,134.8	23,954.7
Life Insurance Reserves	1,431.2	1,797.1	-365.8	1,424.3	2,300.5	-876.2	1,400.7	1,865.9	-465.2
Non-life Insurance Reserves	11,659.7	7,552.3	4,107.3	14,016.2	7,232.8	6,783.5	20,198.0	9,264.1	10,933.8
Pension Entitlements/Claims	7,363.3	4.1	7,359.3	8,684.9	4.1	8,680.8	12,148.7	4.8	12,143.9
Standardised Guarantee Schemes	813.5	0.0	813.5	959.5	0.0	959.5	1,342.2	0.0	1,342.2
Other Accounts Payable	40,318.2	37,861.1	2,457.1	55,000.4	54,726.4	274.0	81,920.4	77,209.4	4,711.0
Long term	1,465.3	3,111.1	-1,645.8	2,727.3	1,707.3	1,020.0	11,948.1	9,201.6	2,746.5
Short Term	38,852.9	34,750.0	4,102.9	52,273.1	53,019.1	-746.0	69,972.3	68,007.9	1,964.4
<b>Total</b>	<b>319,575.6</b>	<b>207,020.1</b>	<b>112,555.5</b>	<b>456,611.0</b>	<b>261,670.0</b>	<b>194,941.0</b>	<b>371,826.7</b>	<b>369,721.4</b>	<b>2,105.3</b>

### Stock of Private Sector External Debt by Source

**2.32.** The stock of PSED by source is presented in Table 2.11 and Figure 2.7. International Financial Institutions/Organizations were the leading source of the stock of PSED, accounting for 17.9 per cent of the total stock of PSED at the end of 2022, which increased by 16.4 per cent from KSh 169.3 billion at the end of 2020 to KSh 197.0 billion at the end of 2022. The Democratic Republic of Congo accounted for the second largest share of the total stock of PSED at 11.9 per cent at the end of 2022, followed by the United Kingdom (9.1%),

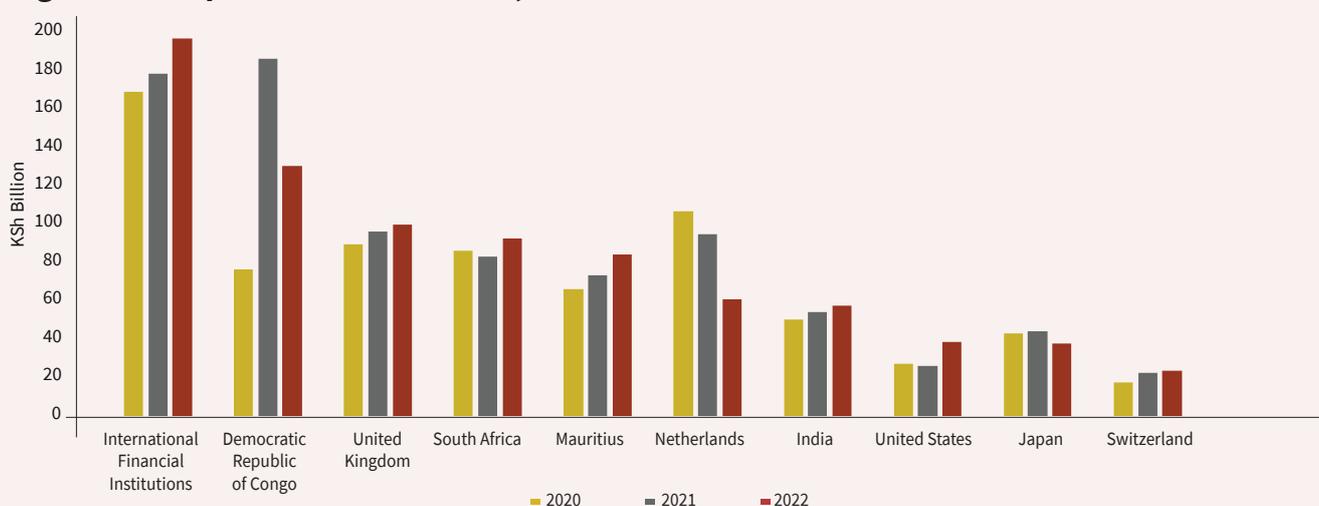
South Africa (8.4%), Mauritius (7.7%), the Netherlands (5.5%) and India (5.2%). Top ten countries jointly accounted for 58.6 per cent of the total stock of PSED at the end of 2022. The stock of PSED from the Democratic Republic of Congo increased significantly at the end of 2021, but declined by 29.9 per cent to KSh 130.6 billion at the end of 2022. There were increases in the stock of PSED from the United Kingdom, South Africa, Mauritius and USA at the end of 2022. However, there were notable declines in the stock of PSED from the Netherlands and Japan.

**Table 2.11: Stock of Private Sector External Debt by Source, 2020-2022**

Country	2020		2021		2022	
	KSh Million	% Share	KSh Million	% Share	KSh Million	% Share
Democratic Republic of Congo	76,458.7	8.2	186,359.8	16.6	130,591.4	11.9
United Kingdom	89,664.8	9.6	96,254.7	8.6	99,831.2	9.1
South Africa	86,267.1	9.2	83,046.8	7.4	92,503.7	8.4
Mauritius	66,194.5	7.1	73,351.6	6.5	84,383.8	7.7
Netherlands	106,864.7	11.4	94,752.5	8.4	60,833.6	5.5
India	50,248.1	5.4	54,118.9	4.8	57,432.0	5.2
United States	27,294.5	2.9	25,979.1	2.3	38,560.7	3.5
Japan	42,936.4	4.6	44,127.3	3.9	37,897.3	3.4
Switzerland	17,472.5	1.9	22,445.4	2.0	23,641.8	2.1
China	9,467.5	1.0	12,830.6	1.1	20,173.8	1.8
Germany	23,746.8	2.5	19,906.6	1.8	18,875.5	1.7
France	17,210.8	1.8	18,388.3	1.6	17,695.7	1.6
United Arab Emirates	12,377.2	1.3	12,298.7	1.1	17,421.7	1.6
Isle of Man	13,609.1	1.5	8,173.4	0.7	17,025.0	1.5
Bahrain	13,176.0	1.4	13,129.5	1.2	13,274.2	1.2
Australia	8,673.2	0.9	8,713.4	0.8	9,564.6	0.9
Rwanda	7,469.7	0.8	8,540.8	0.8	8,839.8	0.8
Sweden	4,582.3	0.5	6,611.2	0.6	8,138.7	0.7
Singapore	294.7	0.0	6,373.5	0.6	7,137.0	0.6
Uganda	5,516.7	0.6	6,430.0	0.6	6,857.3	0.6
Saudi Arabia	2,933.7	0.3	4,803.8	0.4	5,912.3	0.5
Madagascar	3,791.1	0.4	4,804.7	0.4	5,392.2	0.5
Spain	583.0	0.1	4,085.9	0.4	4,502.1	0.4
Zambia	378.7	0.0	392.2	0.0	3,215.4	0.3
Belgium	1,156.7	0.1	2,344.1	0.2	3,003.1	0.3
Djibouti	3,081.4	0.3	3,599.3	0.3	2,600.2	0.2
Hong Kong	1,805.0	0.2	1,865.4	0.2	2,379.2	0.2
Canada	1,583.2	0.2	1,496.9	0.1	2,346.8	0.2
Tanzania	3,143.6	0.3	2,156.4	0.2	2,187.8	0.2

**Table 2.11: Stock of Private Sector External Debt by Country, 2020-2022 (Cont'd)**

Country	2020		2021		2022	
	KSh Million	% Share	KSh Million	% Share	KSh Million	% Share
Denmark	1,825.2	0.2	1,927.7	0.2	2,075.0	0.2
Togo	419.6	0.0	1,563.3	0.1	1,800.0	0.2
Norway	1,175.9	0.1	809.2	0.1	1,756.3	0.2
Ireland	10.4	0.0	518.6	0.0	1,656.8	0.2
Thailand	1,806.2	0.2	1,336.6	0.1	1,599.8	0.1
Israel	269.3	0.0	539.0	0.0	1,454.3	0.1
Ghana	199.7	0.0	151.5	0.0	1,437.5	0.1
Sri Lanka	1,741.3	0.2	1,753.8	0.2	1,400.8	0.1
Liechtenstein	0.0	0.0	1,170.9	0.1	1,298.8	0.1
Cote d'Ivoire	945.2	0.1	1,057.0	0.1	1,188.7	0.1
Morocco	4,005.2	0.4	1,013.3	0.1	1,057.9	0.1
Sierra Leone	285.9	0.0	284.9	0.0	952.6	0.1
Monaco	0.0	0.0	0.0	0.0	896.4	0.1
Burundi	2,747.1	0.3	2,854.7	0.3	876.9	0.1
Panama	292.8	0.0	281.1	0.0	862.1	0.1
British Virgin Islands	256.3	0.0	254.8	0.0	801.4	0.1
Malaysia	567.0	0.1	606.8	0.1	653.7	0.1
Kuwait	606.4	0.1	637.2	0.1	644.3	0.1
Czech Republic	420.6	0.0	379.1	0.0	546.3	0.0
International Financial Institutions/ Organizations	169,272.4	18.0	178,719.7	15.9	197,052.8	17.9
Others	53,132.5	5.7	99,014.4	8.8	79,431.3	7.2
<b>Total</b>	<b>937,960.8</b>	<b>100.0</b>	<b>1,122,254.5</b>	<b>100.0</b>	<b>1,101,661.6</b>	<b>100.0</b>

**Figure 2.7: Top Ten Sources of PSED, 2020-2022**

### Flows of Private Sector External Debt by Source

**2.33.** Flows of PSED by source are reported in Table 2.12. Inflows of PSED increased by 42.9 per cent to KSh 456.6 billion in 2021, mainly as a result of increases in inflows from the Democratic Republic of Congo, Mauritius and Singapore. In 2022, inflows of PSED declined by 18.6 per cent to KSh 371.8 billion, mainly due to declines from the Democratic Republic of Congo, the Netherlands and Singapore. Total outflows of PSED

increased by 26.4 per cent to KSh 261.7 billion in 2021 and by 41.3 per cent to KSh 369.7 billion in 2022. This was mainly attributable to increases in outflows to the Democratic Republic of Congo, Morocco, Mauritius and the United Arab Emirates. Consequently, net inflows of PSED increased by 73.2 per cent to KSh 194.9 billion in 2021, but declined by 98.9 per cent to KSh 2.1 billion in 2022.

**Table 2.12: Flows of Private Sector External Debt by Source, 2020-2022**

Country	KSh Million								
	2020			2021			2022		
	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
United States	5,276.2	3,479.0	1,797.2	6,656.6	7,694.6	-1,038.0	15,870.3	2,290.5	13,579.8
South Africa	62,723.4	63,056.4	-333.0	64,692.6	67,277.9	-2,585.3	73,632.4	62,812.4	10,820.0
China	6,529.0	8,675.3	-2,146.3	9,586.9	6,023.5	3,563.4	11,372.4	1,374.1	9,998.3
Isle of Man	0.0	3,443.6	-3,443.6	0.0	5,357.3	-5,357.3	9,168.2	0.0	9,168.2
Mauritius	3,103.9	4,124.9	-1,021.1	12,048.4	2,299.8	9,748.6	18,687.2	11,965.0	6,722.2
United Arab Emirates	2,867.5	2,607.2	260.3	8,108.1	8,270.2	-162.0	19,901.3	14,610.2	5,291.0
Zambia	369.9	0.0	369.9	252.6	232.9	19.6	2,950.8	1.0	2,949.8
India	2,104.4	1,263.6	840.8	4,968.9	923.8	4,045.2	4,700.5	2,201.8	2,498.7
Morocco	3,006.6	432.7	2,573.9	2,889.2	5,632.0	-2,742.8	25,054.4	23,393.9	1,660.4
United Kingdom	12,553.6	5,755.8	6,797.8	17,040.2	10,114.8	6,925.4	14,956.3	13,385.5	1,570.8
Sweden	789.1	297.5	491.6	2,352.7	274.0	2,078.6	1,854.8	310.6	1,544.2
Ghana	12.5	15.4	-3.0	17.4	64.3	-46.8	1,366.3	21.0	1,345.3
Ireland	10.6	0.0	10.6	2,412.8	1,861.1	551.6	3,181.9	1,864.5	1,317.4
Saudi Arabia	0.0	652.3	-652.3	1,895.9	0.0	1,895.9	998.4	0.0	998.4
Canada	266.6	109.0	157.6	182.6	269.9	-87.3	848.1	2.8	845.2
Australia	7,245.9	592.9	6,653.0	292.4	220.9	71.5	1,075.3	277.3	798.0
Switzerland	7,495.6	4,979.7	2,515.9	11,263.2	6,897.3	4,365.9	8,513.3	7,719.0	794.3
Belgium	555.8	194.5	361.3	2,069.3	856.4	1,212.9	1,203.2	567.8	635.4
Uganda	3,374.4	2,974.3	400.1	3,322.8	2,331.6	991.3	3,141.3	2,584.9	556.4
Luxembourg	308.7	507.9	-199.1	770.1	563.4	206.7	1,437.1	890.3	546.8
Hong Kong	171.5	364.7	-193.2	135.5	126.7	8.8	615.5	193.8	421.7
Thailand	607.2	118.0	489.2	130.2	588.3	-458.1	260.0	0.0	260.0
Singapore	340.3	835.0	-494.7	6,396.7	383.2	6,013.5	864.1	657.9	206.2
Togo	193.8	1,123.5	-929.7	1,345.7	181.2	1,164.5	203.1	45.3	157.8
Tanzania	800.3	956.7	-156.4	628.6	1,649.4	-1,020.8	1,506.5	1,614.7	-108.1
Rwanda	4,407.7	989.5	3,418.2	2,391.4	1,534.2	857.2	2,561.4	2,963.7	-402.3
France	12,863.2	463.9	12,399.3	1,291.4	602.0	689.4	1,169.7	1,642.8	-473.1
Nigeria	257.7	4,215.9	-3,958.2	543.3	1,242.3	-699.1	0.0	647.3	-647.3
Djibouti	2,805.9	554.8	2,251.1	608.0	70.5	537.5	116.5	1,123.8	-1,007.3

**Table 2.12: Flows of Private Sector External Debt by Source, 2020-2022 Cont'd**

Country	KSh Million								
	2020			2021			2022		
	Inflows	Outflows	Net	Inflows	Outflows	Net	Inflows	Outflows	Net
Germany	5,996.7	3,629.3	2,367.4	3,081.3	4,929.5	-1,848.2	4,591.1	5,944.1	-1,353.1
Netherlands	24,404.9	6,729.3	17,675.6	21,567.5	27,695.2	-6,127.7	4,859.2	8,306.6	-3,447.5
Japan	5,280.6	1,254.5	4,026.1	3,824.2	2,421.1	1,403.1	4,710.3	10,964.8	-6,254.4
Democratic Republic of Congo	55,551.9	3.6	55,548.3	111,682.4	0.0	111,682.4	836.4	57,278.5	-56,442.0
International Financial Institutions/Organizations	35,545.5	37,578.0	-2,032.5	32,691.1	27,240.8	5,450.3	40,869.9	30,785.1	10,084.8
Others	51,754.8	45,041.7	6,713.1	119,471.0	65,840.0	53,631.0	88,749.6	101,280.3	-12,530.8
<b>Total</b>	<b>319,575.6</b>	<b>207,020.1</b>	<b>112,555.5</b>	<b>456,611.0</b>	<b>261,670.0</b>	<b>194,941.0</b>	<b>371,826.7</b>	<b>369,721.4</b>	<b>2,105.3</b>



## CHAPTER 3: SURVEY FINDINGS ON FOREIGN ASSETS

### Overview

**T**his chapter presents survey results on assets of resident enterprises held abroad. Foreign assets are categorized into Foreign Direct Investment; Portfolio Investment; Financial Derivatives and Employee Stock Options; and Other Investment. Foreign Direct Investment comprises equity and investment fund shares and; debt instruments. Portfolio Investment includes equity securities and investment fund shares; and debt securities, while Other Investment includes other equity; currency and deposits; trade advances; loans; insurance, pension and standardized guarantees; and other accounts receivables.

### Stock of Foreign Assets

**3.2.** Table 3.1 shows the stock of foreign assets for the period 2020 to 2022. The survey results indicate that the stock of foreign assets increased by 30.4 per cent to KSh 452.9 billion at the end of 2021, and further by 13.7 per cent to KSh 514.9 billion at the end of 2022. These were mainly in form of Foreign Direct Investment and Other Investment. FDI nearly doubled from KSh 187.7 billion at the end of 2020 to KSh 329.2 billion at the end of 2022, and accounted for 63.9 per cent of the total foreign assets at the end of 2022. The increase was mainly on account of equity and investment fund shares.

**3.3.** Other Investment abroad increased from KSh 158.0 billion at the end of 2020 to KSh 182.7 billion at

the end of 2021, and further to KSh 183.9 billion at the end of 2022. The increase was driven by currency and deposits, which accounted for 69.0 per cent of the total Other Investment abroad at the end of 2022. However, loans which accounted for 20.9 per cent of Other Investment declined by 17.2 per cent at the end of 2022, while other accounts receivable which accounted for 10.1 per cent declined by 27.1 per cent.

**3.4.** Portfolio Investment increased by 1.9 per cent to KSh 1.7 billion at the end of 2021, and further by 11.2 per cent to KSh 1.9 billion at the end of 2022, and was mainly in the form of long-term debt securities.



**Table 3.1: Stock of Foreign Assets, 2020-2022**

Category	2020		2021		2022	
	KSh Million	% Share	KSh Million	% Share	KSh Million	% Share
<b>Foreign Direct Investment</b>	<b>187,748.0</b>	<b>54.0</b>	<b>268,440.2</b>	<b>59.3</b>	<b>329,188.3</b>	<b>63.9</b>
Equity and Investment Fund Shares	141,881.6	40.8	221,137.2	48.8	278,150.5	54.0
Equity and Investment Fund Shares other than Reinvested Earnings	138,582.4	39.9	218,146.8	48.2	275,359.6	53.5
Retained Earnings	3,299.2	0.9	2,990.4	0.7	2,790.9	0.5
Debt Instruments	45,866.4	13.2	47,303.1	10.4	51,037.8	9.9
Long Term	29,177.0	8.4	21,658.7	4.8	22,753.3	4.4
Short Term	16,689.4	4.8	25,644.4	5.7	28,284.5	5.5
<b>Portfolio Investment</b>	<b>1,662.4</b>	<b>0.5</b>	<b>1,694.4</b>	<b>0.4</b>	<b>1,884.0</b>	<b>0.4</b>
Equity and Investment Fund Shares	637.8	0.2	644.7	0.1	818.9	0.2
Debt Securities	1,024.6	0.3	1,049.7	0.2	1,065.1	0.2
Long Term	1,024.6	0.3	1,049.7	0.2	1,065.1	0.2
Short Term	0.0	0.0	0.0	0.0	0.0	0.0
<b>Financial Derivatives and Employee Stock Options</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Forwards	0.0	0.0	0.0	0.0	0.0	0.0
Option	0.0	0.0	0.0	0.0	0.0	0.0
Employees Stock Options	0.0	0.0	0.0	0.0	0.0	0.0
<b>Other Investment</b>	<b>158,015.2</b>	<b>45.5</b>	<b>182,739.0</b>	<b>40.4</b>	<b>183,870.2</b>	<b>35.7</b>
Other Equity	0.0	0.0	0.0	0.0	0.0	0.0
Currency and Deposits	98,440.6	28.3	110,773.0	24.5	126,786.8	24.6
Long Term	3,393.3	1.0	7,366.8	1.6	3,821.9	0.7
Short Term	95,047.3	27.4	103,406.3	22.8	122,964.9	23.9
Trade Credits and Advances	16.7	0.0	101.5	0.0	111.7	0.0
Long Term	0.0	0.0	0.0	0.0	12.4	0.0
Short Term	16.7	0.0	101.5	0.0	99.3	0.0
Loans	43,343.6	12.5	46,363.7	10.2	38,392.6	7.5
Long Term	14,100.6	4.1	9,745.5	2.2	14,639.6	2.8
Short Term	29,243.0	8.4	36,618.2	8.1	23,753.0	4.6
Insurance, Pension and Standardised Guarantee Schemes	0.0	0.0	0.0	0.0	0.0	0.0
Life Insurance Reserves	0.0	0.0	0.0	0.0	0.0	0.0
Non-life Insurance Reserves	0.0	0.0	0.0	0.0	0.0	0.0
Pension Entitlements / Claims	0.0	0.0	0.0	0.0	0.0	0.0
Standardised Guarantee Schemes	0.0	0.0	0.0	0.0	0.0	0.0
Other Accounts Receivable	16,214.3	4.7	25,500.7	5.6	18,579.0	3.6
Long Term	4,315.4	1.2	18,626.7	4.1	7,771.8	1.5
Short Term	11,898.9	3.4	6,874.1	1.5	10,807.2	2.1
<b>Total</b>	<b>347,425.5</b>	<b>100.0</b>	<b>452,873.6</b>	<b>100.0</b>	<b>514,942.4</b>	<b>100.0</b>

### Flows of Foreign Assets

**3.5.** Total outflows of foreign assets increased by 41.2 per cent to KSh 267.8 billion in 2021, but declined in 2022 by 8.3 per cent to KSh 245.5 billion in 2022 as shown in Table 3.2. This movement was driven by FDI outflows which increased by 46.1 per cent in 2021, but declined by 12.3 per cent in 2022.

**3.6.** Total inflow of foreign assets increased by 31.0 per cent to KSh 169.1 billion in 2021 and further by 10.4 per

cent to KSh 186.6 billion in 2022. Other Investment was mainly in the form of currency and deposits; loans; and other accounts receivable.

**3.7.** The net foreign assets increased by 63.1 per cent to KSh 98.7 billion in 2021 but declined by 40.3 per cent to KSh 58.9 billion in 2022. The movement was majorly driven by the FDI.

**Table 3.2: Flows of Foreign Assets, 2020-2022**

Category	2020			2021			2022		
	Outflows	Inflows	Net	Outflows	Inflows	Net	Outflows	Inflows	Net
<b>Foreign Direct Investment</b>	<b>138,100.8</b>	<b>100,690.7</b>	<b>37,410.0</b>	<b>201,746.9</b>	<b>121,556.0</b>	<b>80,191.0</b>	<b>176,984.7</b>	<b>118,678.2</b>	<b>58,306.4</b>
Equity and Investment Fund Shares	46,181.8	13,903.0	32,278.8	80,992.4	2,145.6	78,846.8	56,511.3	1,705.9	54,805.4
Equity and Investment Fund Shares other than Reinvested Earnings	42,883.7	13,903.0	28,980.7	80,987.1	1,831.5	79,155.6	56,511.3	1,506.4	55,004.9
Retained Earnings	3,298.1	0.0	3,298.1	5.3	314.1	-308.8	0.0	199.5	-199.5
Debt Instruments	91,919.0	86,787.7	5,131.3	120,754.5	119,410.3	1,344.2	120,473.4	116,972.3	3,501.0
Long Term	9,380.2	585.0	8,795.2	2,592.8	10,339.2	-7,746.4	2,601.0	1,708.9	892.1
Short Term	82,538.7	86,202.7	-3,663.9	118,161.7	109,071.1	9,090.6	117,872.4	115,263.4	2,608.9
<b>Portfolio Investment</b>	<b>428.4</b>	<b>131.9</b>	<b>296.5</b>	<b>198.8</b>	<b>166.7</b>	<b>32.1</b>	<b>194.2</b>	<b>4.6</b>	<b>189.5</b>
Equity and Investment Fund Shares	212.9	0.0	212.9	173.7	166.7	6.9	178.8	4.6	174.2
Debt Securities	215.5	131.8	83.7	25.1	0.0	25.1	15.3	0.0	15.3
Long Term	215.5	131.8	83.7	25.1	0.0	25.1	15.3	0.0	15.3
Short Term	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Financial Derivatives and Employee Stock Options</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Forwards	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Option	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Employees Stock Options	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Other Investment</b>	<b>51,084.9</b>	<b>28,287.2</b>	<b>22,797.7</b>	<b>65,844.8</b>	<b>47,370.7</b>	<b>18,474.1</b>	<b>68,332.0</b>	<b>67,930.2</b>	<b>401.8</b>
Other Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Currency and Deposits	36,890.2	8,520.4	28,369.8	34,263.0	21,141.5	13,121.6	36,095.9	20,170.9	15,925.0
Long Term	3,319.6	0.0	3,319.6	6,142.3	2,209.8	3,932.4	513.5	4,134.5	-3,620.9
Short Term	33,570.6	8,520.4	25,050.2	28,120.8	18,931.6	9,189.1	35,582.4	16,036.5	19,545.9
Trade Credits and Advances	0.3	0.0	0.3	84.9	0.0	84.8	48.2	38.0	10.2
Long Term	0.0	0.0	0.0	0.0	0.0	0.0	12.4	0.0	12.4
Short Term	0.3	0.0	0.3	84.9	0.0	84.8	35.8	38.0	-2.2
Loans	8,721.7	10,408.3	-1,686.5	19,549.8	16,497.4	3,052.4	15,447.3	23,426.2	-7,978.9
Long Term	5,279.6	325.3	4,954.3	94.3	4,416.4	-4,322.1	5,440.4	547.0	4,893.4

**Table 3.2: Flows of Foreign Assets, 2020-2022 ( Cont'd)**

Category	KSh Million								
	2020			2021			2022		
	Outflows	Inflows	Net	Outflows	Inflows	Net	Outflows	Inflows	Net
Short Term	3,442.2	10,083.0	-6,640.8	19,455.5	12,081.0	7,374.5	10,007.0	22,879.2	-12,872.2
Insurance, Pension and Standardised Guarantee Schemes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Life Insurance Reserves	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-life Insurance Reserves	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pension Entitlements / Claims	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Standardised Guarantee Schemes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Accounts Receivable	5,472.7	9,358.5	-3,885.8	11,947.1	9,731.8	2,215.3	16,740.5	24,295.1	-7,554.5
Long Term	1,148.6	1,222.1	-73.6	3,544.7	1,613.0	1,931.7	10,880.7	21,903.5	-11,022.8
Short Term	4,324.1	8,136.4	-3,812.2	8,402.4	8,118.8	283.6	5,859.9	2,391.6	3,468.3
<b>Total</b>	<b>189,614.1</b>	<b>129,109.8</b>	<b>60,504.3</b>	<b>267,790.5</b>	<b>169,093.4</b>	<b>98,697.1</b>	<b>245,510.8</b>	<b>186,613.1</b>	<b>58,897.7</b>

### Stock of Foreign Assets by Country

**3.8.** The stock of foreign assets was mainly held in African countries, in particular, Ethiopia, Tanzania, Uganda and the Democratic Republic of Congo, which collectively accounted for 46.8 per cent at the end of 2022, as shown in Table 3.3. Other countries with notable stock of foreign assets included Rwanda, Mauritius, South Africa and South Sudan. The increase in foreign assets in Ethiopia was mainly on account of

equity investment in the telecommunication sector, while that of Democratic Republic of Congo was due to investments in the banking sector.

**3.9.** The stock of foreign assets outside Africa were mainly held in the United States of America which accounted for 5.7 per cent, United Kingdom (2.0%) and Switzerland (1.9%) of the total stock of foreign assets, at the end of 2022.



**Table 3.3: Stock of Foreign Assets by Country, 2020-2022**

Country	2020		2021		2022	
	KSh Million	% Share	KSh Million	% Share	KSh Million	% Share
Ethiopia	647.2	0.2	60,194.9	13.3	74,116.9	14.4
Tanzania	45,891.4	13.2	52,956.6	11.7	61,005.6	11.8
Uganda	43,816.4	12.6	50,434.7	11.1	53,106.8	10.3
Democratic Republic of Congo	17,278.9	5.0	17,826.9	3.9	52,695.2	10.2
United States	28,180.0	8.1	41,439.2	9.2	29,299.1	5.7
Rwanda	13,189.2	3.8	18,887.9	4.2	20,557.5	4.0
Mauritius	14,744.1	4.2	27,167.1	6.0	19,804.2	3.8
South Africa	14,508.0	4.2	18,665.2	4.1	18,812.1	3.7
South Sudan	14,488.7	4.2	12,682.5	2.8	14,816.5	2.9
Isle of Man	20,844.0	6.0	14,717.0	3.2	11,046.0	2.1
United Kingdom	17,610.4	5.1	8,157.5	1.8	10,260.6	2.0
Switzerland	3,501.1	1.0	6,826.1	1.5	9,820.6	1.9
United Arab Emirates	17.4	0.0	15,363.2	3.4	4,647.0	0.9
Nigeria	2,106.2	0.6	7,093.7	1.6	4,076.5	0.8
Malawi	3,628.8	1.0	4,008.3	0.9	4,035.1	0.8
Germany	772.5	0.2	5,617.1	1.2	2,237.2	0.4
Finland	1,240.3	0.4	1,376.1	0.3	2,096.6	0.4
Burundi	2,142.7	0.6	2,154.4	0.5	2,061.1	0.4
Cote d'Ivoire	2,029.2	0.6	2,020.4	0.4	2,059.3	0.4
Netherlands	1,740.3	0.5	2,074.8	0.5	1,691.6	0.3
France	2,943.6	0.8	1,047.7	0.2	1,426.6	0.3
India	3,323.9	1.0	1,256.2	0.3	1,213.2	0.2
Zambia	826.1	0.2	973.3	0.2	923.3	0.2
Jersey Channel Islands	911.0	0.3	911.0	0.2	911.0	0.2
Mozambique	583.9	0.2	628.5	0.1	885.9	0.2
Ghana	352.9	0.1	2,601.0	0.6	824.3	0.2
Zimbabwe	366.2	0.1	375.0	0.1	441.5	0.1
China	82.0	0.0	379.3	0.1	377.2	0.1
Jordan	481.3	0.1	322.4	0.1	322.4	0.1
Spain	339.4	0.1	255.3	0.1	319.9	0.1
Botswana	166.0	0.0	171.3	0.0	184.1	0.0
Angola	263.7	0.1	121.4	0.0	149.2	0.0
Togo	199.2	0.1	25.7	0.0	143.1	0.0
Somalia	96.7	0.0	97.5	0.0	116.0	0.0
Madagascar	248.7	0.1	115.3	0.0	114.8	0.0
Others	87,863.9	25.3	73,929.3	16.3	108,344.4	21.0
<b>Total</b>	<b>347,425.5</b>	<b>100.0</b>	<b>452,873.6</b>	<b>100.0</b>	<b>514,942.4</b>	<b>100.0</b>

**Flows of Foreign Assets by Country**

**3.10.** In 2020 and 2022, Democratic Republic of Congo was the leading recipient of foreign assets, accounting for 9.1 per cent and 13.7 per cent of the total outflows,

respectively, as shown in Table 3.4. However, the leading recipient of foreign assets outflows in 2021 was Ethiopia, which accounted for 22.2 per cent of the total outflows. Other notable recipients of foreign assets

were Tanzania, South Africa and Uganda, during the review period.

**3.11.** In 2020, inflows of foreign assets were mainly from Uganda and South Africa which accounted for 7.6 per cent and 7.0 per cent, respectively. The inflows in 2021 were mainly from the United Kingdom, Australia and the United States of America which collectively accounted for 18.1 per cent of the total inflows of foreign assets. The United Arab Emirates, the United States of America, South Africa and Mauritius collectively accounted for

29.4 per cent of the total inflows of foreign assets in 2022.

**3.12.** Net outflow of foreign assets in 2021 was mainly to Ethiopia which accounted for 60.3 per cent of the total net outflow of foreign assets. In 2020 and 2022 the net outflows of foreign assets were mainly to the Democratic Republic of Congo, accounting for 28.4 per cent and 56.7 per cent, respectively. However, notable net disinvestments were observed in 2022 from the United States of America, the United Arab Emirates and Mauritius.

**Table 3.4: Flows of Foreign Assets by Country, 2020-2022**

Country	KSh Million								
	2020			2021			2022		
	Outflows	Inflows	Net	Outflows	Inflows	Net	Outflows	Inflows	Net
Democratic Republic of Congo	17,316.5	155.1	17,161.4	735.4	187.4	548.0	33,622.3	220.0	33,402.3
Ethiopia	48.2	0.0	48.2	59,554.4	6.6	59,547.8	13,952.6	30.6	13,922.0
Tanzania	10,149.0	1,245.1	8,903.9	8,918.2	2,071.6	6,846.6	9,035.7	1,365.4	7,670.3
Switzerland	2,336.9	0.0	2,336.9	3,562.3	219.4	3,342.9	2,723.9	46.9	2,677.1
Uganda	9,636.1	9,798.7	-162.7	11,985.1	5,664.9	6,320.3	5,821.7	3,477.0	2,344.7
South Sudan	1,049.4	26.2	1,023.3	374.8	1,886.8	-1,512.0	2,145.6	0.0	2,145.6
United Kingdom	4,694.7	6,277.2	-1,582.5	3,916.2	13,416.4	-9,500.3	4,675.7	2,638.7	2,037.0
Rwanda	3,296.5	339.8	2,956.6	6,049.8	396.7	5,653.1	1,893.5	285.1	1,608.4
Finland	83.0	905.9	-823.0	135.9	0.0	135.9	724.3	3.9	720.4
France	973.4	341.6	631.8	311.3	2,230.6	-1,919.3	527.4	121.8	405.6
South Africa	7,836.7	8,987.0	-1,150.3	10,674.2	6,694.8	3,979.4	10,555.4	10,409.9	145.5
Togo	193.8	0.0	193.8	11.9	185.4	-173.5	117.3	0.0	117.3
Hong Kong	265.2	200.7	64.5	275.1	35.4	239.6	78.3	0.0	78.3
Angola	50.0	443.9	-393.9	59.2	201.6	-142.3	74.5	46.7	27.8
China	4.3	0.0	4.3	339.2	41.9	297.3	334.9	337.0	-2.1
Zambia	45.2	223.3	-178.2	123.5	13.8	109.7	38.1	49.0	-10.9
Australia	5,660.9	0.0	5,660.9	24.0	8,813.7	-8,789.7	18.6	30.6	-12.0
India	3,443.7	103.9	3,339.8	38.6	2,106.3	-2,067.7	127.4	170.4	-43.0
Morocco	586.4	108.1	478.2	461.6	0.0	461.6	0.0	153.0	-153.0
Netherlands	33.2	178.0	-144.8	383.4	48.9	334.5	69.1	452.2	-383.2
Ghana	1.5	3,468.6	-3,467.1	2,257.6	8.3	2,249.3	134.6	1,915.7	-1,781.1
Nigeria	1,785.1	62.5	1,722.6	5,794.6	774.6	5,019.9	223.4	3,253.6	-3,030.2
Germany	498.3	0.5	497.8	4,849.6	5.0	4,844.6	411.7	3,791.6	-3,379.9
Isle of Man	0.0	1,051.0	-1,051.0	0.0	6,127.0	-6,127.0	0.0	3,671.0	-3,671.0
Mauritius	5,994.3	3,504.0	2,490.3	16,415.0	4,020.8	12,394.2	2,904.3	10,277.8	-7,373.5
United Arab Emirates	6.6	1,854.7	-1,848.1	3,802.8	836.5	2,966.2	9,828.1	20,712.2	-10,884.1
United States	1,474.2	4,778.2	-3,304.0	21,539.2	8,357.0	13,182.3	1,303.5	13,458.4	-12,154.8
Others	112,151.0	85,055.6	27,095.4	105,197.8	104,742.2	455.6	144,168.7	109,694.5	34,474.2
<b>Total</b>	<b>189,614.1</b>	<b>129,109.8</b>	<b>60,504.3</b>	<b>267,790.5</b>	<b>169,093.4</b>	<b>98,697.1</b>	<b>245,510.8</b>	<b>186,613.1</b>	<b>58,897.7</b>

### Stock of Foreign Direct Investment Assets by Country

**3.13.** The total stock of Foreign Direct Investment assets held abroad increased by 43.0 per cent to KSh 268.4 billion as at end of 2021 and further by 22.6 per cent to KSh 329.2 billion at end of 2022, as shown in Table 3.5. The notable increase in the stock of FDI was attributable to increased investment in Ethiopia

and the Democratic Republic of Congo at the end of 2021 and 2022, respectively. At the end of 2022, Foreign Direct Investment assets were majorly held in Ethiopia, Tanzania, the Democratic Republic of Congo and Uganda which collectively accounted for 69.7 per cent of total stock of FDI. However, there were notable decreases in FDI stock held in Germany, the Netherlands, Zambia and Burundi at the end of 2022.

**Table 3.5: Stock of FDI Assets by Country, 2020-2022**

Country	2020		2021		2022	
	KSh Million	% Share	KSh Million	% Share	KSh Million	% Share
Ethiopia	647.2	0.3	60,194.9	22.4	74,116.9	22.5
Tanzania	41,940.5	22.3	49,230.0	18.3	52,975.9	16.1
Democratic Republic of Congo	17,278.9	9.2	17,611.8	6.6	52,695.2	16.0
Uganda	40,086.7	21.4	46,493.2	17.3	49,513.6	15.0
Rwanda	12,761.4	6.8	18,088.9	6.7	18,609.8	5.7
Mauritius	12,545.5	6.7	16,236.8	6.0	18,479.1	5.6
South Sudan	12,125.9	6.5	11,831.7	4.4	11,823.4	3.6
Switzerland	3,440.2	1.8	6,712.9	2.5	9,631.3	2.9
South Africa	5,809.8	3.1	5,909.3	2.2	6,240.8	1.9
United States	5,887.2	3.1	5,875.9	2.2	5,954.6	1.8
United Kingdom	7,777.7	4.1	5,153.2	1.9	5,862.4	1.8
Malawi	3,626.1	1.9	4,005.5	1.5	4,031.4	1.2
Finland	1,240.3	0.7	1,376.1	0.5	2,096.6	0.6
Cote d`Ivoire	2,029.2	1.1	2,020.4	0.8	2,059.3	0.6
Burundi	2,142.0	1.1	2,154.2	0.8	2,058.3	0.6
United Arab Emirates	17.4	0.0	1,621.5	0.6	1,873.9	0.6
Germany	575.7	0.3	5,002.8	1.9	1,817.7	0.6
Netherlands	1,740.3	0.9	2,074.8	0.8	1,691.6	0.5
France	927.4	0.5	938.9	0.3	1,287.6	0.4
Jersey Channel Islands	911.0	0.5	911.0	0.3	911.0	0.3
Nigeria	545.9	0.3	880.0	0.3	907.8	0.3
Zambia	777.0	0.4	933.9	0.3	885.3	0.3
Mozambique	452.1	0.2	492.0	0.2	737.1	0.2
Zimbabwe	365.1	0.2	372.4	0.1	438.7	0.1
Others	12,097.8	6.4	2,318.1	0.9	2,489.1	0.8
<b>Total</b>	<b>187,748.0</b>	<b>100.0</b>	<b>268,440.2</b>	<b>100.0</b>	<b>329,188.3</b>	<b>100.0</b>

### Flows of Foreign Direct Investment Assets by Country

**3.14.** Total outflows of Foreign Direct Investment assets increased by 46.1 per cent to KSh 201.7 billion in 2021 but decreased by 12.3 per cent to KSh 177.0 billion in

2022, as presented in Table 3.6. Outflows to Ethiopia in 2021 were the most significant at KSh 59.6 billion, accounting for 29.5 per cent of the total outflows. In 2022, FDI outflows to Democratic Republic of Congo

were KSh 33.6 billion, the most significant, and accounted for 19.0 per cent of the total FDI outflows.

**3.15.** FDI inflows increased by 20.7 per cent to KSh 121.6 billion in 2021, and decreased by 2.4 per cent to KSh 118.7 billion in 2022. The significant increase in FDI asset inflows was observed in Australia and United Kingdom amounting to KSh 8.8 billion and KSh 5.5 billion in 2021, respectively. In 2022, notable FDI

asset inflows were from Germany, Uganda and United Kingdom at KSh 3.6 billion, KSh 2.1 billion and KSh 1.8 billion, respectively.

**3.16.** Net outflows of FDI more than doubled to KSh 80.2 billion in 2021 from KSh 37.4 billion in 2020. However, net FDI outflows declined by 27.3 per cent to KSh 58.3 billion in 2022.

**Table 3.6: Flows of FDI Assets by Country, 2020-2022**

Country	KSh Million								
	2020			2021			2022		
	Outflows	Inflows	Net	Outflows	Inflows	Net	Outflows	Inflows	Net
Democratic Republic of Congo	17,185.4	3.0	17,182.4	387.2	54.4	332.8	33,622.3	4.9	33,617.4
Ethiopia	48.2	0.0	48.2	59,554.4	6.6	59,547.8	13,952.6	30.6	13,922.0
Tanzania	9,562.6	493.2	9,069.3	8,105.2	1,066.3	7,038.9	4,333.2	967.9	3,365.3
Uganda	8,818.0	8,633.6	184.4	10,068.1	3,959.5	6,108.6	4,811.2	2,118.4	2,692.9
Switzerland	2,336.9	0.0	2,336.9	3,551.0	219.4	3,331.6	2,723.9	46.9	2,677.1
Mauritius	5,059.9	21.1	5,038.8	3,663.0	0.5	3,662.5	2,805.1	572.5	2,232.6
Finland	83.0	905.9	-823.0	135.9	0.0	135.9	724.3	3.9	720.4
United Kingdom	2,166.9	2,929.0	-762.1	2,802.4	5,474.1	-2,671.7	2,466.3	1,823.9	642.4
Rwanda	2,950.0	138.4	2,811.6	5,569.3	287.4	5,281.9	514.2	54.5	459.7
France	521.7	341.6	180.1	311.3	323.1	-11.8	396.4	21.2	375.2
South Africa	4,420.9	118.4	4,302.5	282.8	360.2	-77.5	583.5	246.5	337.1
United Arab Emirates	6.6	1,854.7	-1,848.1	1,606.8	2.7	1,604.1	253.4	1.1	252.3
Ghana	1.5	3,277.9	-3,276.4	63.2	6.3	56.9	134.5	14.2	120.3
Angola	49.0	443.9	-394.9	55.2	201.6	-146.3	73.5	46.7	26.8
Nigeria	259.8	62.5	197.3	1,108.2	774.6	333.5	223.4	208.6	14.8
Australia	5,660.9	0.0	5,660.9	24.0	8,813.7	-8,789.7	18.6	30.6	-12.0
Senegal	91.1	0.0	91.1	65.6	114.9	-49.3	0.8	16.6	-15.9
Netherlands	33.2	178.0	-144.8	383.4	48.9	334.5	69.1	452.2	-383.2
Germany	487.5	0.5	486.9	4,427.0	0.0	4,427.0	389.7	3,574.8	-3,185.1
Others	78,357.7	81,288.9	-2,931.2	99,582.9	99,841.8	-258.9	108,888.6	108,442.2	446.4
<b>Total</b>	<b>138,100.8</b>	<b>100,690.7</b>	<b>37,410.0</b>	<b>201,746.9</b>	<b>121,556.0</b>	<b>80,191.0</b>	<b>176,984.7</b>	<b>118,678.2</b>	<b>58,306.4</b>



## CHAPTER 4: INTERNATIONAL TRADE AND EMPLOYMENT

### Overview

This Chapter presents findings on international trade in goods and services; employment by enterprises that reported transactions on Foreign Assets and Liabilities (FAL) in 2020, 2021 and 2022.

### International Trade in Goods.

**4.2.** The total value of international trade (sum of exports and imports) in goods grew by 50.1 per cent to KSh 704.4 billion in 2021, and further by 39.4 per cent to KSh 982.0 billion in 2022, as presented in Table 4.1 and Figure 4.1. This was mainly on account of increase in both exports and imports; largely reflected in Manufacturing; and Wholesale and retail trade. The trade balance widened to a deficit of KSh 551.4 billion in 2022 from a deficit of 219.5 billion in 2020.

**4.3.** The value of exports by enterprises which reported FAL recorded 18.4 per cent increase from KSh 124.9 billion in 2020 to KSh 147.8 billion in 2021 and further

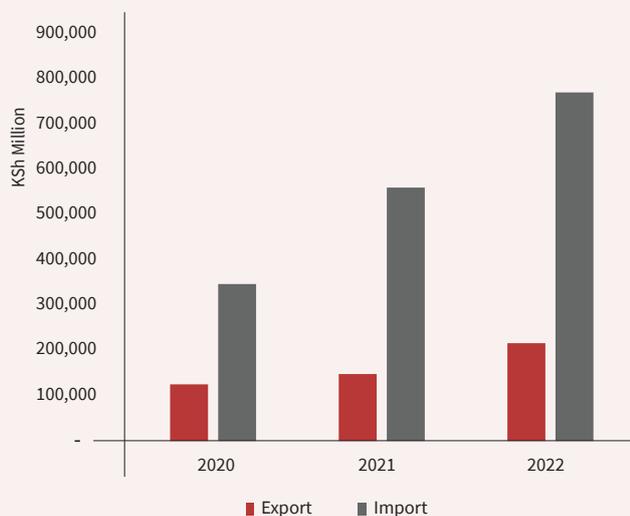
by 45.7 per cent to KSh 215.3 billion in 2022. This was largely attributed to exports by enterprises in Wholesale and retail trade; and Manufacturing sectors.

**4.4.** Imports of goods by enterprises which reported transactions in FAL increased by 61.6 per cent to KSh 556.5 billion in 2021 and by 37.8 per cent to KSh 766.7 billion in 2022. The increase was mainly reflected in Wholesale and retail trade; Manufacturing; and Information and communication sectors.

**4.5.** Net merchandising of goods traded recorded a deficit of KSh 14.0 billion, KSh 20.0 billion and KSh 23.5 billion in 2020, 2021 and 2022, respectively. This was largely reflected in the Manufacturing sector.

**Table 4.1: International Trade in Goods, 2020-2022**

Economic Activity	2020			2021			2022		
	Exports	Imports	Net Merchandising	Exports	Imports	Net Merchandising	Exports	Imports	Net Merchandising
A. Agriculture, forestry and fishing	13,124.8	509.6	0.0	15,866.5	778.8	0.0	18,544.1	795.7	0.0
B. Mining and quarrying	0.0	19.5	0.0	0.0	47.0	0.0	0.0	37.3	0.0
C. Manufacturing	60,276.8	82,212.9	-12,454.3	59,917.8	106,287.2	-15,969.5	77,686.7	120,794.9	-15,765.0
D. Electricity, gas and air conditioning supply	0.0	794.2	0.0	0.0	1,258.2	0.0	0.0	1,234.1	0.0
E. Water supply; sewerage, waste management and remediation activities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
F. Construction	0.0	481.3	0.0	0.0	286.7	0.0	0.0	595.2	0.0
G. Wholesale & retail trade; repair of motor vehicles and motorcycles services	43,001.7	207,573.8	-1,160.1	59,505.0	380,795.5	-3,647.2	79,970.1	555,957.4	-6,853.1
H. Transportation and storage	3,677.2	771.8	0.0	8,145.2	2,584.4	0.0	34,804.7	5,097.7	0.0
I. Accommodation and food service activities	189.4	3,572.8	-149.2	259.8	668.0	-163.1	386.7	31.6	-324.9
J. Information and communication	3,578.8	44,543.8	0.0	3,312.4	59,777.7	0.0	2,915.0	77,007.0	0.0
K. Finance and insurance activities	0.0	2,047.0	0.0	0.0	2,689.7	0.0	0.0	3,304.3	0.0
L. Real estate activities	0.0	0.0	0.0	0.0	17.2	0.0	0.0	0.0	0.0
M. Professional, scientific and technical activities	279.5	398.9	0.0	194.8	136.5	0.0	324.3	771.6	0.0
N. Administrative and support service activities	0.0	9.7	0.0	0.0	3.1	0.0	0.0	1.6	0.0
P. Education	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Q. Human health and social work activities	765.3	1,456.2	-231.1	631.6	1,213.7	-170.9	699.4	1,066.8	-513.1
R. Arts, entertainment and recreation	0.0		0.0	0.0		0.0	0.0		0.0
S. Other service activities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>124,893.4</b>	<b>344,391.4</b>	<b>-13,994.8</b>	<b>147,833.0</b>	<b>556,543.8</b>	<b>-19,950.8</b>	<b>215,330.9</b>	<b>766,695.2</b>	<b>-23,456.1</b>

**Figure 4.1: International Trade in goods, 2020-2022****Expenditure on services provided by non-residents**

**4.6.** Table 4.2 shows the expenditure on services provided by non-residents to resident enterprises which reported FAL from 2020 to 2022. Expenditure on services provided by non-residents declined by 1.3 per cent to KSh 186.9 billion in 2021, and further by 7.9 per cent to KSh 172.2 billion in 2022. The decline in expenditure was mainly attributed to reduced expenditures on financial and insurance services, over the review period. Financial services accounted for the largest share of total expenditure on services, averaging 77.3 per cent over the review period.



**Table 4.2: Expenditure on Services provided by Non-Residents, 2020-2022**

Service	2020		2021		2022	
	KSh Million	% Share	KSh Million	% Share	KSh Million	% Share
Manufacturing services on physical inputs owned by others	3,336.5	1.8	3,393.3	1.8	3,100.0	1.8
Maintenance and repair services not included elsewhere (n.i.e)	323.5	0.2	409.1	0.2	399.1	0.2
Transport services	1,598.3	0.8	1,833.8	1.0	1,831.8	1.1
i) Passenger services	4.1	0.0	4.9	0.0	7.5	0.0
ii) Freight services	1,589.4	0.8	1,814.0	1.0	1,815.6	1.1
iii) Postal and courier services	4.3	0.0	14.5	0.0	7.7	0.0
iv) Other transport services	0.5	0.0	0.5	0.0	1.0	0.0
Travel services	22.1	0.0	37.4	0.0	157.7	0.1
i) Accommodation	7.8	0.0	24.8	0.0	140.4	0.1
ii) Food and beverages	6.0	0.0	1.6	0.0	2.4	0.0
iii) Local transport services	8.3	0.0	11.0	0.0	14.9	0.0
Construction services	1.2	0.0	0.4	0.0	46.8	0.0
Insurance	8,052.2	4.3	6,651.9	3.6	5,839.5	3.4
i) Premiums	4,918.2	2.6	4,973.6	2.7	3,602.1	2.1
ii) Claims	3,132.5	1.7	1,677.1	0.9	2,236.9	1.3
iii) Fees and Commissions	1.5	0.0	1.2	0.0	0.4	0.0
Pension Services	0.0	0.0	0.0	0.0	0.0	0.0
Contributions	0.0	0.0	0.0	0.0	11.3	0.0
Financial services (Commissions, fees and other charges excluding interest)	155,826.1	82.3	157,410.3	84.2	112,736.3	65.5
Charges for the use of intellectual property/royalties	2,533.2	1.3	2,716.3	1.5	3,939.4	2.3
Telecommunications services	3,352.1	1.8	3,395.8	1.8	2,804.5	1.6
Computer services	7,741.1	4.1	3,864.1	2.1	5,639.4	3.3
Information services	389.2	0.2	474.1	0.3	507.1	0.3
Research and Development services	213.8	0.1	575.3	0.3	20,876.8	12.1
Legal services	112.6	0.1	64.5	0.0	200.7	0.1
Accounting, Management Consulting, Managerial Services and Public Relations Services	2,425.5	1.3	2,657.4	1.4	3,761.2	2.2
Advertising, Market Research and Public Opinion Polling	344.5	0.2	530.0	0.3	869.6	0.5
Technical, trade and other related services	2,816.6	1.5	2,650.1	1.4	9,247.6	5.4
Operating leasing services	45.0	0.0	183.1	0.1	237.5	0.1
Personal, cultural and recreational services	168.6	0.1	77.9	0.0	28.1	0.0
<b>Total</b>	<b>189,302.2</b>	<b>100.0</b>	<b>186,924.9</b>	<b>100.0</b>	<b>172,222.8</b>	<b>100.0</b>

### Income from Services rendered to non-residents

4.7. Income from services rendered to non-residents increased marginally to KSh 190.2 billion in 2021, but decreased by 20.9 per cent to KSh 150.6 billion in 2022,

as shown in Table 4.3. Financial services remained the main source, averaging 75.6 per cent of the total income on services, over the review period.

**Table 4.3: Income from services rendered to non-residents, 2020-2022**

Service	2020		2021		2022	
	KSh Million	% Share	KSh Million	% Share	KSh Million	% Share
Manufacturing services on physical inputs owned by others	3,336.5	1.8	3,393.3	1.8	3,100.0	1.8
Maintenance and repair services not included elsewhere (n.i.e)	323.5	0.2	409.1	0.2	399.1	0.2
Transport services	1,598.3	0.8	1,833.8	1.0	1,831.8	1.1
i) Passenger services	4.1	0.0	4.9	0.0	7.5	0.0
ii) Freight services	1,589.4	0.8	1,814.0	1.0	1,815.6	1.1
iii) Postal and courier services	4.3	0.0	14.5	0.0	7.7	0.0
iv) Other transport services	0.5	0.0	0.5	0.0	1.0	0.0
Travel services	22.1	0.0	37.4	0.0	157.7	0.1
i) Accommodation	7.8	0.0	24.8	0.0	140.4	0.1
ii) Food and beverages	6.0	0.0	1.6	0.0	2.4	0.0
iii) Local transport services	8.3	0.0	11.0	0.0	14.9	0.0
Construction services	1.2	0.0	0.4	0.0	46.8	0.0
Insurance	8,052.2	4.3	6,651.9	3.6	5,839.5	3.4
i) Premiums	4,918.2	2.6	4,973.6	2.7	3,602.1	2.1
ii) Claims	3,132.5	1.7	1,677.1	0.9	2,236.9	1.3
iii) Fees and Commissions	1.5	0.0	1.2	0.0	0.4	0.0
Pension Services	0.0	0.0	0.0	0.0	0.0	0.0
Contributions	0.0	0.0	0.0	0.0	11.3	0.0
Financial services (Commissions, fees and other charges excluding interest)	155,826.1	82.3	157,410.3	84.2	112,736.3	65.5
Charges for the use of intellectual property/ royalties	2,533.2	1.3	2,716.3	1.5	3,939.4	2.3
Telecommunications services	3,352.1	1.8	3,395.8	1.8	2,804.5	1.6
Computer services	7,741.1	4.1	3,864.1	2.1	5,639.4	3.3
Information services	389.2	0.2	474.1	0.3	507.1	0.3
Research and Development services	213.8	0.1	575.3	0.3	20,876.8	12.1
Legal services	112.6	0.1	64.5	0.0	200.7	0.1
Accounting, Management Consulting, Managerial Services and Public Relations Services	2,425.5	1.3	2,657.4	1.4	3,761.2	2.2
Advertising, Market Research and Public Opinion Polling	344.5	0.2	530.0	0.3	869.6	0.5
Technical, trade and other related services	2,816.6	1.5	2,650.1	1.4	9,247.6	5.4
Operating leasing services	45.0	0.0	183.1	0.1	237.5	0.1
Personal, cultural and recreational services	168.6	0.1	77.9	0.0	28.1	0.0
<b>Total</b>	<b>189,302.2</b>	<b>100.0</b>	<b>186,924.9</b>	<b>100.0</b>	<b>172,222.8</b>	<b>100.0</b>

### Employment by Nationality, Sex and Category

**4.8.** The total employment by enterprises which reported FAL increased by 2.0 per cent to 169,209 employees in 2021, and further by 7.5 per cent to 181,956 employees in 2022, as shown in Table 4.4. The increase was reflected in both local and foreign employees. Foreign employees accounted for 1.0

per cent of the total employees from the firms which reported FAL, while in the local regular employees accounted for the largest share at 85.0 per cent. The proportion of female employees to total employment of enterprises which reported FAL improved from 36.0 per cent in 2020 to 38.2 per cent in 2022.

**Table 4.4: Employment by Nationality, Sex and Category, 2020-2022**

2020							
Sex	Foreign			Local			Total Employment
	Long-term	Short-term	Total	Casual	Regular	Total	
Female	216	59	275	7,865	51,594	59,459	59,734
Male	1,115	131	1,246	15,928	88,922	104,850	106,096
<b>Total</b>	<b>1,331</b>	<b>190</b>	<b>1,521</b>	<b>23,793</b>	<b>140,516</b>	<b>164,309</b>	<b>165,830</b>

2021							
Sex	Foreign			Local			Total Employment
	Long-term	Short-term	Total	Casual	Regular	Total	
Female	206	122	328	7,980	54,703	62,683	63,011
Male	1,094	222	1,316	15,798	89,084	104,882	106,198
<b>Total</b>	<b>1,300</b>	<b>344</b>	<b>1,644</b>	<b>23,778</b>	<b>143,787</b>	<b>167,565</b>	<b>169,209</b>

2022							
Sex	Foreign			Local			Total Employment
	Long-term	Short-term	Total	Casual	Regular	Total	
Female	208	126	334	8,398	60,773	69,171	69,505
Male	1,163	249	1,412	16,754	94,285	111,039	112,451
<b>Total</b>	<b>1,371</b>	<b>375</b>	<b>1,746</b>	<b>25,152</b>	<b>155,058</b>	<b>180,210</b>	<b>181,956</b>

### Employment by Sector

**4.9.** Over the review period, enterprises in the Manufacturing; and Finance and insurance sectors were the leading employers among enterprises which reported FAL, as shown in Table 4.5. Employment in

the Manufacturing sector on average accounted for 25.5 per cent, while the Finance and insurance sector on average accounted for 21.1 per cent of the total employment over the review period.

**Table 4.5: Employment by Economic Activity, 2020-2022**

Economic Activity	2020		2021		2022	
	Employees	% Share	Employees	% Share	Employees	% Share
A. Agriculture, forestry and fishing	21,103	12.7	17,314	10.2	19,759	10.9
B. Mining and quarrying	282	0.2	356	0.2	332	0.2
C. Manufacturing	40,591	24.5	43,070	25.5	48,105	26.4
D. Electricity, gas and air conditioning supply	12,680	7.6	12,523	7.4	12,290	6.8
E. Water supply; sewerage, waste management and remediation activities	262	0.2	289	0.2	336	0.2
F. Construction	6,707	4.0	6,286	3.7	5,525	3.0
G. Wholesale & retail trade; repair of motor vehicles and motorcycles services	12,612	7.6	13,610	8.0	14,221	7.8
H. Transportation and storage	5,657	3.4	5,477	3.2	6,949	3.8
I. Accommodation and food service activities	6,470	3.9	6,421	3.8	7,848	4.3
J. Information and communication	9,089	5.5	12,976	7.7	12,537	6.9
K. Finance and insurance activities	35,766	21.6	35,659	21.1	37,367	20.5
L. Real estate activities	244	0.1	234	0.1	238	0.1
M. Professional, scientific and technical activities	2,139	1.3	2,406	1.4	2,689	1.5
N. Administrative and support service activities	10,156	6.1	10,340	6.1	11,342	6.2
P. Education	1,359	0.8	1,464	0.9	1,571	0.9
Q. Human health and social work activities	202	0.1	210	0.1	208	0.1
R. Arts, entertainment and recreation	303	0.2	392	0.2	474	0.3
S. Other service activities	208	0.1	182	0.1	165	0.1
<b>Total</b>	<b>165,830</b>	<b>100</b>	<b>169,209</b>	<b>100</b>	<b>181,956</b>	<b>100</b>

### Compensation of Employees by Sector

**4.10.** Compensation of employees by enterprises which reported FAL increased by 24.5 per cent to KSh 257.0 billion in 2022, as shown in Table 4.6. Compensation of employees in the Finance and

insurance sector on average accounted for 47.5 per cent of total compensation of employees in the review period, while that in Information and communications and Manufacturing sectors accounted for 15.1 per cent and 13.5 per cent, respectively.



## CHAPTER 5: INVESTOR PERCEPTION

### Overview

This chapter presents the findings of an assessment of investors' perception on various factors that inform investment decisions made by enterprises, effects of COVID-19 and climate change. The factors were categorized into: changes in business factors between 2020 and 2022; time taken to acquire licenses, get approvals and services; challenges brought about by COVID-19; and the effects of climate change.

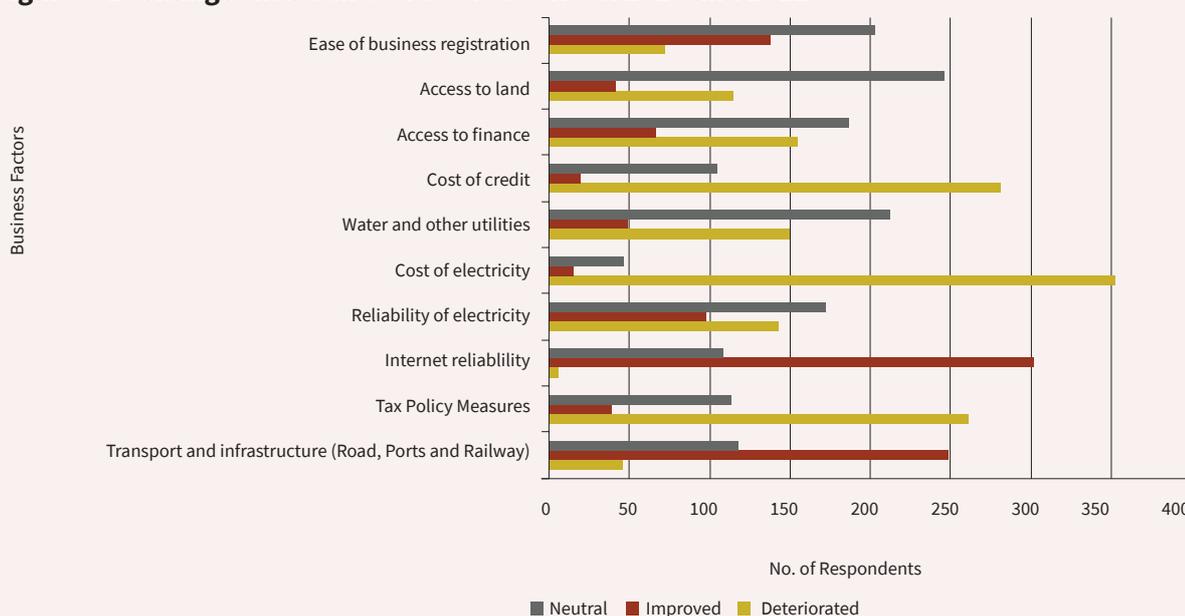
### Changes in business factors

**5.2.** Respondents were asked to assess changes in selected business factors on whether they had improved, deteriorated or remained unchanged over the last three years. Figure 5.1 shows that 29.6 per cent of the total respondents indicated that there was improvement in the internet reliability. Other improvements were noted in transport and infrastructure and ease of business registration at 24.4 per cent and 13.6 per cent, respectively. On the contrary, 22.2 per cent of the respondents indicated that the cost of electricity had deteriorated, this was closely followed by cost of credit and tax policy measures at 17.8 per cent and 16.5 per cent, respectively. Access to land; water and other utilities; and the ease of business registration were perceived to have remained unchanged at 16.3, 14.0 and 13.4 per cent, respectively.

### Time taken to acquire licenses, get approvals and services

**5.3.** Perception of investors on the time taken to acquire the necessary licenses, get approvals and services when doing business is illustrated in Figure 5.2. More than 50.0 per cent of respondents indicated that it takes a moderate time to acquire licenses and get approvals and services. Access to immigration services was rated to take long at 20.7 per cent. Other services perceived to take long is power connection and construction permit at 17.1 per cent and 13.9 per cent, respectively. In contrast, 25.2, 23.7 and 18.0 per cent of the respondents indicated that it takes a short time to register with tax authority, acquire single business permit and business incorporation services, respectively.

**Figure 5.1: Changes in business factors between 2020 and 2022**

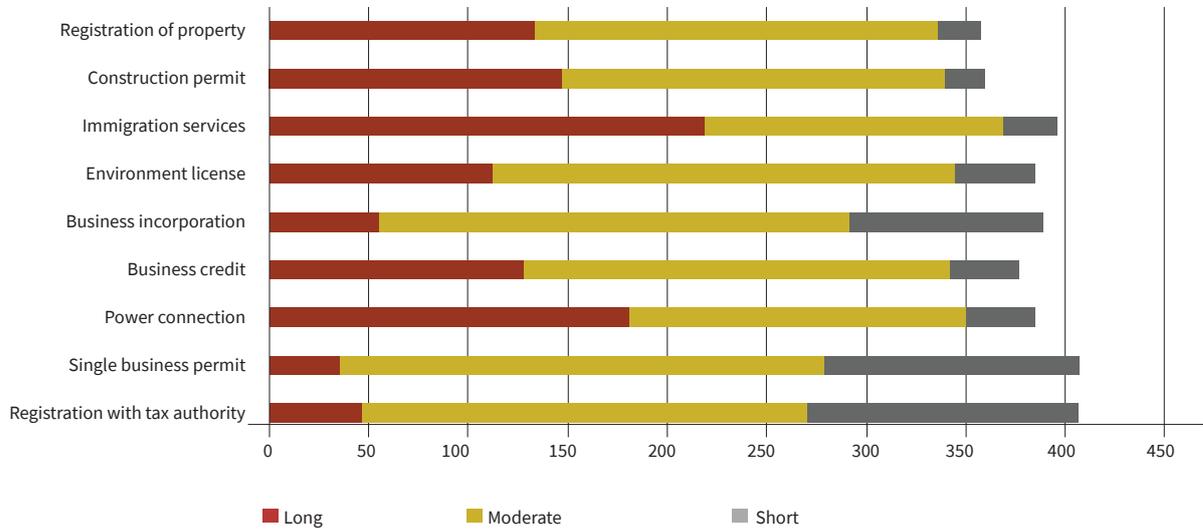


**5.4.** Enterprises around the world are making bold commitments to address climate change whose effects are already felt across many businesses in most industries. Taking steps to avert the impact of climate change is vital, but it also makes good financial sense. By acting now, businesses can lower the risks that come from climate change, and even take advantage of

the new opportunities of a greener future, create new jobs and revitalize economies.

**5.5.** It is therefore important for enterprises to understand climate change, its effects, mitigation, adaptation and resilient measures. The survey sought to find out the understanding and response to climate change by enterprises.

**Figure 5.2: Time taken to acquire licenses, get approvals and services when doing business**

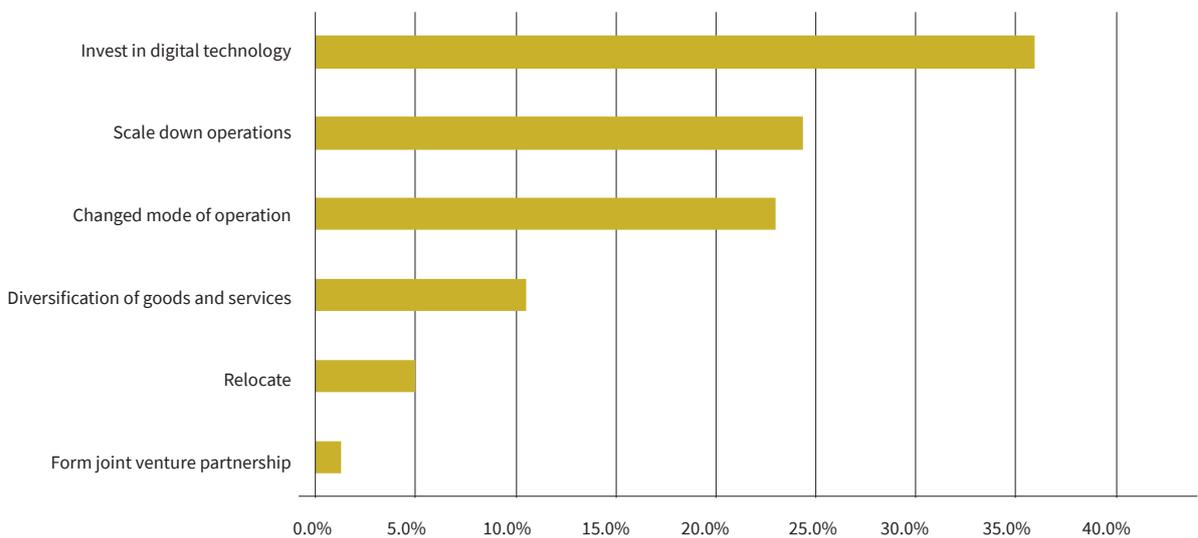


**Effect of COVID-19 on businesses**

**5.6.** Respondents were asked to respond to the effects of COVID -19 pandemic on their businesses. Figure 5.3 shows that 35.9 per cent of the respondents have

invested in digital technology, while 24.4 per cent and 22.2 per cent have scaled down operations and changed mode of operations, respectively.

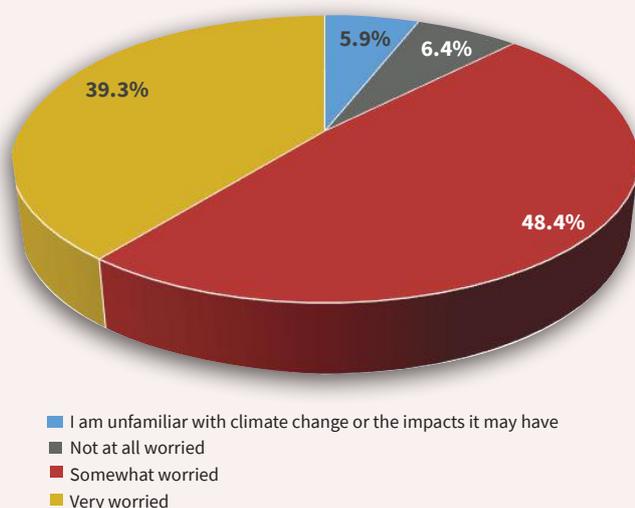
**Figure 5.3: Response of COVID-19 on businesses**



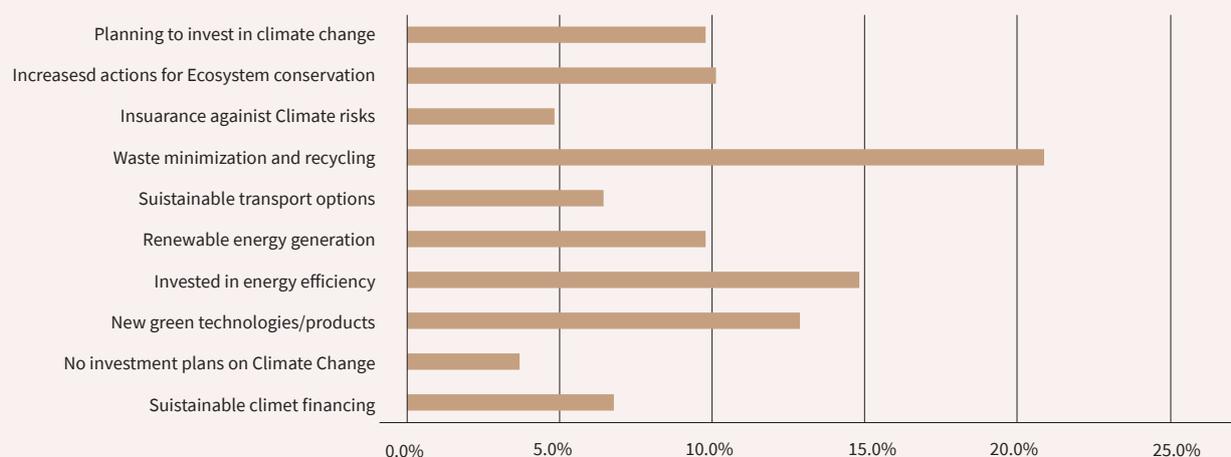
**Concerns on Impact of climate change**

**5.7.** The survey sought to find out if businesses had concerns on impact of climate change. According to Figure 5.4, 48.4 per cent of the respondents were somewhat concerned about the effects of climate change, while 39.3 per cent were very concerned about

the impact of climate change. A smaller portion of the respondents, comprising 5.9 per cent, indicated that they were unfamiliar with climate change or the impacts it may have, while 6.4 per cent stated that they were not worried about the impact of the climate change at all.

**Figure 5.4: Concerns on Impact of climate change****Measures taken to build resilience to the risks posed by climate change**

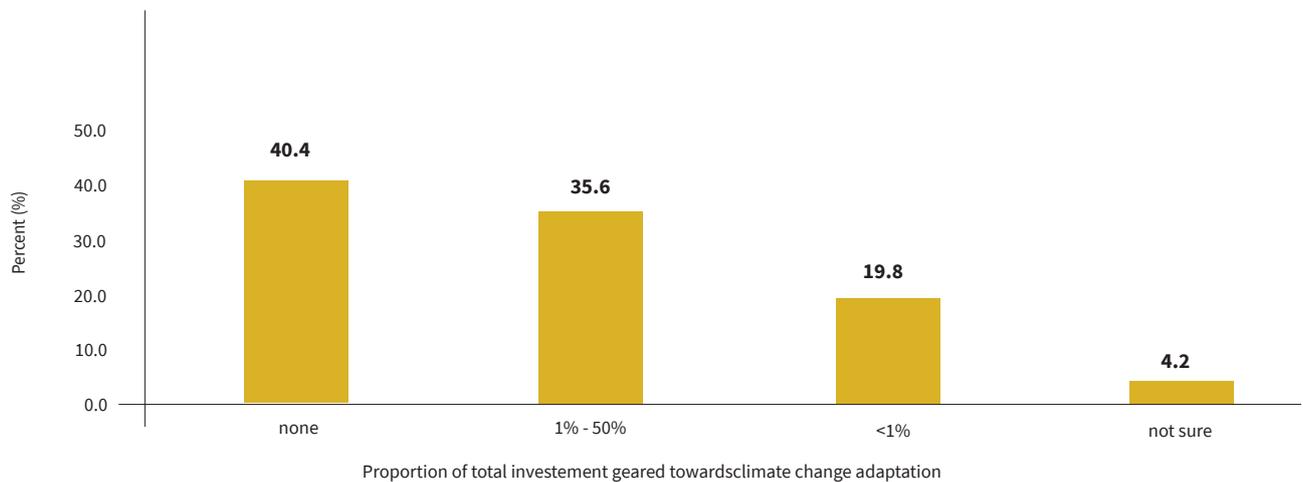
**5.8.** Figure 5.5 depicts measures developed or invested to build resilience to the risks posed by climate change. The proportion of respondents who indicated to have invested in waste minimization and recycling initiatives was 20.9 per cent. Further, 14.8, 12.9 and 10.1 per cent of the respondents indicated they have invested in energy efficiency, new green technologies/products and increased actions for the ecosystem, respectively.

**Figure 5.5: Measures taken to build resilience to the risks posed by climate change****Proportion (percentage) of the total investment primarily geared towards climate change adaptation and mitigation measures by companies in 2022**

**5.9.** As depicted in Figure 5.6, 35.6 per cent and 19.8 per cent of the respondents indicated they had invested

between 1 per cent and 50 per cent and less than one per cent of their investments, respectively. However, 40.4 per cent of the respondents indicated they had not allocated any portion of their investment towards climate change adaptation and mitigation measures.

**Figure 5.6: Proportion (percentage) of the total investment primarily geared towards Climate Change adaptation**

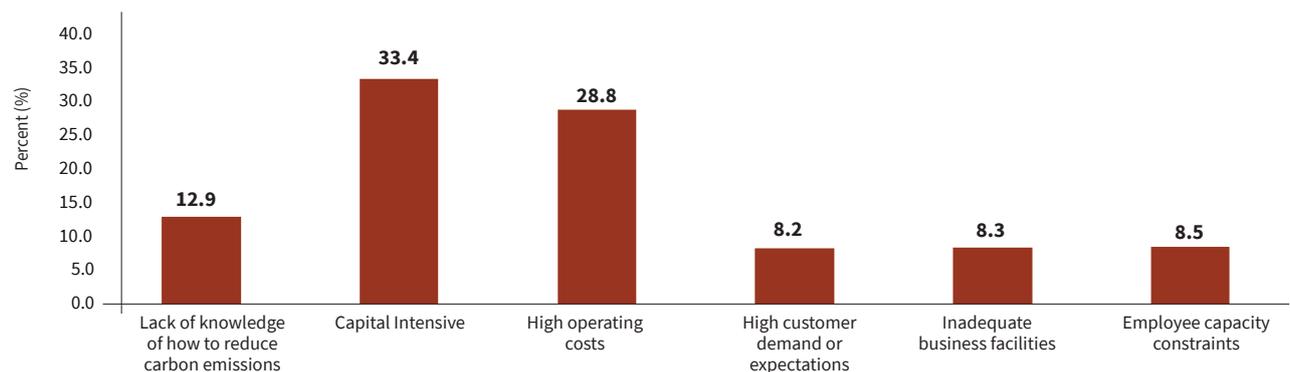


**Barriers/challenges enterprises face regarding reducing greenhouse gas emissions**

**5.10.** Figure 5.7 presents the barriers or challenges enterprises face regarding reducing greenhouse gas emissions. Capital intensity and high operating costs were the top most barriers/challenges enterprises

faced at 33.4 per cent and 28.8 per cent, respectively. Other barriers highlighted were lack of knowledge on reducing carbon emissions (12.9%), constraints in employee capacity (8.5%) inadequate business facilities (8.3%) and high customer demand (8.2%).

**Figure 5.7: Barriers/challenges enterprises face regarding reducing greenhouse gas emissions**





## CHAPTER 6: SURVEY METHODS AND TECHNIQUES

### Overview

The 2023 Foreign Investment Survey (FIS 2023) targeted enterprises with Foreign Assets and Liabilities (FAL). FIS 2023 was designed to collect information on foreign private capital flows for 2020, 2021 and 2022; and stocks for 2019, 2020, 2021 and 2022. To enhance the quality of FAL statistics, additional information on foreign investment was sought using non-survey methods from KenInvest and Capital Markets Authority.

### Legal, Regulatory and Institutional Framework

**6.2.** The FIS 2023 was conducted under the Statistics Act, 2006 that empowers KNBS to collect, compile, analyse, publicize and disseminate official statistical information, as well as coordinate the National Statistical System (NSS). In addition, the Act mandates KNBS to collaborate with other bodies within or outside Kenya as is appropriate for the purposes of development and production of quality statistics.

**6.3.** The implementation of the FIS 2023 was a collaborative effort with other relevant organizations that include: Central Bank of Kenya (CBK), Kenya Investment Authority (KenInvest), Capital Markets Authority (CMA), Insurance Regulatory Authority (IRA), Export Processing Zones Authority (EPZA), and Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI).

### Sample Selection

**6.4.** The sampling of enterprises for the FIS 2023 involved several steps and entailed use of master file-enterprise register, which contains information about all registered businesses within the country. This register typically includes details such as company names, addresses, industrial classifications, and ownership structures.

#### 1. Identification of Foreign-Owned Enterprises:

Within the statistical business register, enterprises with foreign ownership or involvement in foreign transactions were identified. It included businesses that had previously participated in the survey and others that were known to have foreign ownership identified through the Kenya Investment Authority (KenInvest). This was determined through various indicators such as the residency of shareholders, reported foreign affiliate links and other relevant criteria.

**2. Stratification and Cut-off Sampling:** To ensure a representative sample, stratification by industry was done. Then cut-off sampling was applied based on the size of investment and other relevant variables.

**3. Final Sample Selection:** By the end of the sampling process a sample of 1,159 enterprises had been drawn for the FIS 2023.

### Survey Instruments

**6.5.** The data collection instruments for FIS 2023 consisted of a questionnaire and an instructions' manual. They were developed by the Balance of Payments Technical Working Group (BOP-TWG) responsible for overseeing the implementation of the survey activities. These instruments were designed to adhere to the compilation standards and guidelines set forth in the Balance of Payments and International Investment Position Manual, Sixth Edition (BPM6).

**6.6.** The Questionnaire: The design of the FIS 2023 questionnaire followed the principles outlined in BPM6. It aimed to capture a range of information, including general enterprise information, employment, export and import figures, foreign assets and liabilities, international trade in services, and investor perceptions.

**6.7.** Instructions' Manual: In order to ensure consistency and maintain high quality of data collected, an Instructions' Manual was developed. The manual served as a training guide and a reference tool for survey personnel.

### Response Rate and Data Validation

**6.8.** FIS 2023 targeted a total of 1,159 enterprises. However, some of the selected enterprises were found to be temporarily closed. This, compounded with refusals, permanent closures, mergers and acquisitions, resulted in distribution of 1,032 questionnaires out of which seven hundred and thirty-six (736) questionnaires were completed and collected as shown in Table 6.1. This translated to a response rate of 71.3 per cent. In addition, 477 enterprises indicated that they had Foreign Assets and Liabilities (FAL), while 259 of them had no cross-border transactions during the reference period. For partially completed questionnaires and refusals, imputation techniques were applied to mitigate against item non-response and unit non-response, respectively. This was made possible using the data from the previous surveys and also administrative data.

**Table 6.1: Response Rate**

	Number of Enterprises	Mergers	Closures (Permanent & Temporary)	Distributed Questionnaires	Partially completed and returned	Completely filled and Returned	Non-Response	Enterprises with FAL	Enterprises without FAL	Response Rate
Questionnaires	1159	11	32	1032	32	704	16	477	259	71.3%

**6.9.** Data editing encompassed the validation and reconciliation of reported flows and positions in the questionnaires with the submitted financial statements. Furthermore, returned questionnaires that were lacking Foreign Assets and Liabilities (FAL) underwent scrutiny to determine if any FAL existed. It involved a review of the submitted financial statements and communication with relevant enterprises for confirmation.

#### Data Processing

**6.10. Data Entry:** The data entry phase involved capturing all information from the questionnaires and storing them in electronic form. This task was accomplished through the utilization of the Private

Capital Monitoring System (PCMS-Version 4), a software solution developed by MEFMI. The system is designed to facilitate the processing of both Private Capital survey and non-survey data in accordance with BPM6 guidelines.

**6.11. Data Analysis and Tabulation:** Following the cleaning of the collected data, additional analysis was conducted on various variables, such as sector classification, investment type, and the direction of investments. Tabulation of these variables was carried out to generate standard tables, which summarized the key findings of the survey. These tables were tailored to be informative for policymakers and other users of statistics.



## APPENDICES

### Appendix 1

#### Glossary of Key Terms and Concepts

##### Introduction

This section describes the underlying technical concepts and definitions based on the IMF's Balance of Payments & International Investment Position Manual 6th Edition (BPM 6).

#### 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), 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; Primary Income; and Secondary Income) and the Capital and Financial Account, which includes all private capital flows. BOP captures transactions between residents and non-residents, irrespective of the currency in which the transaction is made. Typically, a transaction in foreign currency between two residents of Kenya is therefore not part of BOP.

Note that: Flows refer to economic actions and effects of events within an accounting period. It reflects the creation, transformation, exchange, transfer, or extinction of economic value; they involve changes in the volume, composition, or value of an institutional unit's assets and liabilities. International flows are recorded in the accounts as transactions (Balance of Payments) and other changes in financial assets and liabilities account.

Consequently, flows from non-resident to resident enterprises of Kenya also referred to as Kenya's foreign liability flows are recorded in the Kenyan books of account as inflows. Hence, when these foreign liabilities reduce which means that either Kenyan resident enterprises are repaying the liabilities, or the non-resident enterprises are disinvesting from the resident enterprises, then these are recorded in the books of account as outflows. Similarly, flows from resident enterprises of Kenya to non-resident enterprises also

referred to as Kenya's foreign assets will be recorded in the Kenyan books of account as outflows. Hence, when these foreign assets reduce which means that either Kenyan resident enterprises are disinvesting from the non-resident enterprises or the non-resident enterprises are repaying their liabilities (which are Kenyan resident's assets), then these are recorded in the books of account as inflows.

#### 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 the rest of the world) and liabilities (claims by the rest of the world).

Note that: Stocks/Positions refer to the level of financial assets or liabilities at a point in time. Generally, positions are shown at the beginning and end of an accounting period and are recorded in the international investment position, which is a balance sheet of external financial assets and liabilities.

#### 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 (treated as non-residents).

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. Foreign

Commonwealth and Development Office (FCDO), Japan International Cooperation Agency (JICA).

- 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 refers to the value recorded in the enterprise's records. This comprises of authorised and issued share capital at historical cost; any share premium; reserves and retained earnings; revaluations and any other reserves. This concept is familiar to accountants and financial managers and is known to them as "shareholder funds".

#### 5. Institutional unit

Institutional unit is an economic entity that is capable, in its own right, of owning assets, incurring liabilities and engaging in economic activities and in transactions with other entities.

#### 6. Enterprises

An enterprise is defined as an institutional unit engaged in production of goods and services. An enterprise may be a corporation (including a quasi-corporation), a non-profit institution, or an unincorporated enterprise. Corporations are legal or social entities whose existence is recognized by law or society, independent of the persons or other entities that may own or control them. Examples include companies, branches, partnerships e.t.c

An establishment is an enterprise or part of an enterprise that is situated in a single location and in which only a single productive activity is carried out, or in which the principal production activity accounts for most of the value added.

#### 7. Financial Instruments

Financial instruments are financial contracts made between institutional units. Financial Instruments consists of equity and non-equity. Equity means shares in companies and equivalent ownership interest in an enterprise. Non-equity means all other financial instruments including currency and deposits; debt

securities; loans; insurance, pension and standardized guarantee schemes; trade credits and advances; and other accounts receivables/payables.

Currency and Deposits: consists of notes and coins that are of fixed nominal values and are issued or authorized by central banks or governments while deposits include all claims on central bank, banks and other financial institutions.

Debt Securities: are negotiable instruments serving as evidence of a debt. They include bills, bonds, notes, negotiable certificates of deposit, commercial paper, debentures, asset-backed securities, money market instruments, and similar instruments normally traded in the financial markets.

Loans: are financial assets that are created when a creditor lends funds directly to a debtor and are evidenced by documents that are not negotiable). 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 securitized 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.

Trade credits and advances: Trade credit and advances consist of credit extended directly by the suppliers of goods and services to their customers, and advances for work that is in progress (or is yet to be undertaken) and prepayment by customers for goods and services not yet provided.

Insurance, pension and standardized guarantee schemes: Insurance, pension, and standardized guarantee schemes consist of the following: (a) nonlife insurance technical reserves; (b) life insurance and annuity entitlements; (c) pension entitlements, claims of pension funds on pension managers, and entitlements to non-pension funds; and (d) provisions for calls under standardized guarantees.

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.

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.

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

Accounts receivable/payable: Accounts receivable/payable include liabilities for taxes, purchase and sale of securities, securities lending fees, wages and salaries, dividends, and social contributions that have accrued but not yet paid.

### 8. Maturity

Short-term: original contractual maturity of one year or less.

Long-term: original contractual maturity of more than one year.

### 9. 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.

### 10. Direct Investment Enterprise

Direct Investment Enterprise (DIE) is one in which a direct investor resident in another economy owns 10 per cent 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 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 10 per cent 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.

### 11. 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).

**12. Direct Investment:** is defined as any ownership stake held by a non-resident in the resident enterprise that is 10 per 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).

### 13. Reverse Investment

Reverse investment arises when a direct investment enterprise lends funds to or acquires equity in its immediate or indirect direct investor, provided it does not own equity comprising 10 per cent or more of the voting power in that direct investor. In contrast, if two enterprises each have 10 per cent or more of the voting power in the other, this is not reverse investment, rather there exists two mutual direct investment relationships. That is, each enterprise is both a direct investor and direct investment enterprise of the other.

### 14. Fellow Enterprise (FE)

Fellow enterprises (FE) are those enterprises that are under the control or influence of the same immediate or indirect investor, but neither fellow enterprise controls or influences the other fellow enterprise. Often the direct investor and fellow enterprises are all in different economies, but sometimes the direct investor is in the same economy as one of the fellow enterprises (in which case, it is not a direct investor in that fellow enterprise).

### 15. Reinvested (or Retained) Earnings

This is one of the three components of FDI 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.

### 16. 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.

### 17. 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.

### 18. Portfolio Investment

This entails ownership of shares/voting rights of less than 10 per cent 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 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 excludes 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. 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.

### 20. Other Investment

This is a residual category of the broad functional categories of Direct Investment and Portfolio Investment. Thus, whatever cannot be classified either as Direct Investment or Portfolio Investment

is captured under Other Investment. This comprises other equity (less than 10% of voting rights and non-tradable); debt securities; currency and deposits; loans; trade credits and advances; insurance, pension and standardized guarantee schemes; and accounts payables and receivable.

### **21. Employee Stock Option**

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

### **22. Compensation of employees**

Compensation of employees presents remuneration (comprising wages, salaries and other benefits) in return for the labour input to the production process contributed by an individual in an employer-employee relationship with the enterprise. For BOP purposes, compensation of employees is recorded when the employer (the producing unit) and the employee are resident in different economies.

Employees in this context include seasonal or other short-term workers (less than one year) and border workers who have centres of economic interest in their own economies.

For the economy where the producing units are resident, compensation of employees is the total remuneration, in cash or in kind, payable by resident enterprises to non-resident employees in return for work done by the latter during the accounting period.

### **23. Merchanting**

Merchanting refers to the purchase of goods by a resident of the compiling economy from a non-resident combined with the subsequent resale of the same goods to another non-resident without the goods being physically present in the compiling economy.











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