

Snapshot Africa - Kenya



Benchmarking FDI Competitiveness



World Bank Group
Multilateral Investment
Guarantee Agency

Multilateral Investment Guarantee Agency

Government of Madagascar in association with
the Private Sector Development Project II
of the International Development Association

Swiss State Secretariat for Economic Affairs

Austrian Development Agency

United States Agency for International Development

JANUARY 2007

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Washington, DC 20433

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Manufactured in the United States of America
November 2006

Available online at www.fdi.net/snapshot_africa

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The Multilateral Investment Guarantee Agency (MIGA) of the World Bank Group was established in 1988 to promote the flow of private foreign investment to developing member countries. MIGA offers political risk insurance coverage to eligible investors for qualified investments in developing member countries. MIGA also offers technical assistance programs to develop and implement effective strategies for attracting and retaining foreign direct investment. This hands-on technical assistance focuses on three primary areas: dissemination of information on investment opportunities and business operating conditions in developing member countries through online services; capacity building of the organizations and institutions involved in the promotion of foreign investment; and, investment facilitation activities supporting the efforts of developing countries to identify and attract investment.

Research for the sub-Saharan Africa benchmarking study was conducted and carried out by The Services Group, one of MIGA's principal contractors for the global Enterprise Benchmarking Program.

Snapshot Africa- Kenya

Benchmarking FDI Competitiveness

Foreign Direct Investment Cost and Conditions for the Textile, Apparel, Horticulture, Food and Beverage Processing, Shared Services and Tourism Industries



- GHANA
- KENYA
- LESOTHO
- MADAGASCAR
- MALI
- MOZAMBIQUE
- SENEGAL
- TANZANIA
- UGANDA

FIFTH IN A SERIES
OF SECTOR ANALYSES

NOVEMBER 2006

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INTRODUCTION

As part of MIGA's global Enterprise Benchmarking Program (EBP), a study was conducted in sub-Saharan African countries among six industries to compare the operating costs and conditions for investors located in nine sub-Saharan African countries: Ghana, Kenya, Lesotho, Madagascar, Mali, Mozambique, Senegal, Tanzania and Uganda. This report summarizes the study's findings, and presents the result of the sub-Saharan Africa EBP, adhering to the location benchmarking approach commonly used by foreign investors to evaluate alternative global investment sites. As an analytical tool, location benchmarking enables an investing company to narrow its site selection options to a short-list of locations best suited to the requirements of the investment project. Countries were evaluated based on the actual costs and operating conditions reported by existing investors with facilities in these countries.

The study was conducted by the Multilateral Investment Guarantee Agency of the World Bank Group, with the financial support of the Government of Madagascar in association with the Private Sector Development Project II (International Development Association [IDA]), the Swiss State Secretariat for Economic Affairs (SECO), the Austrian Development Agency (ADA), United States Agency for International Development (USAID) and Japan Policy and Human Resources Development Trust Fund (World Bank).

The Africa EBP was designed to deliver on several specific components, many with associated outputs integral to the participating countries' investment promotion strategies, capacities and processes. Its key objectives were to:

- Compare the operating costs and conditions associated with the selected industries in each country in order to identify industries with a strong competitive position, relative to competing locations. This can then be incorporated into inward investment promotion strategies and marketing efforts;
- Use SWOT analysis to identify each country's comparative strengths, weaknesses, opportunities and threats as a destination for inward investment in the selected industries;
- Identify each country's comparative advantages and make recommendations for improving the investment climate and attractiveness of each country for inward investment promotion, which can assist an IPI in developing sector-specific key selling messages to attract inward investment;
- Develop expertise within the IPIs through their involvement in the execution of the work program and through targeted capacity building so that lessons learned are institutionalized.

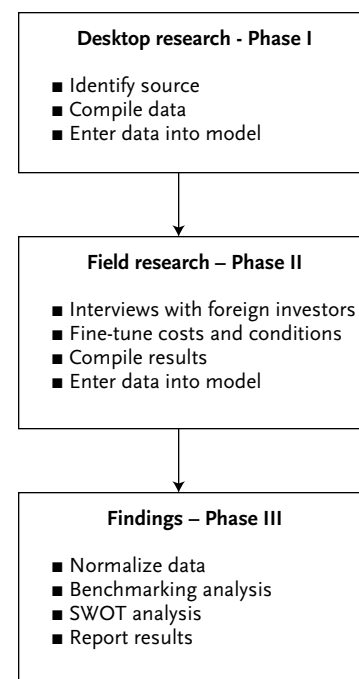
METHODOLOGY

MIGA's EBP methodology aims to capture a snapshot of an industry in one location at a static point in time from the unique perspective of the investor. Part of this snapshot reflects objective, quantitative operating costs; another portion is based on investors' perceptions of qualitative operating conditions. Perceptions of operating conditions, while subjective, are formed by the actual experiences of the investor and can significantly influence the investment location decision.

Phases and Sequence

The Africa EBP was conducted in three main phases over the course of several months beginning in November 2004 and ending in March 2005 (see Figure). In

Figure: Phases of research methodology



collecting information regarding operating conditions and investment motivation, the Africa study relied mostly on first-hand information obtained through company interviews. This was due to the difficulty of finding reliable and comparable data through desktop research sources. The research team conducted a total of 297 company interviews with foreign and local investors in the six industries. Among the surveyed companies, 37 percent were locally owned, 29 percent were joint ventures between local and foreign firms, and 34 percent were foreign owned. The primary data collected from company interviews using a standard questionnaire was supplemented with secondary data obtained from provincial, national and international sources.

Composition of interviewed firms

Sectors covered	Number of firms	Ownership structure of interviewed firms		
		100 % local	Joint venture	100 % foreign
Textile	42*	20	10	12
Apparel	57**	21	26	10
Horticulture	47 [■]	24	10	13
Food and beverage processing	52 [■]	19	13	20
Shared services (Call centers)	51	16	13	22
Tourism (Hotels)	48	11	13	24
TOTAL	297***	111	85	101

* 13 firms also produce apparel

** 13 firms also produce textiles

*** 278 individual interviews

■ 6 firms also produce processed food

■ 6 firms are also horticulture producers

The Enterprise Benchmarking Model is predicated on a set of assumptions about investment decisions, which are tested through empirical data gathered from interviews and publicly available cost and quality condition rankings. The model assumes several things about investment behavior, garnered through hundreds of interviews with companies with international investments. These assumptions can be broken down into two major categories: Assumption 1 - Lower costs increase the attractiveness of a potential investment location, when all else is equal. Assumption 2 - Higher quality increases the attractiveness of an investment site.

Model Measurements

The benchmarking model measures cost and quality conditions experienced by investors utilizing desktop research and a detailed survey of investors already operating in 11 African countries. The factors underlying these measurements are listed in Figure below:

Site selection factors processed by the Enterprise Benchmarking model

Site selection consideration	Cost factors	Quality factors
Labor	Labor	Potential to recruit local staff
		Flexibility of labor environment
Infrastructure	Electricity	Power supply
	Water	Water supply
	Telecommunications and broadband	Telecommunications and Internet
	Internet	Availability and reliability of shipping transportation
	Natural gas	
	Freight shipment	
Real estate	Real estate	Availability of land, office space, buildings and sites
	Construction	
	Office space	
Living conditions	None	Schools, safety, healthcare, etc,
Access to markets	None	Size of local market
		Proximity to raw materials, components and equipment
		Access to international tourists
General business environment	None	Political, financial, and economic stability

Weighting of Data

Investors do not place equal value on all cost and quality factors. A textile mill, for example, might place premium value on locating near a source of raw cotton, while a call center might value access to inexpensive and reliable telecommunications above all else. Based on the experiences of hundreds of foreign investors, weightings were thus assigned to each factor that investors consider when making location decisions. The benchmarking model processes the data in proportion to the importance each site selection factor plays in a typical investment decision for each industry.

Kenya

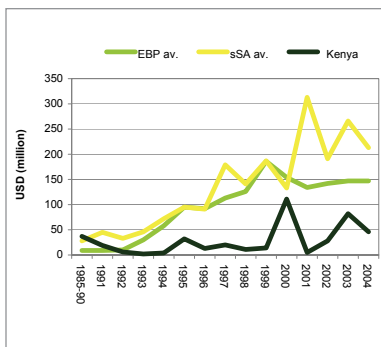
General country info: Kenya

2004 Data											
Population	33.5 million										
Labor force	15.1 million										
Language	English, Kiswahili										
Area	580,370 km ²										
Arable land	4,650,000 ha (2003)										
GDP	USD 16.1 billion										
GDP growth	4.3 percent										
GDP per capita*	USD 427										
GDP per capita at PPP*	USD 1047										
Industry value added	USD 2.5 billion										
Manufacturing value added	USD 1.6 billion										
FDI inflows	USD 46.1 million										
FDI (percent of GDP)	0.29 percent										
Market access	<table border="0"> <tr> <td>EAC</td> <td>93 m</td> </tr> <tr> <td>COMESA</td> <td>385 m</td> </tr> <tr> <td>COTONOU</td> <td>456 m</td> </tr> <tr> <td>AGOA</td> <td>299 m</td> </tr> <tr> <td>IOR-ARC</td> <td>2 b</td> </tr> </table>	EAC	93 m	COMESA	385 m	COTONOU	456 m	AGOA	299 m	IOR-ARC	2 b
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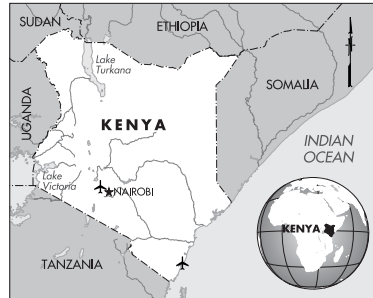
* Constant 2000 USD

Source: World Bank, UNCTAD

FDI inflows for Kenya, sub-Saharan Africa average, EBP country average



Source: World Bank 2004



The most industrialized country in East Africa and one of the top performing countries in sub-Saharan Africa, Kenya provides an impressive array of reasons to invest in its industries. The country is reported by foreign investors to have a well-developed port system with cold storage facilities and computerized port procedures, and a motivated work force. It is also a member of the East African Community (EAC) of 93 million people,

where trade is envisaged to flow freely across Uganda, Tanzania and Kenya by 2013. Add to this Kenya's membership in the Common Market for Eastern and Southern Africa (COMESA), with nearly 385 million people, and it is easy to see why a number of international companies have chosen the country as a regional business hub. Kenya's exports have increased substantially in recent years. In 2003 top exports included horticulture (26.7 percent) and tea (24 percent), followed by apparel, coffee, iron and steel, soda ash, fish and plastics.

Despite having one of the most diversified economies in the region, Kenya's FDI flows have been consistently lower than those of its neighbors in recent years. 2003 did see a sharp rise in FDI inflows, totaling USD 82 million, a considerable upturn from 2002 where FDI inflows totaled just USD 28 million. Inflows settled at USD 46 million in 2004 (see Figure) and are forecast to end at USD 54 million in 2005. The main sources of FDI are India, China, the UK and Germany. The Government has implemented reforms in the legal framework for FDI in order to encourage investment. Some of these incentives include abolishing export and import licensing, except for a few items listed in the Imports, Exports and Essential Supplies Act (Chapter 502); rationalizing and reducing import tariffs; revoking all export duties and current account restrictions; freeing Kenya shilling's exchange rate; allowing residents and non-residents to open foreign currency accounts with domestic banks; and removing restrictions on borrowing by foreign as well as domestic companies. Restrictions on investment include recent changes stipulated in the 2004 Investment Promotion Act requiring a minimum investment of USD 500,000. The act also introduced requirements that the investment must create employment for Kenyans, generate Government revenues and bring new technology into the country.

BENCHMARKING SUMMARY: Human resources and international transportation infrastructure are two key aspects of Kenya's attractive investment environment. The country boasts the highest literacy rate resulting in a high level of qualified upper level staff and skilled labor. This large supply of labor also contributes to fairly low wage levels. Flexible employment regulations make workforce management comparatively easy for companies in Kenya. Kenyan firms also benefit from access to well developed sea shipping and airfreight services. Investors reported some of the lowest prices in office rentals, and utility costs are at a competitive level compared to other surveyed countries. In part this is due to the relatively low cost of water, which was the third lowest at USD 0.42 per cubic meter. Kenya's EPZs also strengthen the operating environment for zone-based industries, as these areas have comparatively good electrical, water, and telecommunications connections.

Sector Snapshots

Each sector included in this chapter (textile, apparel, food and beverage processing, horticulture, shared services and tourism) begins with a global sector brief, followed by country specific sector briefs and a SWOT analysis. In order to study the viability of the sectors studied in this report, each sector’s market trends and future prospects within the global context was analyzed. The country-specific sector briefs highlight information and factors relevant to the sector in that country.

The SWOT analysis at the end of every sector brief provides a general overview of strengths, weaknesses, opportunities and threats that investors in the country experience while investing in the relevant sector. The strengths and weaknesses for each sector present whether the country is among the three countries that performed worst in the six most important surveyed site selection factors as reported by investors presently operating in Africa. Three of the six factors pertain to quality factors and three to operating cost factors (see Table). It is worth noting that not all countries were benchmarked in all sectors. Lesotho is benchmarked in only the textile and apparel sector, while Mozambique and Uganda were not benchmarked for the textile sector and the tourism (hotels) sector respectively.

Tariffs

Though tariff levels are an important factor for sectors such as textile, apparel, horticulture and food and beverage processing, most sub-Saharan African countries have tariff-free access to a number of major markets within a wide range of export products. It is, for this reason, that tariffs are not a general worry for investors in Africa. Among the more popular trade agreements are the African Growth Opportunity Act (USA), the Cotonou Agreement (EU), the Everything But Arms (EBA) amendment to the EU’s Generalized System of Preferences (EU), the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), the Economic Community of West African States (ECOWAS) and the Southern African Development Community (SADC).

Top six site selection factors according to surveyed investors

	Textile	Apparel	Horticulture	Food and Beverage	Shared Services	Tourism
Quality factors (In order of importance)						
1	Access to markets and supplies	Access to markets and supplies	Access to markets and supplies	Access to markets and supplies	Access to markets and supplies	Access to markets and supplies
2	General business environment	General business environment	General business environment	General business environment	General business environment	General business environment
3	Local potential to recruit staff	Local potential to recruit staff	Availability of real estate/Arable land	Local potential to recruit staff	Local potential to recruit staff/ Infrastructure	Local potential to recruit staff/ Real estate
Cost factors (In order of importance)						
1	Wage levels	Wage levels	Wage levels	Wages levels	Wages levels	Cost of real estate
2	Cost of real estate	Cost of real estate	Cost of real estate	Cost of real estate	Telecommunications	Wage levels
3	Cost of water and power	Cost of water and power	Cost of transport	Cost of construction	Cost of real estate	Cost of construction

TEXTILE SECTOR

Between 2000 and 2004, the value of world exports of textile products grew at an average annual rate of 4.4 percent. With exports from emerging economies growing at a slightly higher rate, their share of world exports increased by 1.5 percentage points to 46.7 percent in 2004. Currently, the major players in the global textile market are China, the US, the EU, India, Pakistan, Japan, Republic of Korea and Turkey. Low cotton prices provide cheap inputs to textile operations worldwide. According to the EIU, estimated global consumption of cotton in 2004/05, at 23.4m tons, is slightly higher than expected and represents an increase of almost 10 percent over the last year. Overall, world cotton consumption in 2005/06 is forecast to reach 24.35m tons, an increase of 4 percent.

The elimination at the end of 2004 of quantitative import restrictions under the World Trade Organization (WTO) Agreement on Textiles and Clothing (ATC) has greatly affected the textile industry (see Table). A recent study predicts the following trends as a result of the elimination of quotas on textiles: an increase in the share of world exports for textiles emanating from emerging economies; a considerable gain in the export shares of countries with low labor costs, such as China, India and Pakistan; heightened competition among suppliers in low-cost countries; and increased specialization of products among source countries.

The textile industry is usually characterized as capital intensive and highly automated, with a reliance on unskilled labor. Although labor costs in Africa are generally competitive with those in China or India, the main factor decreasing the competitiveness of Africa in the global textile trade is high utility costs, particularly for electricity and water, coupled with supply unreliability. A number of successful textile producing countries, such as China and India, rely on strong backward linkages for production inputs, and textile industries in Africa have yet to create such linkages to the local economy.

A number of countries benefit from AGOA's third-country fabric sourcing allowance, which permits African countries, exporting under the AGOA agreement, to source raw material inputs from non-AGOA countries. This arrangement is slated to expire in 2007, which will increase the need for AGOA countries to source inputs from local suppliers. African textile exports under AGOA totaled USD 1.4 billion in 2005, which represents a 12 percent decline from the previous year, due to increased global competition, brought about by the elimination of the multi-fiber agreement (MFA). Africa has had little success thus far in attracting FDI into the textile sector. According to Loco Monitor, an online FDI tool, Africa receives just 2 percent of global FDI, while Asia Pacific and Europe together account for almost 80 percent. The largest share of FDI in Africa in the textile sector is from the EU, followed by North America and Asia Pacific, while Africa and the Middle East account for many small-scale projects.

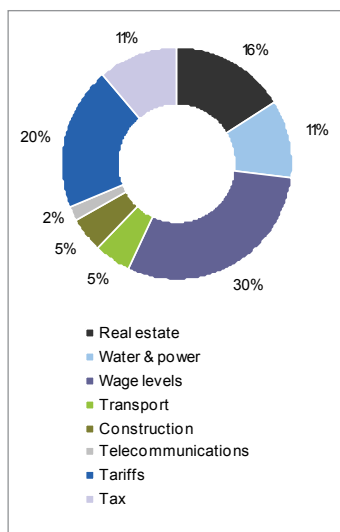
Sub-Saharan Africa does possess a number of advantages that increase its attractiveness as an investment location, particularly its low labor costs and abundance of unskilled labor. Investors in Africa can also benefit from preferential access to a number of global markets, including AGOA, and large and still developing regional trade zones. A number of sub-Saharan African governments are putting increased emphasis on developing EPZs that provide improved access to global markets and infrastructure. Successful EPZ investments are evident in African countries such as Mauritius and Lesotho.

Textile Sector Survey Profiles

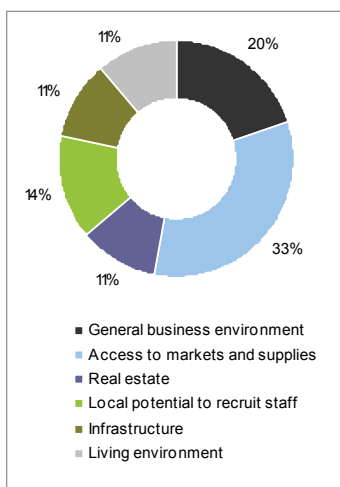
Companies interviewed	42 *
Average Investment Characteristics	
Ownership	47% local owned 24% joint ventures 29% completely foreign owned
Investment size	USD 15.8 million
Factory floor space	23,559 m ²
Number of employees	591
Sales	USD 13.2 million
Company exports	Cotton yarn organic cotton cotton fabric printed fabrics polyester fabrics blankets bed sheets

**13 firms also produced apparel*

Breakdown of cost motivations reported by textile firms



Breakdown of quality motivations reported by textile firms



Textile Brief

- The textile industry developed rapidly after independence in 1963 to become one of the main industries in the country. A massive inflow of used products and cheaper Asian imports nearly wiped out the textile and apparel industries during the 1990s.
- Due to AGOA, Kenya has seen a revival in its textile industry with investment rising from USD 16 million in 1999, to USD 162 million in 2004. Currently, there exist around 35 textile mills in the country. Main exports include yarn, fabrics and other textiles, totaling 1,854 tons in 2003.
- Textile production has an opportunity to strengthen the cotton-textile-apparel value chain, of which at the moment only the apparel part is competitive.
- The majority of textile firms located in the EPZ export their products to the US market and are foreign owned, primarily by Indians, Sri Lankan and Bangladeshis. Kenya is the second largest exporter of textiles under AGOA, after Lesotho.
- Principal domestic exports are primarily to the EAC and COMESA, with Uganda and Tanzania primary destination countries. Kenyan textile firms export products equally by roadway and sea shipping.
- Textile firms have shifted most of their employment rolls from permanent to casual labor in response to volatile market conditions for global exports.

The elimination of the Multi-fiber Agreement

The MFA was set up in 1974 to protect the European and American textile and apparel industries from low-cost products from Asian countries. In time, the MFA developed into a complex system of quotas and restrictions on various products. In order to cope with these restrictions, exporting countries became adept at shifting production to less restricted product categories and countries when they reached their quotas on specific products. Since quota allocations were usually based on historic export performance, there was a further incentive to increase exports to unrestricted markets, even when it was not profitable, in order to increase subsequent years' quota allotments. As a result, the quota system provided many developing countries with access to markets they otherwise would not have accessed. These countries are being adversely affected by the phase-out. In addition, in order to avoid quotas a number of countries moved up into higher value-added production, sourcing out low-cost production to less quota-restricted countries. This encouraged the fracturing of the global value chain and developed textile and apparel firms in developing countries. During the Uruguay Round of WTO negotiations, the ATC called for the phase-out of quotas on textiles and apparel over a 10-year period, beginning in January 1995, and ending in January 2005. There is general agreement that the elimination of textile and apparel quotas will immediately benefit a small handful of developing countries - those that possess a strong and diversified mix of textile and apparel products, engage in full-package production, produce high-quality, high value-added products, and possess diverse markets outside the US and the EU. These countries include China, India and Pakistan.

(Source: UNCTAD 2005)

Comparative SWOT Analysis for Textile Kenya vs. Snapshot Africa

Strengths	Weaknesses
Good current export performance	Weak rating on corruption perception
Low country risk rating	Unfavorable labor relations
Business start-up procedures minimal	Difficulty of sourcing local raw material inputs
Low employment rigidity	Difficulty of sourcing local component inputs
Good availability of managers	High site lease costs for industrial land
Good availability of professionals	
Good availability of technical workers	
Good availability of skilled workers	
Good availability of unskilled workers	
Low wage rates for managers	
Low wage rates for technical workers	
Low water costs	

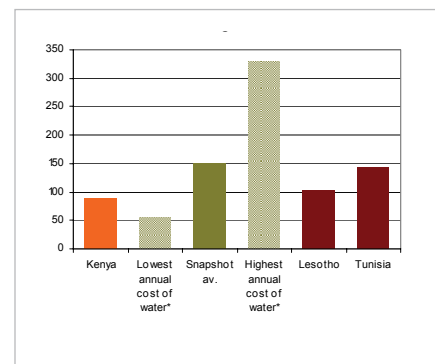
Opportunities	Threats
Textile production has the opportunity to strengthen the cotton-textile-apparel value chain, of which at the moment only the apparel part is competitive. A recent study reveals an annual local demand at 3.8 percent, with local production accounting for only 45 percent of the local market. The availability of EPZs and MUBs provide investors a better infrastructure from which to operate. A number of foreign textile firms already operate within these zones and export their products to global markets. A variety of products are currently produced including yarn and knitted and woven fabrics.	The largest threat to Kenyan textile are Asian competitors. Companies in China and India have lower input and transportation costs, so they are able to supply apparel firms worldwide with inexpensive fabric. Environmental concerns also pose a threat to the industry. Firms in this sector use many chemicals for the processing and dyeing of fabric. The absence of proper waste facilities could pose a danger to the areas surrounding textile sites.

Labor market availability in the textile sector*



*(5 = High availability, 1 = low availability)

Annual water costs for running a textile mill, in USD (thousands)



* Among Snapshot Africa countries

APPAREL SECTOR

During the last two decades, trade in apparel has grown significantly and developing countries have made a considerable contribution to this growth. In this period, apparel exports from developing countries increased sevenfold. According to UNCTAD, developing countries accounted for 76 percent of total world clothing exports in 2003, compared with a 1985 figure of only 8 percent. Total global apparel trade was USD 462 billion in 2003 and has grown at a compounded annual rate of 6.6 percent since 1990. Market leaders in apparel exports include China, EU, Turkey, Mexico, India, the US and Indonesia. The expiration of the MFA in December 2004 has greatly affected global trade and investment in the apparel sector.

The clothing industry is labor-intensive and offers entry-level jobs for unskilled labor in developed as well as developing countries. The majority of clothing is produced from textiles and fabrics across a very wide range of products, materials, styles and usage. There are many stages in the production of apparel such as pattern making, cutting and sewing, trimming, garment dyeing, ticketing, folding and packaging. The variations are unlimited and as fashions change and materials develop, new garments are being developed all the time as well as being re-invented. Moreover, it is a sector where relatively modern technology can be adopted even in poor countries at low investment costs. This feature of the industry has made it attractive as the first step towards industrialization for many poor countries such as Bangladesh, Sri Lanka, Viet Nam and Mauritius. Some of these countries have experienced a very high output growth rate in the sector.

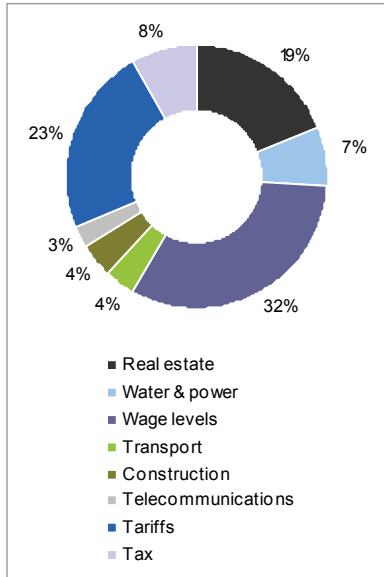
With the disappearance of the global quota system, which is expected to further consolidate production in a few super competitive countries, increased competition for FDI is expected. Elimination of quotas has benefited China, though increased fear of dumping of cheap Chinese apparel products has raised caution in markets such as the EU and the US. From this perspective, Africa could still benefit from a number of preferential trade agreements such as AGOA and the EU's Lomé Accord. As pointed out by a Value Chain Study conducted by UNIDO, sub-Saharan Africa currently lags behind other developing regions mainly due to poor transportation and communications infrastructure. These factors are very important to the functioning of apparel firms. Apparel exporters require ready access to inputs and global markets, streamlined customs procedures and reliable transport infrastructure. A number of countries are making an effort to both improve their communications infrastructure and to develop EPZs, and firms have benefited by establishing in these zones in countries such as Mauritius and Madagascar. Apparel production in sub-Saharan African countries also suffers from a weak cotton-textile-apparel value chain.

Apparel Sector Survey Profiles

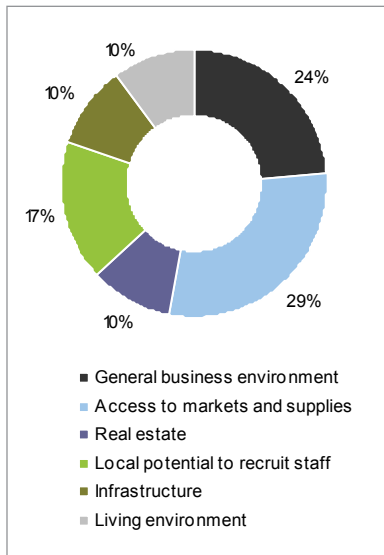
Companies interviewed	57*
Average Investment Characteristics	
Ownership	37 % local owned 45 % joint ventures 18 % completely foreign owned
Investment size	USD 4.1 million
Factory floor space	15,224 m ²
Number of employees	708
Sales	USD 5.9 million
Company exports	Casual wear, jeans, sports wear, ethnic wear, uniforms, shirts and bottoms, shoes, underwear, socks, jackets, sweaters

* 13 firms also produced textile

Breakdown of cost motivations reported by apparel firms



Breakdown of quality motivations reported by apparel firms



Apparel Brief

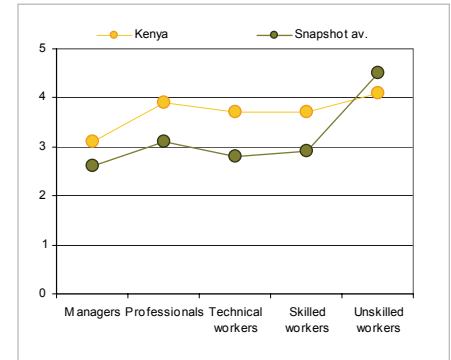
- Before the decline of the textile industry in the early 1990s over 110 large scale apparel manufacturers were registered, with an installed capacity to meet 85 percent of the total national demand of 141.3 million square meters.
- According to the Government, there are now just 55 apparel manufacturing firms, with 29 functioning under the Manufacturing Under Bond (MUB) scheme and 26 firms under the EPZ regime.
- A number of products are being produced within the EPZ including men’s cotton shirts, denim jeans, polyester nightwear, women’s knit tops, chino pants, knit bottoms, fleece jackets, children’s clothes, lingerie and sportswear.
- Government figures report that only 37 percent of apparel is imported, showing that there are opportunities for production to serve the local and regional markets.
- Apparel manufactured in Kenya is primarily exported to the US, but companies also serve the regional COMESA market, and export smaller quantities to the UK.

Comparative SWOT Analysis for Apparel Kenya vs. Snapshot Africa

Strengths	Weaknesses
Good current export performance	Difficulty of sourcing local component inputs
Increase in trade competitiveness	Weak rating on corruption perception
Low country risk rating	Unfavorable labor relations
Business start-up procedures are minimal	Poor availability of unskilled workers
Low employment rigidity	High site lease costs for industrial land
Good availability of managers	
Good availability of professionals	
Good availability of technical workers	
Good availability of skilled workers	
Low water costs	

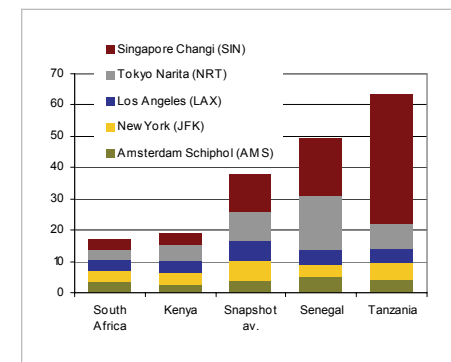
Opportunities	Threats
<p>The apparel sector has experienced significant growth due to improved market access through AGOA. Exports to the USA increased from USD 44 million in 2000 to USD 226 million in 2004. However, apparel operations in Kenya are currently operating at less than 50 percent capacity, so there is much room for growth. Kenya has the potential for value chain advantages in producing customizable smaller-scale orders of apparel for rush delivery with unused productive machinery. Airfreight rates from Kenya to the USA or Europe are the second lowest among profiled countries, behind only South Africa, so shipping goods quickly to customers would be possible. There are opportunities for the production of t-shirts for export. Government figures report that 37 percent of apparel are imported, illustrating opportunities for production to serve the local and regional markets.</p>	<p>The largest threat to apparel operations in Kenya are created by dependence on foreign fabric. Supplies from Asia will no longer be eligible to be used in AGOA exports starting in September of 2007, creating high demand for textile exports from AGOA countries, so Kenyan firms may find it difficult to obtain inputs.</p>

Labor market availability in the apparel sector*



*(5 = High availability, 1 = low availability)

International air freight rates (Regular rate for general cargo under 45kg (USD/kg))



HORTICULTURE SECTOR

The horticulture sector is defined as the production and marketing of highly perishable products destined for fresh consumption, with relatively high-value per unit. Average annual worldwide production and trade in horticultural goods (fresh fruits, leguminous vegetables, cut flowers, nuts, and spices) have grown steadily. From 1993-2002, world trade in fruits and vegetables increased by 37 percent to an estimated USD 75 billion. While production has risen steadily in most regions of the world, an increasing share of this production growth has occurred in developing countries. Today, according to FAOSTAT, Asia is the leading exporter of fresh fruit and vegetables (USD 607 million), followed by Latin America (USD 408 million). Sub-Saharan Africa's export value is USD 89.6 million, behind the US (USD 205 million) and the EU (USD 96 million).

Among developing regions, Africa has shown relatively higher growth not only in the export growth of fruits and vegetables, but also in terms of the share of fruits and vegetables in the region's total agricultural exports. In many African countries, horticulture exports have become a bright spot with vegetable and fruit exports now ranking first in total sub-Saharan Africa agricultural exports. More than 60 percent of this volume comes from the Southern African Customs Union (SACU), with Kenya's in particular, a successful example. A number of other countries across Africa have moved aggressively in recent years in efforts to duplicate Kenya's success story and several have achieved some notable success in diversifying their production and accessing export markets.

In export markets, supermarkets are increasingly playing an important role in the horticulture industry, particularly in the retail of fruits and vegetables. This trend, combined with the increased concern for food safety issues, is the force shaping the new supply chain structure in the horticulture sector. There is heavier reliance on fewer but trusted suppliers whose relationship is based on stringent and detailed contracts. In some cases, this relationship may also involve technical and other assistance. However, there has not yet been a trend for these supermarkets and hypermarkets to become direct investors. In fact, the majority of horticulture commodities in Africa today are produced by smallholders, who, in turn, depend on medium-to large-scale agri-businesses to organize their produce for exports.

While the amount of FDI in the horticulture sector is not substantial compared to other sectors, such as light manufacturing, it is a factor. In fact, FDI is behind almost all the successful horticulture development stories in Africa, and continues to play an important role. Opportunities are sought by entrepreneurs, particularly in the final-market country, who see climate and other production advantages in Africa. In the horticulture sector there appear to be export opportunities in the growth in demand for high quality pre-packed vegetables. An advantage for Africa is that these industries require a combination of labor-intensive activities such as pre-packaging work, and lower labor costs. Africa's position with regard to fresh cut flowers, starting material for cut flowers (seeds, young plants, cuttings, etc.) and pot plants, is currently strong. In particular, starting material presents good opportunities because of its relatively high levels of labor intensity, which now makes it impossible to produce it in Europe.

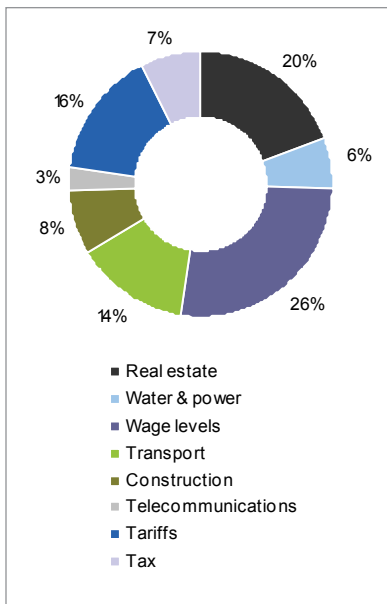
For potential investors, in addition to the climatic requirements, good logistics in order to comply with just-in-time-and-shape delivery required by buyers is critical. Equally important is the availability of inputs such as pesticides, fertilizers, and packaging materials. Market access questions will be determined by the ability to comply with trade standards rather than tariff levels.

Horticulture Sector Survey Profiles

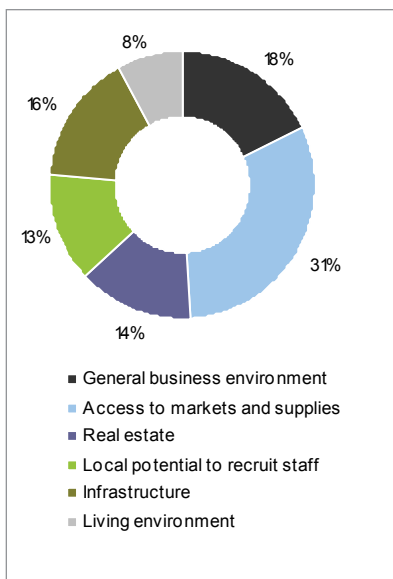
Companies interviewed	47*
Average Investment Characteristics	
Ownership	51 % local owned 21 % joint ventures 28 % completely foreign owned
Investment size	USD 4.9 million
Size of site	195 ha
Number of employees	462
Sales	USD 18.7 million
Company exports	Roses beans vanilla gum arabic mangoes tomatoes cashews live plants pineapples citrus fruit banana baby corn peppers

**13 firms also produced processed food*

Breakdown of cost motivations reported by horticulture firms



Breakdown of quality motivations reported by horticulture firms



Horticulture Brief

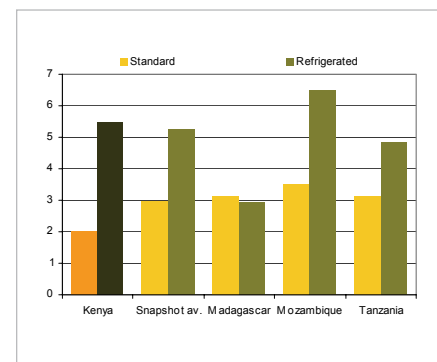
- Europe is the main importer of Kenya’s fresh horticultural products with countries like the UK, Germany, France, Switzerland, Belgium, the Netherlands and Italy leading the way. Other importers include Saudi Arabia and South Africa.
- Flowers accounted for 53 percent of horticulture export volume in 2004, followed by vegetables (35 percent) and fruits (12 percent). Total export volume in 2004 totaled 166,100 tons valued at USD 600 million.
- Foreign investment stems from major global competing flower producers such as the Netherlands, Israel and the UK.
- More than other East African countries, Kenyan horticulture producers tend to directly sell to brand name supermarket chains.
- Kenyan horticulture firms employ about 1,500 workers, of which 70 percent are permanent employees and 30 percent are casual labor.
- Within Kenya, horticulture firms look for sites with access to roads that lead to airports and sea ports.

Comparative SWOT Analysis for Horticulture Kenya vs. Snapshot Africa

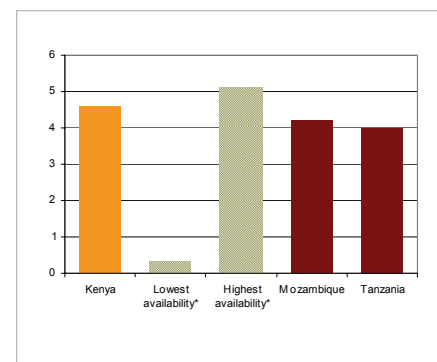
Strengths	Weaknesses
Good current export performance	Difficulty of sourcing local raw material inputs
Increased trade competitiveness	Difficulty of sourcing local component inputs
Abundance of arable land	Difficulty of sourcing local equipment/ chemical inputs
Good country credit rating	Poor rating on corruption perception
Low country risk rating	Unfavorable labor relations
Business start-up procedures are minimal	High wage rates for professionals
Low employment rigidity	High wage rates for technical workers
Low shortage of water supply	High costs for purchasing farm land
Low air transport costs for shipments to Amsterdam	
Low container costs for sea transport to Rotterdam	

Opportunities	Threats
<p>Kenya enjoys tropical and temperate climate conditions, where a variety of fruits, vegetables and flowers can be planted year round. Horticultural products produced in Kenya include snow peas, sugar snaps, baby vegetables, beans, tomatoes, potatoes, avocados, mangoes and pineapples. Since the sector is so well developed, value added products can also be developed such as high quality packaging material. Kenya's horticulture sector is one of the major producers and exporters of horticulture in the world.</p> <p>Opportunities in Kenya's horticulture sector exist in expanding operations to include exports to non-traditional markets currently underserved or not served by Kenya. These include countries in East Asia such as: Japan, China, Taiwan, and Australia. Operating costs, though modest, include high land prices for industrial and farm land. According to UNCTAD, Kenya has no more than 1 percent of the EU-15 market share for edible vegetables and 0.1 percent in edible fruits.</p>	<p>International competition is a major threat to the horticulture sector of Kenya. These countries include Cote d'Ivoire, Morocco, Zimbabwe, South Africa and Cameroon. Expansion into the USA market is hampered by a lack of direct flights from Kenya to the USA.</p>

International sea freight rates to Rotterdam in USD (thousands) per 40 foot container



Availability of arable land (thousands square kilometers)



* Among Snapshot Africa countries

FOOD AND BEVERAGE PROCESSING SECTOR

The food and beverage processing sector refers to the manufacturing, processing and preservation of meat, fish, fruit, vegetables, oils and fats; manufacture of dairy products; manufacture of grain mill products, starches and starch products and prepared animal feeds; manufacture of other food products (e.g. bread, sugar, chocolate, pasta, coffee, nuts and spices); and the manufacture of bottled and canned soft drinks, fruit juices, beer, wines, etc.

Global market growth for processed food and beverages has been strong in recent years, with sales totaling an estimated USD 3.2 trillion, or about three-fourths of total world food sales. Africa is no exception. Agro-processing is one of the most significant manufacturing activities in Africa. In fact, agribusiness activity, of which food processing represents a large share, accounts for approximately one-fifth (or USD 70 billion) of the region's GDP and just under half of the region's value-added in manufacturing and services.

Despite strong production and sales growth of processed foods and beverage in recent years, growth in trade has been slow, at about 6 percent of sales. The presence of tariff escalation and growing use of trade remedy measures (such as antidumping and countervailing duties and safeguard measures) are partly to blame. Such mechanisms favor trade in raw commodities at the expense of processed products, reflecting countries' efforts to encourage domestic processing. As a result, firms looking for access to foreign markets often opt to make foreign direct investment. Market saturation at home and the search for higher profit margins in new underserved markets is pushing food manufacturers to seek overseas markets. These companies are looking to capitalize on increased local demand for higher value foods, a trend driven by rising incomes and increased urbanization. At the same time, consumer-driven changes are increasingly pushing food suppliers to meet consumer demand and preferences at a local level. This requires food suppliers to be capable of tailoring their products to the unique characteristics of consumer demands in each market that they serve, for which FDI offers a better tool than exports.

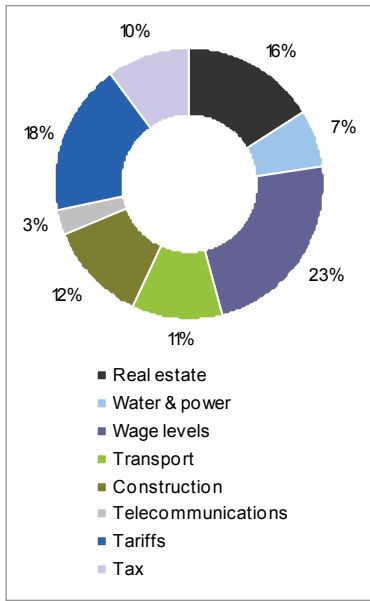
The largest food companies such as Nestlé, Kraft, Unilever, Coca-Cola and Pepsi already have a strong presence across the developing world. In Africa alone, the Coca-Cola Co. has more than 100 bottling and canning plants; Nestlé has 27 factories supplying African consumers with a wide range of products including powdered milk, soluble coffees, bottled water, breakfast cereals, chilled dairy and ice cream and infant nutrition. Unilever is currently operating in 13 countries with more than USD 2 billion sales annually. In recent years, South African firms in particular have expanded into the region with new retail food formats, fast food outlets, and pan-African processed food brands. Given the importance of the size of the local or regional market, formulating regional trade blocs is one way to enhance attractiveness to investors. According to the UN's Food and Agriculture Organization (FAO), the East African milk market alone is due to double by 2030 to 475 million metric tons. Fisheries is a constantly expanding sub-sector, especially in East Africa, as the region is endowed with some of the largest freshwater lakes and abundant fishery resources, including the Nile perch, the most widely processed fish for export in the region. From 1995-2001, exports of fish and fish products from the EAC nearly tripled in value. In West Africa, Ghana successfully tapped into the endowment of fish supply and attracted FDI: Starkist's investment in canned tuna manufacturing tripled Ghana's export capacity of processed tuna.

Food and Beverage Processing Sector Survey Profile

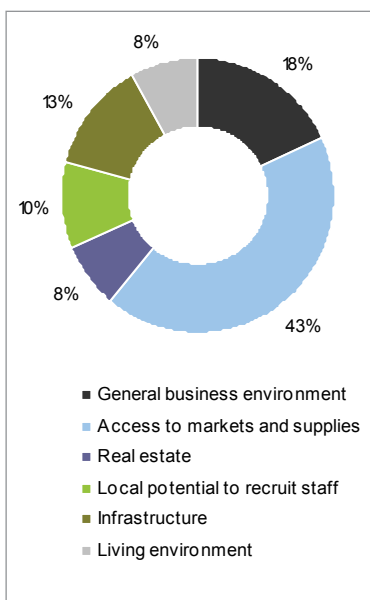
Companies interviewed	52*
Average Investment Characteristics	
Ownership	37 % local owned 25 % joint ventures 38 % completely foreign owned
Investment size	USD 38.1 million
Factory floor space	35,795 m ²
Number of employees	518
Sales	USD 52.9 million
Company exports	Dried fruits and vegetables bottle beverages and fruit juices palm oil peanut oil sugars jellies and jams powdered milks biscuits cookies candy canned fruits and vegetables

*13 firms also produced horticulture

Breakdown of cost motivations reported by food and beverage processing firms



Breakdown of quality motivations reported by food and beverage processing firms



Food and Beverage Processing Brief

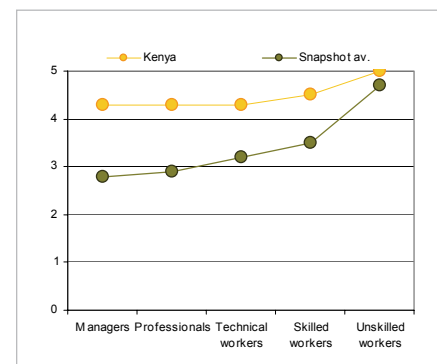
- Food and beverage processing in Kenya usually centers on the processing of milk, canned meats, vegetables and fruits, and sugar.
- Kenyan food processing companies serve local, regional, and international markets, including disaster relief agencies.
- The average Kenyan food and beverage processing operation employs 615 people and is located on two hectares of land.
- Food and beverage operations in Kenya generally import all of their capital equipment, but are able to source about 60 percent of operational inputs locally.
- Within Kenya, food and beverage processing companies look for industrial sites with easy road access to ports and prefer to locate near industrial towns that have a large labor supply.
- Kenya is the largest exporter of fruits and vegetables in East Africa. There exists potential to add value to those products by canning, freezing, and packaging them according to retail customer specifications.
- Processing activities that have recently contributed to the sector’s growth are improvements in the milk processing environment, fish processing, oil production, sweets and biscuits and animal feed. Opportunities also exist in the processing of sugar where current growth rates and refining capacity do not meet local demands.
- Kenya is also uniquely positioned for exports in this sector in that it has the HACCP -approved food processing factories required for accessing the US and EU markets.

Comparative SWOT Analysis for Food and Beverage Processing Kenya vs. Snapshot Africa

Strengths	Weaknesses
Good current export performance	Weak rating on corruption perception
Ease of sourcing local raw material inputs	Unfavorable labor relations
Good country credit rating	
Low country risk rating	
Minimal business start-up procedures	
Low employment rigidity	
Good availability of managers	
Good availability of professionals	
Good availability of technical workers	
Good availability of skilled workers	
Good availability of unskilled workers	
Low number of yearly blackouts	
Low number of yearly brownouts	
Low shortage of water supply	
Low wage rates for managers	
Low wage rates for technical workers	

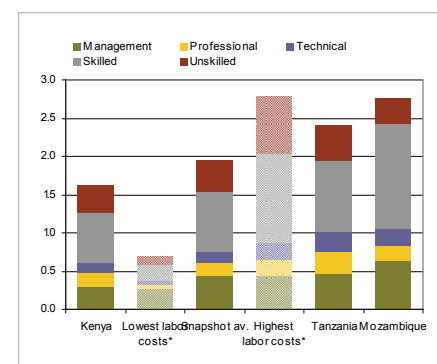
Opportunities	Threats
<p>Kenya is the largest exporter of fruits and vegetables in East Africa. There exists great potential to add value to those products by canning, freezing, and packaging them according to retail customer specifications. Indeed, firms in both the horticulture and processing sectors have begun to vertically integrate these operations in order to increase profits and expand exports. Processing activities that have recently contributed to the sector's growth are improvements in the milk processing environment, fish processing, oil production, sweets and biscuits and animal feed. Currently, Kenya produces more milk than it can consume. This provides investment opportunities to produce powdered milk, cheese, butter, or long life (UTH) milk to serve the local and global market. Opportunities also exist in the processing of sugar where current growth and refining does not meet local demands. Kenya is also uniquely positioned for exports in this sector in that it has the HACCP-approved food processing factories required for accessing the USA and EU markets. Transportation costs to Europe are also very low for Kenyan exports.</p>	<p>What threatens investment is competition. Within its own market, Kenya has the ability to fill local demand for processed products, though cheaper imports could discourage investment. Droughts and fires could affect the availability of local inputs.</p>

Labor market availability in the food and beverage processing sector*



*(5 = High availability, 1 = low availability)

Total annual cost to employer per function in USD (millions)



* Among Snapshot Africa countries

SHARED SERVICES (CALL CENTERS) SECTOR

Call center operation is a segment within the outsourcing trend. Outsourcing occurs when one company delegates responsibility for performing a function or series of tasks to another company. Outsourcing services span a wide range – from call center functions (outbound tele-marketing campaigns, data-cleaning, surveys, help desks, inbound services) to business process functions such as fulfilling financial, insurance, healthcare, human resource, tax compliance functions, data conversion, and IT services. In sub-Saharan Africa, where the sector is still nascent, outsourcing is almost exclusively in call center operation, with the exception of South Africa. Offshore outsourcing now represents a USD 100 billion market that is growing at more than 30 percent per annum. The majority of current demand for offshore outsourcing services comes from developed countries: the United States and Canada (15.9 percent) and Western Europe (44.8 percent). The primary countries exporting services to satisfy this demand include Ireland, India, and Canada. In sub-Saharan Africa, South Africa and Mauritius are the only countries that have begun to emerge on the radar screen of investors, but their estimated market size is still miniscule compared to competitors around the world.

Behind the rapid growth in offshore outsourcing are the improved quality and lower costs of telecommunications and Internet infrastructure. The development of the industry has led to an increased general knowledge and experience in offshore outsourcing. This means there is now less risk associated with including offshore outsourcing in the evaluation and implementation process of a company's business plan. As a consequence, there is international competitive pressure to include offshore outsourcing as a component of overall business strategy to reduce cost and/or to increase productivity.

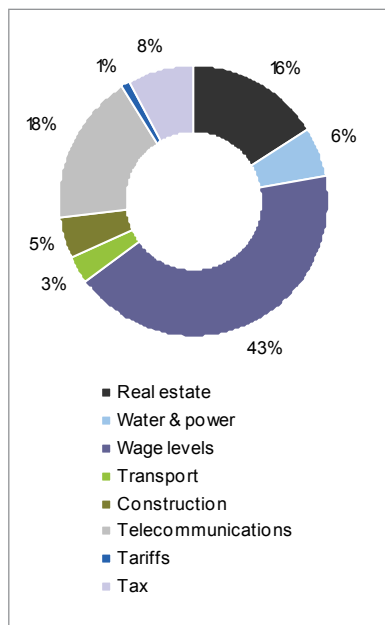
The factors making a foreign country an attractive base for offshore outsourcing services, according to an index developed by A.T. Kearney, are the following: financial structure, people skills and availability, and business environment. The market growth of offshore outsourcing does not necessarily lead to higher levels of FDI in the industry, as the relationship between offshore outsourcing service providers and their clients is generally contractual. Nevertheless, there is plenty of opportunity for FDI growth.

Trends in offshore outsourcing indicate a promising future. As with any maturing market, offshore outsourcing moves up the value chain, reflecting increased levels of provider competence and confidence among their customers. Customers will multi-source from more than one provider (and country), depending upon type of services required, costs and risks. Due to increased competition and risk management, providers extend their services offerings (e.g., call-center services extend to back-office services) and offer new value-added services. Mature offshore markets then outsource to new, lower cost countries or locations within the same country. Higher value outsourcing services (IT and financial) migrate to those countries with greater protection of intellectual property and privacy. Increased demand and competition for offshore outsourcing services is likely to lead to rising labor costs, resulting in decreased service levels and the tendency to move offshore to lower cost countries.

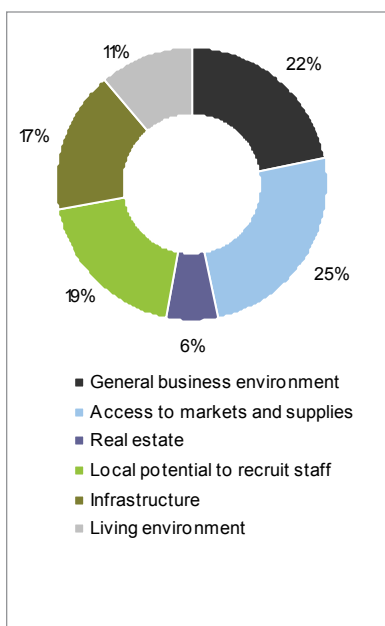
Shared Services Sector Survey Profile

Companies interviewed	51
Average Investment Characteristics	
Ownership	31 % local owned 25 % joint ventures 44 % completely foreign owned
Investment size	USD 1.8 million
Building floor space	1,093 m ²
Number of employees	135
Sales	USD 12,7 million

Breakdown of cost motivations reported by shared services (call centers) firms



Breakdown of quality motivations reported by shared services (call centers) firms



Shared Services (Call Centers) Brief

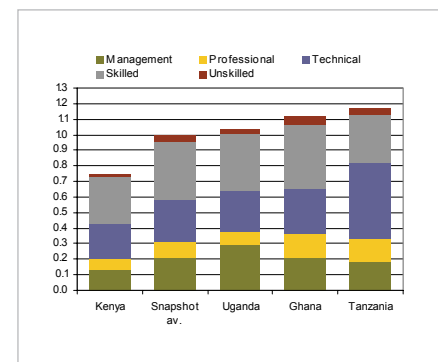
- The Kenyan shared service sector is still in its early stages, but it is more developed and widespread than in most sub-Saharan countries and already has third-party service providers.
- Capital equipment such as computers, routers, smart cards, and modems are imported from Europe. Some software is authored and produced locally, but most is imported.
- Within Kenya, shared service operations look for office buildings with existing reliable infrastructure connections and security provisions.
- Kenyan skilled workers and managers are often hired away by new companies emerging in this sector locally or in other sub-Saharan countries.
- While most countries have barely emerging in-house service departments, Kenyan firms' clients include banks, government, hospitals, insurance companies, travel agencies, mobile telecommunications companies and individual consumers in Africa, Europe, and North America.
- Opportunities in this sector lie primarily with local entrepreneurs. Starting with small local and overseas clients, Kenyans are best poised to demonstrate the capabilities of the sector. Kenya could also envisage becoming a call center base for South African firms since Kenya's operating environment is drastically less expensive than that of South Africa's.

Comparative SWOT Analysis for Shared Services (Call Centers) Kenya vs. Snapshot Africa

Strengths	Weaknesses
Good country credit rating	Difficulty of sourcing local equipment inputs
Low country risk rating	Poor rating on corruption perception
Minimal business start-up procedures	Unfavorable labor relations
Low employment rigidity	Poor availability of unskilled workers
Ease of finding workers with a good command of the official language	Expensive high-bandwidth Internet usage charges
Good availability of managers	
Good availability of technical workers	
Good availability of skilled workers	
Low wage rates for managers	
Low wage rates for professionals	
Low wage rates for technical workers	
Low wage rates for skilled workers	
Low wage rates for unskilled workers	
Low rental costs for suburban offices	

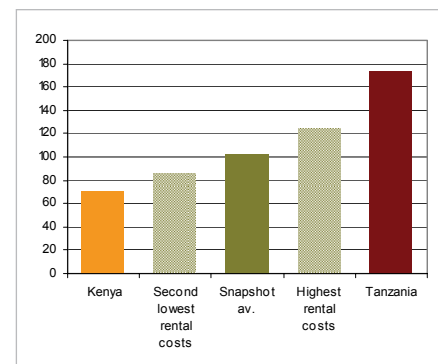
Opportunities	Threats
A well-trained work force with competitive wages endows Kenya with some of the best potentials for investment in this sector. Opportunities in this sector lie primarily with local entrepreneurs. Starting with small local and overseas clients, Kenyans are best poised to demonstrate the capabilities of the sector. Kenya could also envisage becoming a call center base for South African firms since Kenya's operating environment is drastically less expensive. Other markets would include European countries and the USA. In addition, there have been recent commitments by the government to overhaul Kenya's IT sector in the coming years	Threats stem from competing countries with a better IT infrastructure and a well-trained English-speaking work force. Increasing electrical blackouts could also be detrimental to the development of the sector.

Total annual cost to employer per function in USD (millions)



*Among Snapshot Africa countries

Annual office rental costs for a 1,000 square meter suburban office space (in USD/thousands)



TOURISM (HOTELS) SECTOR

After a drop in tourism caused by the events of September 11, 2001, and other natural disasters, global tourism has seen a rebound since 2004. According to the UN World Tourism Organization (UNWTO), the number of international tourist arrivals in 2005 is estimated at 808 million, up from 766 million in 2004. The UNWTO is expecting tourism arrivals to double by 2010 and reach 1.56 billion by 2020. Globally, tourism accounts for roughly 35 percent of exports of services and over 8 percent of exports of goods, and is the world's largest employer.

According to the UNWTO, sub-Saharan Africa saw the strongest growth in tourism in 2005 estimated at 13 percent, with particularly remarkable results for Kenya (26 percent between January and October compared with the same period of the previous year), and Mozambique (37 percent Jan.-Sept.). South Africa (11 percent Jan.-Aug.) as well as Seychelles (7 percent) and Mauritius (6 percent), all improved on their 2004 results. Tourism is often a leading generator of foreign exchange in African countries. Total tourist expenditure in Africa was estimated at about USD 33 million in 2004, and is anticipated to increase to USD 47 million by 2010 and to USD 77 million by 2020.

Sub-Saharan Africa is heavily endowed with exceptional attractions for the local and international tourism markets. These include natural resources, biodiversity and a number of historical heritage sites. The greatest numbers of tourist arrivals to sub-Saharan African countries were visitors from other countries within the region. Nonetheless, arrivals from Europe, Asia and North America are also growing. Europeans tend to visit single countries, while North American travelers usually visit several countries as part of a circuit tour. While North Americans number fewer than Europeans, their expenditure tends to be higher. Asians form a smaller part of African tourism, but are growing in importance.

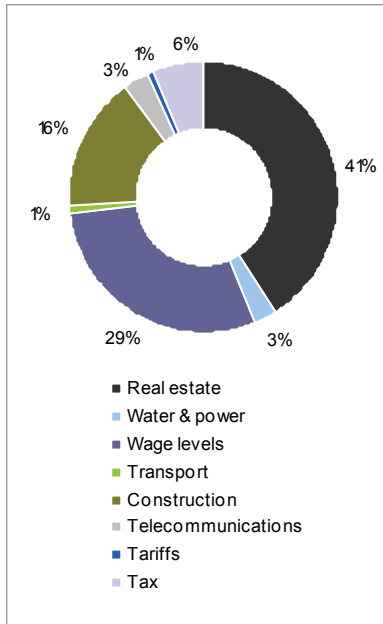
African countries offer unique opportunities for investment in safari, beach, adventure, cultural and ecotourism holidays as well as opportunities for business travel. At the early stages of investment, anchor or magnet projects create the base for future investment. Some cities have become hubs for tourism investment with a full complement of hotels catering to local and foreign tourists. These investments are typically made by foreign investors, but often with local partners who are skilled at negotiating with government. These anchor – or greenfield - investments require financial engineering suited to the hotel sector. Ownership and operations are often separated, with one company owning the building and an operating company managing or leasing the property. Ownership companies are suited to local and foreign investment with substantial equity (20-50 percent of investment) and long-term loans consistent with real estate financing. In this context, investors look for the additional comfort that guarantees can offer on the equity and associated long-term lending.

Most international chains, on the other hand, are management companies providing skilled management services. A limited number will also take equity positions as a demonstration of goodwill and a few are exploring long-term investment as a new strategy. Anchor projects of course also attract the smaller investments characteristic of tourism investment – small guest houses, new restaurants and vastly improved travel agency and tour operator services. Financing of tourism SMEs conforms to schemes for SMEs in general and typically does not lend itself as well to guarantees – although technical support is often a feature of such operations and some countries are experimenting with credit and guarantee schemes.

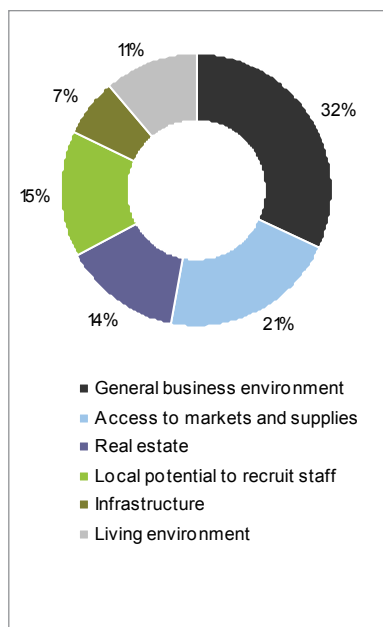
Tourism Sector Survey Profile

Companies Interviewed	48
Average Investment Characteristics	
Ownership	23 % local owned 27 % joint ventures 50 % completely foreign owned
Investment size	USD 14.6 million
Hotel floor space	17,789 m ²
Number of employees	215
Sales	USD 5.3 million

Breakdown of cost motivations reported by tourism (hotels) firms



Breakdown of quality motivations reported by tourism (hotels) firms



Tourism (Hotels) Brief

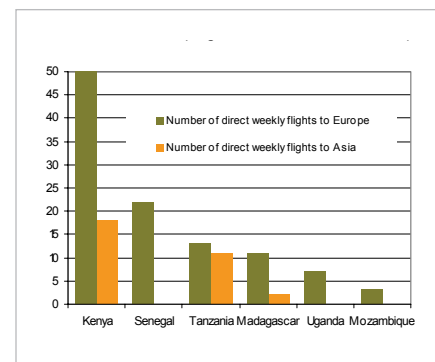
- Kenya received 1,146,100 international visitors in 2003 of which vacation seekers accounted for 60 percent, business visitors 16 percent, and transit visitors 19 percent. Most arrive from Germany followed by the UK, Italy, the US and France.
- Foreign ownership of hotels accounts for around 18 percent, of which 14.5 percent is non-African. The hotel occupancy rate in 2002/2003 was on average 50.1 percent (75.8 percent in high season and 27.6 percent in low season).
- Within Kenya, tourism operations prefer to locate in areas near primary natural tourist attractions despite less developed infrastructure.
- Kenyan hotels source more than 90 percent of food and beverage inputs locally, but import all capital equipment. Hotel furnishings are obtained primarily from Europe, but some hotels buy local products to foster supportive relations with local residents.
- A recent investment Guide for UNCTAD highlights a number of tourism opportunities in the sub sectors of conferences, sports, retirement, ecotourism, cultural and cruise tourism both on the coast and around Lake Victoria.
- The government is looking to diversify tourism by targeting Asian countries and new direct flights to Hong Kong via Bangkok seek to encourage this trend. Recent upgrades to the airports aim to increase arrival capacity from 2.5 million to 5.5 million passengers per year.

Comparative SWOT Analysis for Tourism (Hotels) Kenya vs. Snapshot Africa

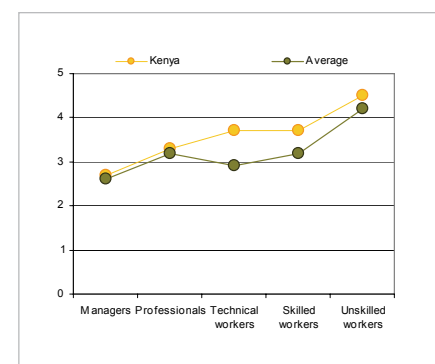
Strengths	Weaknesses
Good country credit rating	Weak rating on corruption perception
Low country risk rating	Unfavorable labor relations
Business start-up procedures are minimal	Lack of direct flights to US
Low rigidity of employment	Expensive sales price for hotel land
Good quantity of direct flights to Europe	High hotel construction costs
Good quantity of direct flights to Asia	
High annual passenger arrival rate	
Good availability of managers	
Good availability of technical workers	
Good availability of skilled workers	
Good availability of unskilled workers	
Ease of finding workers with a good command of the official language	
Low wage rates for managers	
Low wage rates for technical workers	
Low wage rates for skilled workers	
Low wage rates for unskilled workers	

Opportunities	Threats
<p>Kenya already has one of the strongest tourist sectors in sub-Saharan Africa; and tourism grew by 31 percent in 2004/2005. Further opportunities for growth will involve diversifying the type of experience that tourists can enjoy in Kenya. Eco-tourism will likely target the same natural resources as those already served by high volume tourism, but in more remote corners. Business tourism is also an area that provides opportunities for growth. The Government is looking to diversity tourism by targeting Far Eastern countries and new direct flights to Hong Kong via Bangkok seek to encourage this trend. Business opportunities exist in catering to this tourism market. A recent investment Guide for UNCTAD highlights a number of additional opportunities, such as: conference tourism, sports tourism, retirement tourism, ecotourism, cultural tourism and cruise tourism, both on the coast and around Lake Victoria; and possible investment exist in serving these new circuits. Recent airport upgrades will seek to increase arrival capacity from 2.5 million to 5.5 million passengers per year.</p>	<p>Threats to tourism in Kenya arise from other sub-Saharan countries that offer similar tourist attractions, but in a much safer environment. The biggest source of new competition is Tanzania. Local security issues and travel advisories could also threaten the tourism industry.</p>

Number of direct weekly flights to EBP countries from Europe and Asia



Labor market availability in the tourism (hotels) sector**



** (5 = High availability, 1 = low availability)

Appendices

- I. Acronyms and Abbreviations
- II. Data Definitions and Sources
- III. Tables and Findings
- IV. The Kenya Investment Authority (KIA)

Appendix I. Acronyms and Abbreviations

AGOA	American Growth and Opportunity Act	IPI	Investment Promotion Intermediary
API-Mali	Agence de Promotion des Investissements Mali	IPZ	Industrial Processing Zones
APIX	Agence de Promotion des Investissements et des Grands Travaux	ISP	Internet Service Provider
ATC	Agreement on Textiles and Clothing	IT	Information Technology
av.	Average	JV	joint-venture
CFA	West African Franc	KIA	Kenya Investment Authority
CIS	Community of Independent States	kVA	Kilovolt-ampere
CITES	Convention on International Trade in Endangered Species of Wild Fauna and Flora	kWh	Kilo-Watts hour
COMESA	Common Market for Eastern and Southern Africa	LNDC	Lesotho National Development Corporation
CPI	Centro de Promoção de Investimentos Mozambique	MFA	Multi-Fiber Arrangement
CTI	Computer Telephony Integration	MIGA	Multilateral Investment Guarantee Agency
DTIS	Diagnostic Trade Integration Study	MNC	multi-national corporation
EAC	East African Community	MUB	Manufacturing Under Bond
EASSy	Eastern Africa Submarine Cable System	NDC	National Development Council
EBA	Everything But Arms	OECD	Organization for Economic Cooperation and Development
EBP	Enterprise Benchmarking Program	PABX	Private Automatic Branch Exchange
ECOWAS	Economic Community of West African States	PAD	Port autonome de Dakar
EIU	Economist Intelligence Unit	PATI	Priority Areas for Tourism Investment
EPZ	Export Processing Zone	PPP	Purchasing Power Parity
EU	European Union	SACU	Southern African Customs Union
EUREPGAP	Global Partnership for Safe and Sustainable Agriculture	SADC	Southern African Development Community
FAO	Food and Agriculture Organization	SEZ	Special Economic Zones
FAOSTAT	Food and Agriculture Organization Statistical Database	SME	small and medium-sized enterprises
FDI	Foreign Direct Investment	SWOT	Strength, Weakness, Opportunities and Threats
FEE	Free Export Enterprise	TFCA	Trans-frontiers Conservation Areas
GDP	gross domestic product	TIC	Tanzania Investment Center
GIPC	Ghana Investment Promotion Center	UAE	United Arab Emirates
GUIDE	Guichet Unique des Investissements et de Développement des Entreprises	UEMOA	Union Economique et Monétaire Ouest Africaine
Ha	Hectare	UIA	Uganda Investment Authority
HACCP	Hazard Analysis and Critical Control Points	UK	United Kingdom
ICT	Information and Communications Technology	UNCTAD	United Nations Conference on Trade and Development
IFC	International Finance Center	UNIDO	United Nations Industrial Development Organization
IFZ	Industrial Free Zone	UNWTO	United Nations World Tourism Organization
IPA	Investment Promotion Agency	USA	United States of America
IPC	Investment Promotion Center	USAID	United States Agency for International Development
		USD	United States Dollar
		UHT	Ultra High Temperature
		VAT	value added tax
		VoIP	Voice-over Internet Protocol
		WTO	World Trade Organization

Appendix II: Data Definitions and Sources

This appendix provides detail on quantitative and qualitative data collected for this study, both through desktop research and fieldwork, and the sources used.

GENERAL BUSINESS ENVIRONMENT

(Refer to Table 1)

Economic, Financial, and Political Stability

1. Country Credit Rating

Source: Institutional Investors

This Index is based on a biannual survey of leading commercial banks, and captures risk perceptions of the main commercial lenders. The Index is widely referenced in International Finance Corporation/World Bank Group publications.

2. Country Risk Rating

Source: Euromoney

The data are taken from Euromoney's semiannual rating of the political and economic performances of 185 sovereign countries. To obtain the overall country risk score, Euromoney assigns a weighting to nine categories: political risk (25 percent), economic performance (25 percent), debt indicators (10 percent), debt in default or rescheduled (10 percent), credit ratings (10 percent), access to bank finance (5 percent), access to short-term finance (5 percent), access to capital markets (5 percent) and forfeiting (5 percent).

Doing Business and Bureaucracy

1. Number of Procedures Required to Start a Business

Source: Doing Business in 2005, World Bank

The Doing Business survey examines the start-up of commercial or industrial firms. It counts all procedures required to incorporate and register a firm. A 'procedure' is defined as any interaction of the company founder with external parties such as government agencies, lawyers, auditors and notaries.

2. Number of Days Normally Required to Start a Business

Source: Doing Business in 2005, World Bank

The Doing Business survey examines the start-up of commercial or industrial firms. It counts the number of days required to incorporate and register a newly formed company. Time is recorded in calendar days.

3. Corruption Perception Index

Source: Transparency International

This Index measures countries in terms of the degree to which corruption is perceived to exist among public officials and politicians. The Index is the composite of corruption indices from independent sources. Countries are given an index score between 0 and 10, with a score of 10 indicating no perceived corruption and a score of 0 indicating extreme perceived corruption.

4. Customs Clearance

Source: Company interviews

Interviewed company managers were asked how long it normally takes for imported inputs to clear customs based on the experience of their firms.

Intellectual Property Rights Protection

Source: Global Competitiveness Report 2004 – 2005, World Economic Forum

Data are based on a survey of intellectual property rights by the World Economic Forum.

CORPORATE TAXATION

(Refer to Table 2)

Corporate Tax Rate

Source: Price Waterhouse Coopers Tax Guide and/or local tax authorities

- Ghana - Ghana Internal Revenue Service
- Kenya - Kenya Revenue Authority, Price Waterhouse Coopers Tax Guide and/or local tax authorities
- Lesotho - Lesotho National Development Corporation (LNDC)
- Madagascar - Price Waterhouse Coopers Tax Guide and/or local tax authorities
- Mali - Maître Cheickne Touré ACGE Tax Adviser
- Mozambique - 3rd supplement to BR No. 30 (2002), www.forumturafrica.org
- Senegal - Price Waterhouse Coopers Tax Guide and/or local tax authorities
- Tanzania - Price Waterhouse Cooper Tax Datacard
- Uganda - Uganda Revenue Authority

Data on the highest corporate tax rate in each country were collected and entered in the Enterprise Benchmarking Model

Sales Tax Rate

Source: Price Waterhouse Coopers Tax Guide and/or local tax authorities

- Ghana - Ghana VAT Service
- Kenya - Kenya Revenue Authority
- Lesotho - Lesotho National Development Corporation (LNDC)
- Madagascar - Price Waterhouse Coopers Tax Guide and/or local tax authorities
- Mali - Maître Cheickne Touré ACGE Tax Adviser
- Mozambique - Law No. 3 (1998), BR No. 1, www.forumturafrica.org
- Senegal - Price Waterhouse Coopers Tax Guide and/or local tax authorities
- Tanzania - Price Waterhouse Cooper Tax Datacard
- Uganda - Uganda Revenue Authority

Data on sales tax or VAT were entered in the benchmarking model.

Property Tax Rate

Source: Price Waterhouse Coopers Tax Guide and/or local tax authorities

- Ghana - Director of Research, Ghana Internal Revenue Service
- Kenya - Nairobi City Council
- Lesotho - Lesotho Revenue Authority
- Madagascar - Price Waterhouse Coopers Tax Guide and/or local tax authorities
- Mali - Maître Cheickne Touré ACGE Tax Adviser
- Mozambique - Decree No. 50 (2000), Rro 51 (2000), taxchina.org
- Senegal - Price Waterhouse Coopers Tax Guide and/or local tax authorities.
- Tanzania - Implementing Tax Reform in Tanzania, by Roy Kelly and Zanab Musunu
- Uganda - Uganda Revenue Authority

Data on property tax rates were entered in the model. In some countries, property is taxed as a corporate profit based on the value of the property rental income. In those cases, the rental income of a property was assumed to be 10 percent of the property value and the property tax rate was entered as 10 percent of the corporate tax rate.

ACCESS TO MARKETS

(Refer to Tables 3-7)

Export Competitiveness

1. Current Export Performance

Source: ITC Trade Performance Current Index, International Trade Center

The ITC Trade Performance Current Index measures the trade performance of a sector in a variety of countries. The index covers 184 countries and 14 sectors. It provides a static view of a country's recent export performance, ranked between 1 and 184. If a country did not show up in the index, it means that the country was not a big performer in trade in a particular industry. In those cases, a value of 185 was entered in the Enterprise Benchmarking Model. The ITC Index for textiles, processed foods, and fresh fruits were utilized in the model.

2. Change in Export Performance

Source: ITC Trade Performance Change Index, International Trade Center

The ITC Trade Performance Change Index captures recent trends of the change of a country's export performance. The index ranks 184 countries in 14 sectors. If a country does not have a change ranking for a sector, it means that the country is not likely a large performer in trade in that particular industry. In those cases, a value of 185 was entered in the Enterprise Benchmarking Model. The ITC Index for textiles, processed foods, and fresh fruits were utilized in the model.

3. Average Tariff for Imported Inputs

Source: Consolidated Trade Database, World Trade Organization

Data on the average import tariffs for textiles and electric machinery were gathered and entered into the Enterprise Benchmarking Model. These data serve as indications as to the openness of a country to imports as well as the cost of importing needed capital inputs and intermediate goods for production.

Size of Domestic Market

Source: Gross domestic product, World Development Indicators, World Bank

This datum takes each country's gross domestic product as a proxy for the size of the domestic market. Many firms, particularly in the apparel and food processing sectors specifically chose their locations in order to serve the local markets in Mali and other sub-Saharan African countries.

Access to International Tourists

1. Number of Weekly Direct Flights from Country

Source: Airlines that serve each country

- Ghana - Ghana Civil Aviation Authority
- Kenya - KQ Air, Air India, and Ethiopian Airlines
- Lesotho - International passenger flights to overseas markets are not available
- Madagascar - Air Madagascar
- Mali - Regie Administrative de l'Activité, assistance (RAGAAE), Monsieur Maïga, Chef d'escale Airport Service, Bamako
- Mozambique - Mozambique Civil Aviation Authority
- Senegal - Air Senegal, Air France, British Airways, Lufthansa
- Tanzania - British Airways, KLM, Swiss International, Emirates Air, Oman Air, and Kenya Airways
- Uganda - Civil Aviation Authority

Data were collected on the number of weekly direct flights from each country to the United States, Europe, and Asia. 'Direct flight' is defined as a flight given a single flight number that originates in the studied country and terminates or discharges passengers in the US, the EU or Asia. Direct flights are not necessarily non-stop, as long as passengers remain on the same aircraft.

2. Passenger Arrivals

Source: World Tourism Organization⁹³

Data on the number of annual arrivals of tourists were collected as an indication of the size of the current market for hotels and other tourist services in each country.

REAL ESTATE QUALITY

(Refer to Table 8)

Availability of Land

Source: Company interviews

Firms were asked to recall the number of industrial, agricultural, hotel, or office sites within the country they considered during their initial investment decision. The greater the number of sites, the higher the quality score calculated by the Enterprise Benchmarking Model.

Availability of Agricultural Land

Source: Availability of Arable Areas, Food and Agriculture Production Yearbook, United Nations Food and Agriculture Organization

This study utilized the FAO's Annual survey of agricultural land. The availability of arable land is gathered and noted in thousands of hectares for each surveyed country.

Vacancy Rate for Industrial Land and Buildings

Source: Real estate agencies, free zones, and industrial estates

- Ghana - Ghana Investment Promotion Center
- Kenya - CB Richard Ellis

- Lesotho - Lesotho National Development Corporation (LNDC)
- Madagascar - Financière d'Investissement Aro (FIARO) Industries
- Mali - Average of values provided by Agence des zones industrielles; Agence de cessions immobilières; and IFA Baco Agence immobilières
- Mozambique - Average of values provided by JHI Real Estate, Imovisa, and Jat
- Senegal – Source not available
- Tanzania - Survey of vacancy rates in industrially zoned areas, industrial estates, and free zones near Dar es Salaam
- Uganda - Bageine & Company and Knight Frank
The vacancy rates or percentage of available industrial land and buildings, within 20 kilometers of the capital city was gathered and entered into the Enterprise Benchmarking Model.

Vacancy Rate for Office Space

Source: Real estate agencies and office building management companies

- Ghana - Ghana Investment Promotion Center
- Kenya - CB Richard Ellis
- Lesotho - Lesotho National Development Corporation (LNDC)
- Madagascar - Financière d'Investissement Aro (FIARO) Industries
- Mali - Average of values provided by Agence des zones industrielles; Agence de cessions immobilières; and IFA Baco Agence immobilières
- Mozambique - Average of values provided by JHI Real Estate, Imovisa, and Jat
- Senegal – Source not available
- Tanzania - Average vacancy rates reported by Waterfront, Millennium Tower, PPF Towers, and JM Mall
- Uganda - Bageine & Company and Knight Frank
The vacancy rates, or percentage of available office space in the center of the capital city, was gathered and entered into the Enterprise Benchmarking Model.

REAL ESTATE COSTS

(Refer to Tables 9-10)

Cost of Land

1. Purchase Price of Industrial Land

Source: Real estate agencies, investment promotion agencies, and free zones and industrial estates

- Ghana - Ghana Investment Promotion Center
- Kenya - The Property Gallery
- Lesotho - Lesotho National Development Corporation (LNDC)
- Madagascar - Financière d'Investissement Aro (FIARO) Industries
- Mali - Average of the prices quoted by the following: AZI Sa Agence de zones industriels du Mali; ACI Agence de cessions immobilières; Architect/expertise AUE; Architect Coulibaly Concept AU; IFA Baco agence immobilières
- Mozambique - Mozambique Investment Promotion Center
- Senegal - Pyramid Group
- Tanzania - Ministry of Land and Human Settlement
- Uganda – Uganda Investment Authority (UIA)
The cost of purchasing industrially zoned land or industrial estates was researched and entered in the Enterprise Benchmarking Model as the cost per square meter. These data were verified in company interviews, when respondents were asked how much they paid for their sites. Where laws did not allow purchase of land, long-term leases were also considered as “purchases” for the purpose of this datum.

2. Lease Price of Industrial Land

Source: Real estate agencies, investment promotion agencies, and free zones and industrial estates.

- Ghana - Land Developers Company Ltd.
- Kenya - CB Richard Ellis
- Lesotho - Lesotho National Development Corporation (LNDC)
- Madagascar - Financière d'Investissement Aro (FIARO) Industries
- Mali - Average of the prices quoted by the following: AZI Sa Agence de zones industriels du Mali; ACI Agence de cessions immobilières; Architect/expertise AUE; Architect Coulibaly Concept AU; and IFA Baco agence immobilières
- Mozambique - JHI Real Estate
- Senegal - Pyramid Group
- Tanzania - Ministry of Land and Human Settlement
- Uganda - Uganda Investment Authority (UIA)
The cost of a yearly lease for industrially zoned land or industrial estate was researched and entered into the Enterprise Benchmarking Model.

3. Additional Industrial Site Occupancy Charges

Source: Real estate agencies, investment promotion agencies, and free zones and industrial estates.

- Ghana - The Consultant PSI Properties
- Kenya - CB Richard Ellis
- Lesotho - Lesotho National Development Corporation (LNDC)
- Madagascar - Financière d'Investissement Aro (FIARO) Industries
- Mali - Average of the prices quoted by the following: AZI Sa Agence de zones industriels du Mali; ACI Agence de cessions immobilières; Architect/expertise AUE; Architect Coulibaly Concept AU; and IFA Baco agence immobilières
- Mozambique - Mozambique Investment Promotion Center
- Senegal - Pyramid Group
- Tanzania - Ministry of Land and Human Settlement
- Uganda - Uganda Investment Authority (UIA)
In cases where industrial estates or free zones charge additional maintenance fees or security charges, those data were entered into the model as additional costs per square meter.

4. Purchase Price of Tourist Hotel Land

Source: Real estate agencies and investment promotion agencies

- Ghana - Land Bank Management Officer, Ghana Investment Promotion Center
- Kenya - The Property Gallery
- Lesotho - Lesotho National Development Corporation (LNDC)
- Madagascar - Financière d'Investissement Aro (FIARO) Industries
- Mali - Average of the prices quoted by the following: AZI Sa Agence de zones industriels du Mali; ACI Agence de cessions immobilières; Architect/expertise AUE; Architect Coulibaly Concept AU; and IFA Baco agence immobilières
- Mozambique - Average of the prices quoted by Abrantina and JHI Real Estate
- Senegal - Pyramid Group
- Tanzania - MyBeach real estate agency and the Ministry of Natural Resources and Tourism
- Uganda - Uganda Investment Authority (UIA)
The purchase price of land in locations suitable for tourist development - beaches, game parks, and city center - was researched and entered into the Enterprise Benchmarking model as the cost per square meter. Where laws do not allow purchase of land, long-term leases were also considered as “purchases”.

Cost of Office Space

1. Lease Price of Class A Office Space

Source: Real estate agencies and office building management companies

- Ghana - Ghana Investment Promotion Center
- Kenya - The Property Gallery
- Lesotho - Lesotho National Development Corporation (LNDC)
- Madagascar - Financière d'Investissement Aro (FIARO) Industries
- Mali - Average of prices provided by SICG Habitat, Blal; Agence de cessions immobilières; Architect Sidibe; and IFA Baco agence immobilières
- Mozambique - JHI Real Estate
- Senegal - Pyramid Group
- Tanzania - Average of prices provided by 50 Mirambo, PPF Tower, and JM Mall
- Uganda – Uganda Investment Authority (UIA)

Class A office space is defined as offices in or near the center of the capital city. These costs were entered in the model as the price per square meter for a one-year lease.

2. Lease Price of Class B Office Space

Source: Real estate agencies and office building management companies

- Ghana - A&C Development Company
- Kenya - The Property Gallery
- Lesotho - Lesotho National Development Corporation (LNDC)
- Madagascar - Financière d'Investissement Aro (FIARO) Industries
- Mali - Average of prices provided by SICG Habitat, Blal; Agence de cessions immobilières; Architect Sidibe; and IFA Baco agence immobilières
- Mozambique - JHI Real Estate
- Senegal - Pyramid Group
- Tanzania - Average of prices provided Millennium Tower and Water Front
- Uganda – Uganda Investment Authority (UIA)

Class B office space is defined as office buildings within 20 kilometers outside the city center. These costs were entered in the model as the price per square meter for a one-year lease.

3. Additional Office Space Occupancy Charges

Source: Real estate agencies and office building management companies

- Ghana - Average of prices provided by A&C Development Company and Ghana Investment Promotion Center
- Kenya - The Property Gallery
- Lesotho - Lesotho National Development Corporation (LNDC)
- Madagascar - Financière d'Investissement Aro (FIARO) Industries
- Mali - Average of prices provided by SICG Habitat, Blal; Agence de cessions immobilières; Architect Sidibe; and IFA Baco agence immobilières
- Mozambique - JHI Real Estate
- Senegal - Pyramid Group
- Tanzania - Average of prices provided by 50 Mirambo, PPF Tower, JM Mall Millennium Tower, and Water Front
- Uganda – Uganda Investment Authority (UIA)

In cases where office buildings charge additional maintenance, parking or security fees, those data were entered into the model as additional costs per square meter.

Construction Costs

1. Cost of Warehouse Construction

Source: Local engineering and construction companies

- Ghana - Business Development Manager, Taysec- A TaylorWoodrow Company
- Kenya - The Property Gallery
- Lesotho - Lesotho National Development Corporation (LNDC)
- Madagascar - Tectra SARL
- Mali - Average of prices provided by SICG Habitat; Architect Sidibe AUE; Architect Coulibaly Concept; and IFA Baco agence immobilières
- Mozambique - Average of the prices quoted by Abrantina and JHI Real Estate
- Senegal - Pyramid Group
- Tanzania - Caspian Construction Company
- Uganda - Uganda Investment Authority (UIA)

The price of construction of a concrete block warehouse was entered into the Enterprise Benchmarking Model as the cost per square meter of construction. Warehouse construction cost was also used as a proxy for the construction of a simple factory shell, since there is little actual difference in cost. This study did not investigate the cost of outfitting a factory with machinery.

2. Cost of Hotel Construction

Source: Local engineering and construction companies

- Ghana - Property Manager, Ghana Investment Promotion Center
- Kenya - The Property Gallery
- Lesotho - Lesotho National Development Corporation (LNDC)
- Madagascar - Tectra SARL
- Mali - Average of prices provided by SICG Habitat; Architect Sidibe AUE; Architect Coulibaly Concept; and IFA Baco agence immobilières
- Mozambique - Average of the prices quoted by Abrantina and JHI Real Estate
- Senegal - Pyramid Group
- Tanzania - Caspian Construction Company
- Uganda - Uganda Investment Authority (UIA)

The construction price of a five-star quality hotel was entered into the Enterprise Benchmarking Model as the cost per square meter of construction. This study did not investigate the cost of outfitting a hotel with furnishings and equipment.

UTILITY COSTS

(Refer to Table 11)

Cost of Telecommunications

Source: Telecommunication companies

- Ghana - Ghana Telecom
- Kenya - Telkom Kenya
- Lesotho - Lesotho National Development Corporation (LNDC) "Investing in Lesotho"
- Madagascar – Telma
- Mali - Société des télécommunications du Mali (Sotelma)
- Mozambique - Mozambique Telecommunications
- Senegal - Société National de Télécommunications de Senegal (SONATEL)
- Tanzania-Tanzania Telecommunications Co., Ltd
- Uganda-Uganda Telecom Ltd and MTN Uganda Ltd

Data were gathered on the per minute cost of landline telephone calls from the capital city of each country to the following locations:

1. Domestic call within the same country
2. Call to a neighboring country
3. Call to the United States

Cost of High-Speed Internet

1. Monthly High-Bandwidth Internet Charge

Source: Internet service providers

- Ghana - Ghana Telecom
 - Kenya - JamboNet
 - Lesotho - Telecom Lesotho
 - Madagascar - Simicro and Blueline
 - Mali - IKATEL
 - Mozambique - TV Cabo
 - Sénégal - Société National de Télécommunications de Senegal (SONATEL)
 - Tanzania - Benson Online
 - Uganda - Uganda Telecom Ltd
- Data were gathered on the monthly charges for a 256-kbps Internet connection.

2. Internet Usage Charges

Source: Internet service providers

- Ghana - Ghana Telecom
 - Kenya - JamboNet
 - Lesotho - Telecom Lesotho Lesotho - Telecom Lesotho
 - Madagascar - Simicro and Blueline
 - Mali - IKATEL
 - Mozambique - TV Cabo
 - Senegal - Société National de Télécommunications de Senegal (SONATEL)
 - Tanzania - Secretarial Services at Business Centers in Dar es Salaam
 - Uganda - Uganda Telecom Ltd
- Data were gathered on the per minute usage charges for high-speed (256-kpbs) Internet, if any.

Cost of Power

1. Electricity Capacity Demand Charges

Source: Electricity utilities in each country

- Ghana - Electricity Company of Ghana
 - Kenya - Kenya Power and Lighting Co.
 - Lesotho - Lesotho National Development Corporation (LNDC)
 - Madagascar - Jirama
 - Mali - Energie du Mali
 - Mozambique - Electricidade de Mocambique (ECM)
 - Senegal - Société Senegalaise d'Électricité (SENELEC)
 - Tanzania - Tanzania Electric Supply Company, Ltd (TANESCO)
 - Uganda - Uganda Electricity Distribution Company, Ltd (UEDCL)
- Data were collected on charges levied by power companies for the maximum capacity of electricity demanded for low to medium voltage power, measured in kilowatts (KW) or in kilovolt amperes (KVA).

2. Electricity Usage Charges

Source: Electricity utilities in each country

- Ghana - Electricity Company of Ghana
 - Kenya - Kenya Power and Lighting Co.
 - Lesotho - Lesotho National Development Corporation (LNDC)
 - Madagascar - Jirama
 - Mali - Energie du Mali
 - Mozambique - Electricidade de Mocambique (ECM)
 - Senegal - Société Senegalaise d'Électricité (SENELEC)
 - Tanzania - Tanzania Electric Supply Company, Ltd (TANESCO)
 - Uganda - Uganda Electricity Distribution Company, Ltd (UEDCL)
- Data were collected on the charges per kilowatt-hour (kWh) for industrial electricity usage during peak operating periods.

3. Cost of Power Generator Operation

Source: Company interviews

Interviewees were asked whether or not their firms used their own power generators, how many hours the generators operated each month, and the cost of generator operation per hour. These data were used to calculate the overall cost of electricity for the average firm in each sector.

Cost of Water

Source: Water utilities in each country

- Ghana - Ghana Water Company
- Kenya - Nairobi Water Company
- Lesotho - Average rate from local utility companies
- Madagascar - Jirama
- Mali - Energie du Mali
- Mozambique - Mozambique Investment Promotion Center
- Senegal - Senegalaise des Eaux (SDE)
- Tanzania - City Water
- Uganda - National Water and Sewerage Company

Data were collected on the charges per cubic meter for water used for industrial and agricultural uses.

Cost of Gas

1. Cost of Natural Gas (Methane)

Source: Natural gas utilities, where available

Madagascar – No information available
Tanzania - average of prices reported by Tanzania Breweries Ltd, Kioo Glass, TANESCO, and Twiga Cement
The cost of methane gas was collected, measured in cubic meters.

2. Cost of Liquefied Petroleum Gas (Propane or Butane)

Source: LPG providers

- Ghana - Tema Oil Refinery
 - Kenya - BOC Gases Ltd
 - Lesotho - Lesotho National Development Corporation (LNDC)
 - Madagascar - Galana Distribution SA.
 - Mali - LPG providers
 - Mozambique - Average of prices provided by Globgas, Mocacor, and Petrogas
 - Senegal - Société Africaine de Raffinage
 - Tanzania - LPG providers
 - Uganda - Shell, Caltex, Kobil
- The cost of propane or butane gas was collected, measured in kilograms.

TRANSPORTATION COSTS

(Refer to Tables 12-13)

1. Cost of Air Freight

Source: Freight forwarders, airfreight companies, and airlines

- Ghana - McDan Shipping Co. Ltd. and Aviance Ltd
 - Kenya - SDV Transami
 - Lesotho - Rates from South Africa were used, plus a 30 percent increase to account for overland transportation
 - Madagascar - Air France, Air Mauritius, and Air Madagascar
 - Mali - Air France Freight Service
 - Mozambique - Manica Freight Services
 - Senegal - South African Airways Air Cargo Service
 - Tanzania - Malai Freight Ltd, KLM Airlines, British Airways
 - Uganda - Emirates Airlines Sky Cargo, British Airways
- The cost of shipping a parcel of 45 kilograms or less by air was calculated from the capital city of each country to the following destinations:

Kennedy International Airport, New York City, USA (East Coast)
 Los Angeles International Airport, Los Angeles, USA (West Coast)
 Schiphol International Airport, Amsterdam, Holland
 Changi International Airport, Singapore
 New Tokyo International Airport, Narita, Japan
 Costs do not include the price of insurance, handling, or other charges.

2. Cost of Sea Freight

Source: Freight forwarders and sea freight companies

- Ghana - McDan Shipping Co. Ltd.
 - Kenya - SDV Transami and Maersk Sealines, Ltd.
 - Lesotho - Rates quoted by Safmarine are for shipment from South Africa including overland transportation
 - Madagascar - Scandinavian Eastern Africa Line (SEAL), Mediterranean Shipping Company (MSC), Compagnie Maritime d'Affrètement-Compagnie Générale Maritime (CMA-CGM), and SCAC
 - Mali - Maersk Lines and Groupe Ami GCM GMM
 - Mozambique - Manica Freight Services
 - Senegal - Maersk Senegal SDV
 - Tanzania - Maersk Sealines, Ltd.
 - Uganda - SDV Transami, Maersk Sealines
- The costs of shipping a regular 40-foot container, a refrigerated 40-foot container, and bulk items per kilogram were calculated from the capital city of each country - including overland transportation to the nearest seaport - to the following locations:
 Port of New York City, USA (East Coast)
 Port of Long Beach, USA (West Coast)
 Port of Rotterdam, Holland
 Port of Singapore
 Port of Yokohama, Japan

Costs do not include insurance, handling charges, or other fees.

LABOR MARKET QUALITY

(Refer to Tables 14-19)

Potential to Recruit Local Staff

1. Availability of Qualified Personnel

Source: Company interviews

Companies rated their satisfaction in recruiting local staff for five categories of job positions - management, professional, technical, skilled, and unskilled workers. Satisfaction ratings were given on a scale of 1 to 5 according to the following criteria:

Score = 5: There are many qualified candidates. It is an employer's market.

Score = 4: There is a large enough pool of qualified workers, and the company usually has no difficulty in hiring employees.

Score = 3: The company needs to search hard, but eventually finds the right personnel.

Score = 2: At least 50 percent of the time, the company can find the right personnel after a lengthy search.

Score = 1: It is impossible to find the right personnel.

2. Mastery of Required Language Skills

Source: Company interviews

Companies listed the languages they require employees to speak in the workplace. They rated the ease with which they actually found workers with satisfactory command of those languages. Satisfaction ratings were given on a scale of 1 to 5 according to the following criteria:

Score = 5: There are very many qualified candidates. It is an employer's market.

Score = 4: There is a large enough pool of qualified workers, and the company usually has no difficulty in hiring employees.

Score = 3: The company needs to search hard, but eventually finds the right personnel.

Score = 2: At least 50 percent of the time, the company can find the right personnel after a lengthy search.

Score = 1: It is impossible to find the right personnel.

Flexibility of Labor Environment

1. Rigidity of Employment

Source: Rigidity of Employment Index, Doing Business in 2005, World Bank

Data on the rigidity of employment was sourced directly from the World Bank's Doing Business in 2005 publication. The index measures how difficult it is to hire a new worker, how rigid the restrictions are on expanding or contracting the number of working hours, and how difficult and costly it is to dismiss a redundant worker. Specifically, the index is the average of three employment indices that evaluate the following:

1. Difficulty in Hiring: Allowance of term contracts for temporary tasks

Regulated minimum length of term contracts

Ratio of mandated minimum wage to average value-added per worker

2. Rigidity of Hours: Restrictions on night work

Allowance of weekend work

Legal workweek of 5 ½ days or more

Allowance for workday to extend to 12 hours or more

Annual paid vacation of 21 days or less

3. Difficulty in Firing: Ability to fire workers on grounds of redundancy

Need to notify union for firing one worker

Need to notify union for group dismissals

Need for union approval for firing one redundant worker

Need for union approval for dismissing a group of workers

Legal mandate for training or replacement of worker prior to dismissal

Application of priority rules for dismissals

Application of priority rules for reemployment

Scores are indexed on a scale of 0 to 100. The higher the value of the index score, the more rigid are labor regulations.

2. Average Weekly Working Hours

Source: Company interviews

Firms were asked to indicate the average weekly working hours per employee. This often differed from the legally mandated workweek length, and varied by industry. The longer the workweek, the more attractive the working environment was considered for investors.

3. Social Climate

Source: Cooperation in Labor-Employer Relations, Global Competitiveness Report 2004 - 2005, World Economic Forum

The World Economic Forum conducts an annual Executive Opinion Survey of firms throughout the world. Entrepreneurs and business executives were asked to rate the labor-employer relations in their countries on a scale of 1 ("Generally confrontational") to 7 ("Generally cooperative").

4. Degree of Unionization

Source: Company interviews

Interviewed firms indicated the percentage of workers in their companies that belonged to labor unions. The Enterprise Benchmarking Model is programmed under the assumption that investors prefer low degrees of unionization to high union membership.

5. Labor Turnover

Source: Company interviews

Companies were asked to indicate the annual average turnover among employees. 'Annual turnover' refers to the number of employees who resigned voluntarily in the past year, divided by the total number of employees. Lower rates of turnover are considered more preferable to investors than high turnover rates.

ACCESS TO INPUTS AND OUTPUTS

(Refer to Tables 20-25)

Availability of Raw Materials

Source: Company interviews

Company managers were asked the percentage of raw materials they imported for use in their production. 'Raw material' refers to any input that has not yet undergone significant processing, such as raw cotton, timber, sugar, milk, steel ingot, etc.) It is assumed that locations in which raw materials can be sourced locally are more attractive than those where raw materials must be imported.

Presence of Suppliers or Clusters Network

1. Availability of Components

Source: Company interviews

Company managers were asked the percentage of components they imported for production. 'Component' refers to any input that has undergone significant processing or transformation, such as yarn, fabric, precision molded plastic, engines, etc.) It is assumed that locations in which components can be sourced locally are more attractive to investors than those where components must be imported.

2. Availability of Capital Equipment or Chemicals

Source: Company interviews

Company managers were asked to indicate the percentage of equipment and chemicals required for production that they import. 'Equipment' or 'chemicals' refer to all capital inputs like machinery, computers, telephones, fertilizers, hotel furnishings, etc.) It is assumed that locations in which capital equipment can be sourced locally are more attractive to investors than those where equipment must be imported.

INFRASTRUCTURE QUALITY

(Refer to Tables 26-31)

Freight Shipment by Air

1. Punctuality of Air Shipments

Source: Company interviews

Investors were asked the percentage of time that airfreight shipments reach their destinations on schedule. If airfreight transportation was not available, a response of '0' was entered.

2. Loss of Air Shipments

Source: Company interviews

Investors were asked to indicate the percentage of airfreight shipments that become lost or never reach their destination. If airfreight transportation was not available, a response of '0' was entered.

Freight Shipment by Train

1. Punctuality of Rail Shipments

Source: Company interviews

Investors were asked the percentage of time that rail freight shipments reach their destinations on schedule. If rail freight transportation was not available, a response of '0' was entered.

2. Loss of Rail Shipments

Source: Company interviews

Investors were asked to indicate the percentage of rail freight shipments that become lost or never reached their destination. If rail freight transportation was not available, a response of '0' was entered.

Freight Shipment by Sea

1. Punctuality of Sea Shipments

Source: Company interviews

Investors were asked the percentage of time that sea freight shipments reach their destinations on schedule. If sea freight transportation was not available, a response of '0' was entered.

2. Loss of Sea Shipments

Source: Company interviews

Investors were asked to indicate the percentage of sea freight shipments that become lost or never reach their destination. If sea freight transportation was not available, a response of '0' was entered.

Freight Shipment by Road

1. Punctuality of Road Shipments

Source: Company interviews

Investors were asked the percentage of time that road freight shipments reach their destinations on schedule. If road freight transportation was not available, a response of '0' was entered.

2. Loss of Road Shipments

Source: Company interviews

Investors were asked to indicate the percentage of road freight shipments that become lost or never reach their destination. If road freight transportation was not available, a response of '0' was entered.

Telecommunications

1. Quality of Telephone Service

Source: Company interviews

Companies were asked to rate the quality of landline telecommunications on a scale of 1 to 5 corresponding to the following:

Score = 5: Connections are always clear. Calls are never dropped. Lines are never down

Score = 4: Connection is usually clear. Calls are almost never dropped. Lines are almost never down.

Score = 3: Connection is sometimes not clear. Some calls are dropped. Lines are sometimes down.

Score = 2: Connection is sometimes not clear. There is a problem

with dropped calls. The line is often down.
Score = 1: Connection is never clear. Calls are always dropped. Lines are often down, or no landline is available, and mobile telephones are necessary for communication.

2. Length of Time to Install Landline Telephone Service

Source: Company interviews

Interviewed companies indicated the length of time it normally takes to install a new telephone landline.

IT Infrastructure

1. Quality of Internet Service

Source: Company interviews

Companies were asked to rate the quality of high bandwidth Internet (speed greater than 256 kbps) on a scale of 1 to 5, corresponding to the following:

Score = 5: Internet is always operational. Internet service is never down or disconnected.

Score = 4: Internet service is usually operational. Service is almost never down or disconnected.

Score = 3: Internet service is sometimes not operational. Sometimes the service is dropped or not operational.

Score = 2: Internet service is sometimes not operational. There is a problem with frequent disconnections of service.

Score = 1: High-speed Internet connections are not available.

2. Length of Time to Install Internet Service

Source: Company interviews

Interviewed firms indicated the length of time it normally takes to install Internet service in their locations.

Power Supply

1. Number of Blackouts

Source: Company interviews

Companies were asked the number of hours per month that they experienced a total loss of power without the use of backup generators. Firms that were totally reliant on generator power were considered to be under permanent blackout conditions, and a value of 300 hours per month was entered in the Enterprise Benchmarking Model.

2. Number of Brownouts

Source: Company interviews

Companies were asked to indicate the number of hours per month they experience reductions in voltage lower than the minimum voltage specified for the system, or upward spikes in the power supply.

Water Supply

Source: Company interviews

Interviewed firms were asked to indicate the number of days per year they experience a shortage of water supply from the publicly supplied water provider. Companies that did not have access to municipal water supplies and were reliant on their own wells or private water delivery were considered to experience a permanent shortage of water. A value of 365 was entered in these cases, except for horticulture firms, which are typically in rural areas without expectation for municipal water supplies.

Waste Treatment

Source: Company interviews

Interviewed companies rated the quality of the public waste treatment system on a scale of 1 to 5, as follows:

Score = 5: Public waste treatment facility provides first stage (solid particle removal), second stage (aeration, organic matter killed), and third stage (removal of heavy metals and chemicals) biological and chemical treatment to the highest international standards. Tap water is chlorinated and potable.

Score = 4: Public waste treatment facility provides first, second stage, and third stage biological and chemical wastewater treatment, but tap water is not potable.

Score = 3: Public waste treatment facility provides first and second stage treatment only. Wastewater smells.

Score = 2: Public waste treatment facility provides first stage treatment only. Wastewater remains harmful to the environment.

Score = 1: Public wastewater treatment is not available. Raw sewage freely enters the environment, or company has its own treatment facility.

QUALITY OF LIVING CONDITIONS

(Refer to Tables 32-37)

Cost of Living

Source: Company interviews

Companies were asked to rate the cost of living in the investment location on a scale of 1 to 5. Responses differed depending on whether the interviewee was local or foreign.

Score = 5: Much less expensive than where company headquarters is, or very inexpensive.

Score = 4: Slightly less expensive than where company headquarters is or fairly inexpensive.

Score = 3: About the same as where the company headquarters is or mediocre, but not ideal.

Score = 2: Slightly more expensive than where company headquarters is or fairly expensive.

Score = 1: Much more expensive than where company headquarters is, or very expensive.

Level of Safety

Source: Company interviews

Companies were asked to rate the level of personal and company safety in the investment location on a scale of 1 to 5. Responses differed depending on whether the interviewee was local or foreign.

Score = 5: Much safer than where company headquarters is, or very safe.

Score = 4: Slightly safer than where company headquarters is, or fairly safe.

Score = 3: About the same as where the company headquarters is, or mediocre, but not ideal.

Score = 2: Slightly less safe than where company headquarters is, or fairly unsafe.

Score = 1: Much less safe than where company headquarters is, or very unsafe.

Schools

1. Number of International Schools

Source: Ministries of Education, investment promotion agencies, and school district offices

- Ghana - Ghana Education Service
- Kenya - Kenya Private Schools Association
- Lesotho - Department for International Development
- Madagascar - Ministry of Education
- Mali - Ministry of Education

- Mozambique - Ministries of Education, investment promotion agencies, and school district offices
 - Senegal - Ministries of Education, investment promotion agencies, and school district offices
 - Tanzania - Ministry of Education and Culture
 - Uganda - Monitor Business Directory
- Data on the number of international schools in the capital city of each country were collected.

2. Quality of International Schools

Source: Company interviews

Companies were asked to rate the quality of international schools in the investment location on a scale of 1 to 5 according to the following criteria. Responses differed depending on whether the interviewee was local or foreign. .

Score = 5: Much better than schools where company headquarters is, or excellent.

Score = 4: Slightly better than schools than where company headquarters is or good.

Score = 3: About the same as where the company headquarters is, or mediocre, but not ideal.

Score = 2: Slightly worse than schools where company headquarters is, or fairly bad.

Score = 1: Much worse than schools where company headquarters is, or very bad.

3. Quality of Local Schools

Source: Company interviews

Companies were asked to rate the quality of local schools in the investment location on a scale of 1 to 5 according to the following criteria. Responses differed depending on whether the interviewee was local or foreign.

Score = 5: Much better than schools where company headquarters is, or excellent.

Score = 4: Slightly better than schools than where company headquarters is, or good.

Score = 3: About the same as where the company headquarters is, or mediocre, but not ideal.

Score = 2: Slightly worse than schools where company headquarters is, or fairly bad.

Score = 1: Much worse than schools where company headquarters is, or very bad.

Healthcare

Source: Company interviews

Companies were asked to rate the quality of healthcare in the investment location on a scale of 1 to 5 according to the following criteria. Responses differed depending on whether the interviewee was local or foreign.

Score = 5: Much better than healthcare where company headquarters is or excellent.

Score = 4: Slightly better than healthcare than where company headquarters is, or good.

Score = 3: About the same as where the company headquarters is, or mediocre, but not ideal.

Score = 2: Slightly worse than healthcare where company headquarters is, or fairly bad.

Score = 1: Much worse than healthcare where company headquarters is, or very bad.

Quality of Recreational Activities

Source: Company interviews

Companies were asked to rate the quality of recreational activities in the investment location, such as access to restaurants, family activities, golf and other sports, nature-related, and other activities on a scale of 1 to 5 according to the following criteria.

Responses differed depending on whether the interviewee was local or foreign.

Score = 5: Much better than where company headquarters is, or excellent, many activities.

Score = 4: Slightly better than where company headquarters is, or good, some activities.

Score = 3: About the same as where the company headquarters is, or mediocre, but not ideal.

Score = 2: Slightly worse than where company headquarters is, or fairly bad, not many activities.

Score = 1: Much worse than where company headquarters is, or very bad, hardly any activities.

OPERATING COSTS

(Refer to Tables 38-43)

Labor Cost

Source: Company interviews

Labor cost data were collected during the course of 25 company interviews and aggregated by industry sector for analysis by the Enterprise Benchmarking Model. Company officials were asked to indicate the average annual fully burdened gross salaries of workers - including expatriate - they typically hired in the following five job categories.

Management: Mid- to upper-level managers

Professionals: Chief financial officer, lawyer, consultant

Technical Workers: Engineer, programmer, systems analyst, agronomist, accountants

Skilled Workers: Data entry clerks, customer service representatives, assembly line workers with special skills

Unskilled Workers: Drivers, janitors, chambermaids, entry-level assembly line workers, farmhands

Gross salaries include wages and benefits such as mandatory pension or social security contributions, healthcare, transportation, lodging, and any other benefits paid by the employer. Companies were instructed to provide average salary information for the types of workers that typically fill the above positions. The higher the labor costs, the lower the level of desirability to potential investors.

Appendix III: Tables and Findings

The tables below present the study's findings by factor and country, including both quantitative and qualitative data collected through desktop research and fieldwork. The fieldwork consisted of interviews with companies operating in the nine subject countries, and South Africa and Mauritius, added in order to serve as African benchmarking countries. In addition, the tables below include comparator countries, Tunisia, France, Ireland and Nigeria, shown at the right side of each table, that provide comparative investment costs and quality factors from global competitor countries. Each table notes the scales of measurement applied. For more information on the individual data points, please refer to Appendix II for data definitions and sources.

Table 1: General business environment

	EBP countries											Comparator countries			
	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Tunisia	France	Ireland	Nigeria
Institutional Investors Country Credit Rating ¹	29.3	26.5	32.0	18.7	23.7	25.8	33.1	26.3	21.2	59.3	57.8	55.1	92.7	90.5	21.1
Euromoney Country Risk Poll ²	40.5	38.0	37.7	31.6	31.2	35.7	39.2	37.2	35.9	59.8	57.1	56.8	91.4	94.0	33.3
Number of procedures required to start a business	12.0	12.0	9.0	13.0	13.0	14.0	9.0	13.0	17.0	9.0	6.0	9.0	7.0	4.0	10.0
Number of days required to start a business	85.0	47.0	92.0	44.0	42.0	153.0	57.0	35.0	36.0	38.0	46.0	14.0	8.0	24.0	44.0
Corruption Perception Index ³	3.6	2.1	n/a	3.1	3.2	2.8	3.0	2.8	2.6	4.6	4.1	5.0	7.1	7.5	1.4
Intellectual Property Protection ⁴	3.3	2.7	n/a	2.8	2.4	2.2	3.7	3.0	2.7	4.7	3.7	4.7	5.8	4.7	2.6
Rigidity of Employment Index	34.0	24.0	27.0	49.0	66.0	64.0	64.0	65.0	7.0	52.0	37.0	54.0	66.0	29.0	44.0
Labor Relations Index	4.3	3.6	n/a	4.0	4.4	4.0	3.7	4.6	4.1	3.8	4.2	4.6	3.5	5.0	3.5

¹ Index based on a bi-annual survey of leading commercial banks; 100 is the best rating in a range of 1–100.

² Rating of the political and economic performances of 185 sovereign countries; 100 is the best rating in a range of 1–100.

³ Index that measures countries in terms of perceived corruption among public officials; 10 is the best rating in a range of 0–10.

⁴ Based on survey that asks executives to rate aspects of business in their own countries; 7 mean "most protected" in range of 1–7.

Table 2: Tax rates

	EBP countries											Comparator countries			
	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Tunisia	France	Ireland	Nigeria
Corporate income tax (percent)	30.0	30.0	35.0	35.0	35.0	32.0	33.0	30.0	30.0	35.0	25.0	35.0	34.3	25.0	35.0
Sales / VAT tax (percent)	12.5	16.0	14.0	20.0	18.0	17.0	18.0	20.0	17.0	14.0	15.0	18.0	19.6	21.0	5.0
Property tax (percent)	0.1	0.6	2.8	3.5	15.0	1.0	3.9	0.2	10.0	3.0	2.5	3.0	3.0	2.0	10.0

Table 3: Access to markets/ tariff rates for textiles

	EBP countries											Comparator countries			
	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Tunisia	France	Ireland	Nigeria
ITC Trade Performance Current Index ¹	185	95	185	90	185	185	88	99	97	39	60	68	4	42	185
ITC Trade Performance Change Index ¹	185	92	185	6	185	185	28	108	87	25	1	7	73	4	185
Average tariff on imports to the US ²	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	24.0	24.0	0.0
Average tariff on imports to the EU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.0	0.0	0.0	0.0	0.0	n/a

¹ The ITC index is based on a ranking of country-level trade competitiveness by sector; 1 is the best ranking in a range of 184. The score of 185 was given to those countries where no ranking was available.

² Average import tariffs expressed as a percentage to be added to the value of the imported product; 0.0 means no tariff, due to exemptions.

Table 4: Access to markets/ tariff rates for apparel

	EBP countries										Comparator countries			
	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	Mauritius	Tunisia	France	Ireland	Nigeria
ITC Trade Performance Current Index ¹	185	91	185	68	108	185	185	111	185	31	8	12	185	185
ITC Trade Performance Change Index ¹	185	14	185	25	29	185	185	107	185	97	34	75	185	185
Average tariff on imports to the US ²	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.2	12.2	0.0
Average tariff on imports to the EU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n/a

¹ The ITC index is based on a ranking of country-level trade competitiveness by sector; 1 is the best ranking in a range of 184. The score of 185 was given to those countries where no ranking was available.

² Average import tariffs expressed as a percentage to be added to the value of the imported product; 0.0 means no tariff, due to exemptions.

Table 5: Access to markets/ tariff rates for horticulture

	EBP countries											Comparator countries			
	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Tunisia	France	Ireland	Nigeria
ITC Trade Performance Current Index ¹	46	36	185	76	107	96	119	51	53	8	98	99	5	17	185
ITC Trade Performance Change Index ¹	68	20	185	46	101	34	21	107	87	64	120	102	125	160	185
Average tariff on imports to the US ²	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.0	20.0	n/a
Average tariff on imports to the EU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n/a

¹ The ITC index is based on a ranking of country-level trade competitiveness by sector; 1 is the best ranking in a range of 184. The score of 185 was given to those countries where no ranking was available.

² Average import tariffs expressed as a percentage to be added to the value of the imported product; 0.0 means no tariff, due to exemptions.

Table 6: Access to markets/ tariff rates for food and beverage processing

	EBP countries											Comparator countries			
	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Tunisia	France	Ireland	Nigeria
ITC Trade Performance Current Index ¹	121	73	185	112	185	118	93	130	113	21	59	111	1	9	185
ITC Trade Performance Change Index ¹	138	26	185	123	185	19	1	143	34	91	102	111	104	72	185
Average tariff on imports to US ²	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.5	3.5	n/a
Average tariff on imports to the EU	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.5	0.0	5.2	0.0	0.0	n/a

¹ The ITC index is based on a ranking of country-level trade competitiveness by sector; 1 is the best ranking in a range of 184. The score of 185 was given to those countries where no ranking was available.

² Average import tariffs expressed as a percentage to be added to the value of the imported product; 0.0 means no tariff, due to exemptions.

Table 7: Number of direct weekly flights to EBP countries and annual passenger arrivals

	EBP countries											Comparator countries			
	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Tunisia	France	Ireland	Nigeria
Number of direct weekly flights to US	0	0	0	0	0	0	7	0	0	10	0	308	67	0	2
Number of direct weekly flights to Europe	33	50	0	11	11	3	22	13	7	92	29	0	0	20	27
Number of direct weekly flights to Asia	7	18	0	2	0	0	0	11	0	23	19	147	0	7	7
Annual passenger arrivals (thousands)	483	927	186	170	96	246	427	552	254	6640	702	75048	6369	887	1088

Table 8: Quality of real estate

	EBP countries										Comparator countries				
	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Tunisia	France	Ireland	Nigeria
Availability of arable land (square kilometers)	4181	4600	330	2950	4660	4200	2460	4000	5100	14753	100	2771	18449	1121	30200
Vacancy rate for industrial buildings (percent)	62.50	40.00	32.50	70.00	26.00	95.00	27.21	20.00	5.00	8.00	9.00	n/a	n/a	n/a	n/a
Vacancy rate for offices (percent)	42.50	50.00	10.00	90.00	33.00	37.00	27.96	4.00	20.00	25.10	30.00	n/a	n/a	n/a	n/a
Surveyed companies purchasing real estate (percent)	50.00	46.67	25.00	48.57	68.00	65.28	58.06	60.71	54.55	58.33	36.84	n/a	n/a	n/a	n/a

Table 9: Real estate costs

	EBP countries										Comparator countries				
	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Tunisia	France	Ireland	Nigeria
Sale price of industrial land (USD/ m ²) (realtors)	12.35	186.0	8.15	15.00	22.10	7.50	43.00	12.58	11.00	58.00	18.00	n/a	10.70	n/a	12.68
Sale price of hotel land (USD/ m ²) (realtors)	45	60	33	45	62.40	80	43	12.97	15	300	32	71	544	458	42
Surveyed companies leasing real estate (percent)	50.0	53.3	75.0	51.4	32.0	34.7	41.9	39.3	45.5	41.7	63.2	n/a	n/a	n/a	n/a
Lease price of industrial site (USD/ m ² / year) (realtor)	0.247	47.48	2.05	9	2.21	65.31	11.88	11.12	52.8	72.3	61.64	3.48	25.45	33.92	1.90
Class A office rental occupancy cost (USD/ m ² / year)	213.2	121.6	11.24	72.46	243.5	184	130.6	178.4	252	146.6	180.8	n/a	589.5	496.2	n/a
Class B office rental occupancy cost (USD/ m ² / year)	134.4	70.76	8.428	41.4	84.77	124.7	78.38	174	150	127	92.05	n/a	166.6	328.5	n/a

Table 10: Construction costs (USD/ m²)

	EBP countries										Comparator countries				
	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Tunisia	France	Ireland	Nigeria
Warehouse	400	330	350	190	289	300	217	550	185	450	130	183	793	935	132
Office Building	1400	1200	570	320	720	550	326	1000	550	700	710	415	2387	2451	151
Hotel	1600	1370	733	220	900	550	543	600	404	800	1610	567	2999	3483	188

Table 11: Utility costs (in USD)

	Telecom Costs (USD/ minute)			Internet costs	Electricity costs		Water costs (USD/m ³)
	Local calls	International call to adjacent country	International call to the USA	High bandwidth Internet (USD/ mo.)	Usage charge for industrial use (USD/kWh)	Demand charge for industrial use (USD/kVA)	Water for industrial use
EBP country							
Ghana	0.02	0.28	0.39	252	0.05	12.29	0.77
Kenya	0.04	0.16	0.88	1690	0.06	3.68	0.42
Lesotho	0.33	0.36	1.08	814	0.04	7.07	0.49
Madagascar	0.08	0.75	0.90	840	0.08	12.02	0.26
Mali	0.03	0.59	0.89	1089	0.12	2.91	0.56
Mozambique	0.06	0.42	0.77	594	0.05	5.25	0.88
Senegal	0.23	1.07	1.07	57	0.14	13.10	1.56
Tanzania	0.07	0.47	1.11	1900	0.06	6.01	0.67
Uganda	0.07	0.38	0.76	3548	0.10	2.33	0.76
South Africa	0.06	0.26	0.54	42	0.08	0.88	1.38
Mauritius	0.03	0.19	0.19	188	0.06	3.25	0.38
Comparator country							
Tunisia	0.01	0.48	0.52	18	0.07	1.48	0.68
France	0.02	0.17	0.17	34	0.07	n/a	1.99
Ireland	0.05	0.15	0.19	43	0.12	8.70	1.63
Nigeria	0.16	0.43	1.45	236	0.28	n/a	0.91

Table 12: International sea freight rates (USD Per 40 foot container)

Container Type	To Rotterdam		To New York		To Long Beach		To Yokohama		To Singapore	
	Standard	Refrigerated	Standard	Refrigerated	Standard	Refrigerated	Standard	Refrigerated	Standard	Refrigerated
From EBP Country										
Ghana	1953	4948	3500	4500	2900	4200	3500	4500	3500	2600
Kenya	2000	5475	4900	5675	5400	7075	2200	6275	1400	6075
Lesotho	2606	3750	3540	4405	3850	5500	1700	3600	1500	3000
Madagascar	3111	2940	4552	7975	5600	4775	2852	5800	1700	4800
Mali	4392	5218	6926	7754	8525	9377	4703	7168	4393	7061
Mozambique	3500	6500	6800	8400	7000	8800	3500	4500	3500	4500
Senegal	2193	4239	4500	5902	6477	9362	2431	6706	2106	6206
Tanzania	3123	4842	4621	5146	5071	6546	2131	5456	1731	5256
Uganda	3800	9500	3800	10691	4100	10691	3200	10691	3000	10491
South Africa	1450	2900	3500	7000	3700	7000	1250	2500	1100	2000
Mauritius	1948	5948	5445	None	5755	None	2484	5084	1684	5284
From Comparator country										
Tunisia	1118	2118	4286	6786	4350	6900	n/a	n/a	n/a	n/a
France	1097	1097	2891	2891	n/a	n/a	n/a	n/a	n/a	n/a
Ireland	1161	1161	5050	5050	5815	5815	n/a	n/a	n/a	n/a
Nigeria	2161	3824	4756	7256	5456	7956	n/a	n/a	n/a	n/a

Table 13: International air freight rates (Regular rate for general cargo under 45kg (USD/kg))

	To Amsterdam Schiphol (AMS)	To New York (JFK)	To Los Angeles (LAX)	To Tokyo Narita (NRT)	To Singapore Changi SIN
From EBP country					
Ghana	4.05	8.20	8.20	16.26	14.84
Kenya	2.50	3.80	4.00	4.90	4.00
Lesotho	4.47	4.56	4.56	4.4	4.4
Madagascar	2.46	3.6	3.96	4.14	2.15
Mali	5.38	9.68	11.50	15.96	16.18
Mozambique	2.90	4.65	5.00	4.30	4.00
Senegal	5.28	3.81	4.63	17.57	18.27
Tanzania	4.09	5.39	4.43	8.10	41.65
Uganda	6.04	10.64	12.37	7.95	3.40
South Africa	3.44	3.51	3.51	3.39	3.39
Mauritius	2.70	10.10	13.07	4.70	2.66
From comparator country					
Tunisia	4.5	7.5	n/a	n/a	n/a
France	2.39	1.55	1.9	n/a	n/a
Ireland	2.2	2.2	3.83	14	12.77
Nigeria	1.95	3.85	n/a	n/a	n/a

Table 14: Labor market: Textile*

	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Average
Availability of managers	3.0	3.3	1.3	2.1	1.3	2.8	2.8	2.5	2.7	2.6	2.3	2.4
Availability of professionals	3.5	4.0	2.7	3.0	2.0	3.3	3.0	2.3	2.7	3.2	2.5	2.9
Availability of technical workers	3.3	4.5	1.7	3.0	1.7	3.0	3.3	2.5	2.0	2.0	2.3	2.6
Availability of skilled workers	3.5	4.8	1.7	3.4	1.7	2.8	3.3	3.0	3.5	2.8	1.5	2.9
Availability of unskilled workers	4.3	5.0	4.9	4.6	4.3	5.0	5.0	4.3	4.6	4.6	3.0	4.5
Ease of finding workers with command of language	3.8	5.0	3.1	3.5	2.0	4.0	4.3	4.5	4.8	4.2	4.8	4.0
Number of weekly work hours per employee	40.0	45.8	45.0	50.0	40.7	45.7	44.0	45.3	43.4	45.6	48.9	44.9
Percentage of unionized workers	94.4	81.3	29.0	36.2	66.7	61.0	93.8	12.5	0.0	69.2	45.0	53.5
Average annual turn-over rate	14.3	4.5	4.8	6.2	0.1	3.2	0.0	5.0	22.0	3.4	10.6	6.7

* All scores calculating the availability of labor are rated from 1 – 5, with 5 symbolizing a better availability of labor and the score of 1 as worse.

Table 15: Labor market: Apparel*

	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	Mauritius	Average
Availability of managers	3.2	3.1	1.7	2.1	3.0	2.8	2.7	1.3	2.9	2.8	2.6
Availability of professionals	4.6	3.9	2.3	2.3	3.5	3.3	3.7	2.5	2.3	2.9	3.1
Availability of technical workers	3.4	3.7	2.3	2.3	3.0	3.0	3.0	2.0	2.3	3.0	2.8
Availability of skilled workers	3.8	3.7	2.3	3.4	2.5	2.8	2.7	2.8	2.9	2.3	2.9
Availability of unskilled workers	4.8	4.1	4.8	4.4	4.5	5.0	4.6	5.0	4.6	3.1	4.5
Ease of finding workers with command of language	4.6	4.6	3.2	3.5	3.0	4.0	3.6	5.0	4.6	4.4	4.0
Number of weekly work hours per employee	41.0	45.4	45.0	52.7	40.0	45.7	40.0	45.0	48.3	49.3	45.2
Percentage of unionized workers	64.0	80.7	17.9	58.7	50.0	61.0	53.6	0.0	0.0	19.3	40.5
Average annual turn-over rate	1.0	4.4	7.6	10.2	11.0	3.2	0.4	6.7	20.1	8.5	7.3

* All scores calculating the availability of labor are rated from 1 – 5, with 5 symbolizing a better availability of labor and the score of 1 as worse.

Table 16: Labor market: Horticulture**

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Average
Availability of managers	4.4	2.4	2.0	4.2	3.3	3.4	1.6	2.2	2.5	2.9
Availability of professionals	4.2	2.8	3.0	4.0	3.0	4.0	2.0	3.4	3.8	3.4
Availability of technical workers	4.0	3.4	2.9	3.6	2.7	3.6	2.0	1.8	2.8	3.0
Availability of skilled workers	4.6	3.8	3.0	2.6	3.3	2.8	4.0	3.2	2.8	3.3
Availability of unskilled workers	4.8	4.8	4.3	4.2	4.5	4.4	4.8	4.7	4.3	4.5
Ease of finding workers with command of language	4.0	4.6	3.2	4.0	3.5	4.0	4.2	4.3	3.5	3.9
Number of weekly work hours per employee	44.8	45.4	44.0	50.5	36.3	37.3	46.2	49.2	45.1	44.3
Percentage of unionized workers	49.6	24.2	1.7	0.0	47.5	0.0	74.0	0.2	45.3	26.9
Average annual turn-over rate	26.9	7.0	12.8	7.4	4.8	1.8	8.2	14.3	19.4	11.4

* All scores calculating the availability of labor are rated from 1 – 5, with 5 symbolizing a better availability of labor and the score of 1 as worse.

Table 17: Labor market: Food and Beverage Processing**

	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Average
Availability of managers	3.2	4.3	3.0	3.0	2.0	2.7	3.4	1.7	2.4	2.6	2.8
Availability of professionals	3.4	4.3	2.0	3.4	3.8	2.0	3.8	1.4	2.4	2.8	2.9
Availability of technical workers	3.4	4.3	1.0	3.3	3.4	3.0	3.6	2.6	3.2	4.0	3.2
Availability of skilled workers	4.0	4.5	4.0	3.4	2.8	2.7	3.0	3.8	3.0	3.8	3.5
Availability of unskilled workers	4.0	5.0	5.0	4.7	4.8	4.7	4.2	4.7	4.5	5.0	4.7
Ease of finding workers with command of language	4.4	5.0	4.0	2.4	3.1	3.3	4.4	4.1	4.3	4.2	3.9
Number of weekly work hours per employee	40.0	51.9	40.0	42.9	44.0	44.6	42.0	47.8	50.3	40.7	44.4
Percentage of unionized workers	85.0	0.0	53.0	2.5	78.0	66.3	37.0	43.8	10.0	51.2	42.7
Average annual turn-over rate	3.4	0.7	10.0	7.3	4.8	0.3	1.1	10.4	24.9	6.5	6.9

* All scores calculating the availability of labor are rated from 1 – 5, with 5 symbolizing a better availability of labor and the score of 1 as worse.

Table 18: Labor market: Shared Services (Call Centers)**

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Average
Availability of managers	4.6	3.2	2.0	2.4	2.3	3.6	3.0	2.5	2.6	3.0	2.9
Availability of professionals	4.6	3.8	3.2	3.0	3.0	4.0	3.0	4.0	3.4	3.4	3.5
Availability of technical workers	4.8	4.4	2.5	2.8	3.7	4.0	3.0	4.0	3.0	3.2	3.5
Availability of skilled workers	4.4	4.4	3.5	3.3	4.0	4.5	3.3	3.5	3.6	3.6	3.8
Availability of unskilled workers	5.0	4.4	4.4	4.0	4.7	4.4	4.0	4.9	4.8	3.8	4.4
Ease of finding workers with command of language	4.4	5.0	3.0	3.6	3.7	4.0	3.0	4.5	4.2	3.6	3.9
Number of weekly work hours per employee	40.0	49.0	41.9	39.4	40.5	39.4	44.7	44.4	39.0	42.3	42.1
Percentage of unionized workers	69.8	0.0	2.0	12.0	19.0	19.0	1.7	0.0	16.0	0.0	13.9
Average annual turn-over rate	1.7	17.6	13.7	6.1	3.6	5.1	20.3	17.9	11.7	22.5	12.0

* All scores calculating the availability of labor are rated from 1 – 5, with 5 symbolizing a better availability of labor and the score of 1 as worse.

Table 19: Labor market: Tourism (Hotels)**

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	South Africa	Mauritius	Average
Availability of managers	3.0	2.7	2.0	3.5	2.2	2.5	2.2	3.4	2.8	2.7
Availability of professionals	4.2	3.3	3.4	4.0	2.6	3.0	1.7	3.4	3.4	3.2
Availability of technical workers	3.8	3.7	2.4	2.0	2.6	3.0	2.7	3.6	2.6	2.9
Availability of skilled workers	4.2	3.7	2.8	2.0	2.4	3.4	3.8	4.0	2.4	3.2
Availability of unskilled workers	4.2	4.5	3.8	4.0	3.8	5.0	4.7	4.4	3.8	4.2
Ease of finding workers with command of language	3.8	4.3	2.8	4.0	2.6	3.8	3.5	4.2	3.0	3.6
Number of weekly work hours per employee	40.0	47.5	44.6	45.3	42.4	46.5	50.2	42.0	46.4	45.0
Percentage of unionized workers	96.0	83.3	21.0	81.7	56.2	54.0	21.3	17.8	5.0	48.5
Average annual turn-over rate	1.7	5.6	8.4	6.3	2.7	1.6	17.1	7.3	15.8	7.4

* All scores calculating the availability of labor are rated from 1 – 5, with 5 symbolizing a better availability of labor and the score of 1 as worse.

Table 20: Access to inputs and outputs: Textile

	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Average
Percentage of raw materials needed for production imported	75.0	77.5	98.8	78.0	16.7	99.0	12.5	65.6	36.0	70.8	56.7	62.4
Percentage of components needed for production imported	1.5	100.0	89.6	97.0	70.0	99.6	47.0	90.6	62.6	55.6	95.0	73.5
Percentage of equipment/ chemicals needed for production imported	96.3	100.0	94.2	95.4	69.0	98.8	75.0	100.0	100.0	62.6	62.5	86.7
Number of days to clear customs	13.5	12.8	11.5	4.8	3.0	8.0	4.3	12.0	3.3	5.5	13.4	8.4

Table 21: Access to inputs and outputs: Apparel

	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	Mauritius	Average
Percentage of raw materials needed for production imported	52.5	86.0	97.5	80.8	90.0	99.0	52.9	67.5	55.8	48.3	73.0
Percentage of components needed for production imported	68.8	99.3	79.2	97.1	85.0	99.6	70.0	95.0	70.4	77.1	84.2
Percentage of equipment/ chemicals needed for production imported	84.0	100.0	88.3	96.0	60.0	98.8	100.0	100.0	100.0	76.0	90.3
Number of days to clear customs	7.6	13.0	8.1	5.8	0.8	8.0	5.7	5.1	6.2	3.2	6.3

Table 22: Access to inputs and outputs: Horticulture

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Average
Percentage of raw materials needed for production imported	21.4	76.0	21.4	42.0	31.7	64.0	80.0	21.7	0.0	39.8
Percentage of components needed for production imported	42.0	96.0	33.3	100.0	35.0	47.0	96.0	26.0	0.0	52.8
Percentage of equipment/ chemicals needed for production imported	45.0	98.0	32.5	73.0	86.7	64.0	98.8	81.7	15.0	66.1
Number of days to clear customs	19.0	13.3	8.2	5.6	3.4	3.3	9.4	5.5	12.0	8.8

Table 23: Access to inputs and outputs: Food and Beverage Processing

	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Average
Percentage of raw materials needed for production imported	61.0	37.5	100.0	31.2	52.7	60.0	67.0	43.8	40.0	4.0	49.7
Percentage of components needed for production imported	34.4	43.5	100.0	1.2	49.2	90.0	34.0	30.0	31.5	5.8	42.0
Percentage of equipment/ chemicals needed for production imported	74.4	97.5	100.0	60.0	86.0	90.0	97.0	97.8	70.8	41.0	81.4
Number of days to clear customs	6.6	10.0	2.0	7.8	3.6	3.3	4.0	58.8	4.5	9.7	5.7

Table 24: Access to inputs and outputs: Shared Services (Call Centers)

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Average
Percentage of raw materials needed for production imported	80.0	66.7	0.0	n/a	n/a	n/a	n/a	0.0	0.0	29.3
Percentage of components needed for production imported	10.0	n/a	100.0	65.0	n/a	59.0	n/a	0.0	0.0	39.0
Percentage of equipment/ chemicals needed for production imported	95.0	100.0	45.0	83.2	100.0	81.6	100.0	99.3	2.0	78.5
Number of days to clear customs	12.7	14.0	n/a	5.0	7.0	8.4	21.0	7.8	n/a	10.8

Table 25: Access to inputs and outputs: Tourism (Hotels)

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	South Africa	Mauritius	Average
Percentage of raw materials needed for production imported	n/a	6.7	n/a	20.8	80.0	0.0	n/a	0.0	50.0	26.3
Percentage of components needed for production imported	n/a	53.3	78.0	68.1	55.0	22.0	n/a	0.0	n/a	46.1
Percentage of equipment/ chemicals needed for production imported	100.0	47.5	78.0	92.5	70.0	46.0	88.0	0.0	n/a	65.3
Number of days to clear customs	15.5	18.0	n/a	14.6	9.0	6.7	52.3	n/a	n/a	19.3

Table 26: Infrastructure: Textile

	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Average
Quality of landline communications*	3.3	2.0	2.7	2.8	2.3	3.8	4.5	3.3	4.3	4.2	4.5	3.4
Number of days to install a phone	11.0	39.5	63.3	67.4	46.0	3.5	6.8	13.8	6.7	19.6	7.0	25.9
Quality of Internet*	3.3	3.0	1.0	1.4	2.0	3.7	2.3	2.5	3.0	4.0	4.3	2.8
Number of days to install a broadband line	7.0	8.8	n/a	2.5	7.5	1.0	6.7	5.0	9.4	68.2	3.7	12.0
Number of hours of blackouts experienced per month	9.0	19.5	1.2	4.9	2.0	25.7	3.3	79.0	31.5	1.2	1.8	16.3
Number of hours of brownouts experienced per month	12.0	52.8	0.4	0.9	0.0	8.5	2.9	96.3	28.3	0.2	11.9	19.5
Average number of hours of generator usage per month	9.0	16.0	0.0	7.6	2.0	5.0	2.9	16.0	22.0	0.8	2.2	7.6
Number of days per year of water supply shortage	93.0	7.5	30.5	9.8	0.7	296.0	0.8	48.7	0.0	9.6	4.5	45.5
Quality of the public waste treatment system*	3.3	4.0	2.4	1.0	1.3	1.0	1.0	2.0	1.6	3.4	4.0	2.3
Number of alternative sites considered during investment process	1.3	1.0	2.1	4.3	2.7	1.5	1.0	1.0	5.6	1.0	1.7	2.1

* All scores calculating these infrastructure qualities are rated from 1 – 5, with 5 symbolizing a better performance and the score of 1 as worse.

Table 27: Infrastructure: Apparel

	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	Mauritius	Average
Quality of landline communications*	3.4	3.3	2.3	3.4	4.0	3.8	4.4	3.8	4.0	4.1	3.7
Number of days to install a phone	19.5	26.4	105.5	86.8	12.0	3.5	5.0	4.0	7.3	9.3	27.9
Quality of Internet*	3.0	3.3	1.0	1.4	1.0	3.7	3.0	3.0	2.0	4.3	2.6
Number of days to install a broadband line	10.5	6.4	n/a	3.5	1.0	1.0	7.4	3.5	8.3	26.5	7.6
Number of hours of blackouts experienced per month	7.0	19.6	1.8	24.5	2.0	25.7	7.5	12.0	32.0	1.1	13.3
Number of hours of brownouts experienced per month	5.4	31.4	0.2	24.2	0.0	8.5	1.5	8.0	28.3	6.6	11.4
Average number of hours of generator usage per month	7.8	16.8	0.1	60.0	2.0	5.0	3.0	16.0	32.3	0.1	14.3
Number of days per year of water supply shortage	3.8	17.1	61.1	57.9	0.0	296.0	5.7	172.0	0.3	2.4	61.6
Quality of the public waste treatment system*	4.3	4.1	1.8	1.0	1.5	1.0	1.0	2.0	1.6	3.9	2.2
Number of alternative sites considered during investment process	1.0	1.3	1.2	4.4	1.0	1.5	1.2	1.6	4.0	1.6	1.9

* All scores calculating these infrastructure qualities are rated from 1 – 5, with 5 symbolizing a better performance and the score of 1 as worse.

Table 28: Infrastructure: Horticulture

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Average
Quality of landline communications*	2.6	2.2	3.3	2.6	3.8	3.8	2.2	3.3	3.4	3.0
Number of days to install a phone	9.6	94.7	52.5	118.0	1.7	10.0	21.0	8.3	174.4	54.5
Quality of Internet*	3.6	3.2	2.6	1.0	3.8	2.4	3.6	3.5	3.8	3.0
Number of days to install a broadband line	4.6	117.6	n/a	4.8	1.7	5.8	4.3	25.8	15.8	22.5
Number of hours of blackouts experienced per month	76.8	5.8	95.0	52.0	52.6	58.4	45.6	179.5	9.2	63.9
Number of hours of brownouts experienced per month	106.0	102.0	101.7	1.1	80.5	7.5	120.4	6.6	2.5	58.7
Average number of hours of generator usage per month	76.8	93.0	45.0	48.0	124.8	58.0	54.8	330.0	9.2	93.3
Number of days per year of water supply shortage	1.0	0.0	0.4	3.6	4.6	63.0	0.0	0.3	0.0	8.1
Quality of the public waste treatment system*	3.2	3.2	1.0	1.0	1.0	1.0	1.0	4.7	4.0	2.2
Number of alternative sites considered during investment process	2.0	1.0	4.2	4.0	1.8	4.2	1.8	7.3	1.3	3.1

* All scores calculating these infrastructure qualities are rated from 1 – 5, with 5 symbolizing a better performance and the score of 1 as worse.

Table 29: Infrastructure: Food and Beverage Processing

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Average
Quality of landline communications*	3.4	2.8	3.4	3.4	3.8	4.4	4.0	4.0	3.6	3.6
Number of days to install a phone	5.6	14.5	41.9	38.0	4.0	10.6	10.4	7.0	19.3	16.8
Quality of Internet*	3.3	3.3	1.4	3.0	3.8	2.0	3.1	2.8	4.0	3.0
Number of days to install a broadband line	4.0	5.8	5.0	2.4	3.0	7.0	4.3	5.3	15.5	5.8
Number of hours of blackouts experienced per month	56.8	14.0	36.0	27.8	40.0	36.8	54.6	166.3	1.2	48.2
Number of hours of brownouts experienced per month	54.8	13.0	67.4	6.6	n/a	10.0	42.3	137.8	0.4	41.5
Average number of hours of generator usage per month	62.6	25.0	50.0	28.8	n/a	25.0	133.3	26.5	1.2	44.1
Number of days per year of water supply shortage	4.4	0.0	0.7	10.0	365.0	38.5	236.9	5.0	0.0	73.4
Quality of the public waste treatment system*	4.4	3.8	1.0	1.0	1.5	1.0	1.6	1.4	4.0	2.2
Number of alternative sites considered during investment process	1.3	1.0	1.4	1.6	2.0	2.8	1.1	1.7	1.5	1.6

* All scores calculating these infrastructure qualities are rated from 1 – 5, with 5 symbolizing a better performance and the score of 1 as worse.

Table 30: Infrastructure: Shared Services (Call Centers)

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Average
Quality of landline communications*	3.6	3.6	3.3	2.8	4.0	4.4	3.5	4.6	4.0	3.4	3.7
Number of days to install a phone	26.5	11.8	44.8	49.4	2.8	3.4	24.0	5.0	39.3	10.8	21.8
Quality of Internet*	3.8	3.4	2.8	2.4	3.7	3.2	3.0	3.9	4.4	4.0	3.5
Number of days to install a broadband line	10.5	8.3	15.8	5.4	1.0	5.2	13.0	6.7	4.5	3.5	7.4
Number of hours of blackouts experienced per month	16.8	10.3	54.8	16.2	4.5	16.4	38.0	66.9	0.4	0.4	22.5
Number of hours of brownouts experienced per month	47.6	4.7	11.0	1.5	2.0	67.8	92.7	8.3	0.0	1.4	23.7
Average number of hours of generator usage per month	42.4	n/a	96.7	16.3	n/a	14.4	15.3	74.6	0.4	0.5	32.6
Number of days per year of water supply shortage	2.0	0.6	0.0	0.0	0.5	0.5	14.0	0.6	0.0	0.0	1.8
Quality of the public waste treatment system*	1.0	5.0	1.0	1.0	1.0	1.0	2.7	3.3	4.4	4.0	2.4
Number of alternative sites considered during investment process	2.0	1.4	8.2	3.0	2.0	2.2	2.0	3.3	2.7	3.0	3.0

* All scores calculating these infrastructure qualities are rated from 1 – 5, with 5 symbolizing a better performance and the score of 1 as worse.

Table 31: Infrastructure: Tourism (Hotels)

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	South Africa	Mauritius	Average
Quality of landline communications*	3.0	2.6	3.4	2.7	3.8	3.6	3.5	4.0	3.8	3.4
Number of days to install a phone	184.8	57.0	43.8	35.3	1.7	76.6	32.3	14.3	26.4	52.5
Quality of Internet*	4.0	3.2	1.0	3.2	3.8	3.2	4.0	4.0	4.3	3.4
Number of days to install a broadband line	8.7	5.8	22.0	3.4	1.7	3.2	28.0	25.1	95.6	21.5
Number of hours of blackouts experienced per month	13.4	123.7	36.3	9.0	52.6	36.0	278.5	10.5	6.5	62.9
Number of hours of brownouts experienced per month	16.6	0.7	85.5	1.0	80.5	1.8	450.0	0.0	10.0	71.8
Average number of hours of generator usage per month	13.4	209.0	45.0	8.4	124.8	34.0	274.5	3.9	6.5	79.9
Number of days per year of water supply shortage	10.0	18.0	0.7	7.2	4.6	73.6	301.7	0.2	1.9	46.4
Quality of the public waste treatment system*	4.8	3.5	1.0	1.0	1.0	1.0	1.2	4.2	2.0	2.2
Number of alternative sites considered during investment process	1.0	1.0	3.3	11.0	1.8	1.4	1.7	2.0	1.0	2.7

* All scores calculating these infrastructure qualities are rated from 1 – 5, with 5 symbolizing a better performance and the score of 1 as worse.

Table 32 Living conditions: Textile*

	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Average
Cost of living	3.5	2.5	2.3	2.8	2.0	3.4	1.5	4.0	3.0	3.4	3.0	2.9
Level of safety	3.8	1.0	1.4	3.2	4.3	3.6	3.5	2.5	3.0	2.8	3.0	2.9
Quality of international schools	3.5	4.5	3.6	3.5	2.0	2.3	4.0	4.0	1.8	3.4	n/a	3.3
Quality of local schools	3.3	4.0	2.0	3.0	1.0	2.8	3.0	2.0	2.0	3.8	3.0	2.7
Health care	3.0	2.0	2.1	1.6	1.0	2.4	3.0	2.0	1.8	3.0	3.0	2.3
Quality of recreational services	3.0	4.0	2.1	2.6	1.3	2.2	2.0	2.0	2.2	4.0	4.0	2.7

* All scores calculating the quality of living conditions are rated from 1 – 5, with 5 symbolizing a better performance and the score of 1 as worse.

Table 33: Living conditions: Apparel*

	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	Mauritius	Average
Cost of living	4.2	1.7	1.7	3.0	2.0	3.4	2.0	1.7	2.9	3.4	2.6
Level of safety	4.4	2.0	1.8	3.4	3.5	3.6	4.0	2.3	3.6	4.0	3.3
Quality of international schools	4.2	4.1	3.2	3.4	1.5	2.3	4.3	2.7	2.4	3.8	3.2
Quality of local schools	4.2	3.3	2.0	3.0	1.5	2.8	3.0	2.0	2.5	4.3	2.8
Health care	4.2	2.7	2.2	2.1	3.0	2.4	3.3	1.3	2.1	3.6	2.7
Quality of recreational services	4.2	3.6	1.2	2.7	1.5	2.2	3.0	2.0	2.1	2.6	2.5

* All scores calculating the quality of living conditions are rated from 1 – 5, with 5 symbolizing a better performance and the score of 1 as worse.

Table 34: Living conditions: Horticulture*

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Average
Cost of living	4.4	2.6	2.6	2.9	2.7	3.0	3.0	3.2	3.6	3.1
Level of safety	4.2	1.4	3.3	4.2	1.3	4.0	2.0	3.2	2.2	2.9
Quality of international schools	3.4	4.0	3.9	4.0	n/a	3.8	3.4	3.7	3.6	3.7
Quality of local schools	3.2	2.2	n/a	2.0	1.7	3.8	1.6	1.8	3.0	2.4
Health care	3.8	2.2	2.4	2.0	1.7	3.4	2.0	2.0	2.8	2.5
Quality of recreational services	3.6	4.0	2.9	2.6	2.3	4.0	2.6	3.5	4.2	3.3

* All scores calculating the quality of living conditions are rated from 1 – 5, with 5 symbolizing a better performance and the score of 1 as worse.

Table 35: Living conditions: Food and Beverage Processing*

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Average
Cost of living	4.0	2.5	3.1	3.0	2.0	2.0	1.4	2.6	4.2	2.8
Level of safety	3.8	2.0	3.6	4.4	2.3	3.8	3.9	3.8	2.2	3.3
Quality of international schools	3.6	4.5	4.3	3.2	3.5	3.8	3.3	3.0	3.8	3.7
Quality of local schools	4.0	3.3	2.0	1.7	2.5	3.6	2.2	3.0	2.8	2.8
Health care	3.6	2.0	2.3	2.1	1.7	3.4	1.9	1.8	3.0	2.4
Quality of recreational services	3.0	2.8	3.6	2.8	2.3	4.0	2.0	2.6	4.2	3.0

* All scores calculating the quality of living conditions are rated from 1 – 5, with 5 symbolizing a better performance and the score of 1 as worse.

Table 36: Living conditions: Shared Services (Call Centers) *

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Average
Cost of living	3.8	2.4	3.2	2.2	2.5	2.0	3.0	4.0	4.6	3.3	3.1
Level of safety	4.6	2.4	2.8	4.2	1.8	4.0	2.5	3.4	2.6	3.5	3.2
Quality of international schools	4.0	4.2	4.0	2.9	2.7	4.0	3.0	3.1	4.2	3.7	3.6
Quality of local schools	3.6	3.5	1.7	1.5	2.0	3.1	3.0	2.1	4.2	2.0	2.7
Health care	4.0	2.5	2.0	1.3	1.8	2.6	3.5	1.9	4.2	2.0	2.6
Quality of recreational services	2.6	3.8	3.3	1.6	2.5	3.0	3.0	2.0	4.4	2.8	2.9

* All scores calculating the quality of living conditions are rated from 1 – 5, with 5 symbolizing a better performance and the score of 1 as worse.

Table 37: Living conditions: Tourism (Hotels)*

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	South Africa	Mauritius	Average
Cost of living	4.0	2.3	2.2	2.0	3.0	3.0	3.0	4.0	3.0	2.9
Level of safety	4.4	2.3	3.2	3.5	2.4	3.8	3.5	1.6	3.2	3.1
Quality of international schools	4.0	4.3	4.5	3.5	2.3	4.3	2.0	3.8	3.8	3.6
Quality of local schools	4.0	3.5	n/a	1.8	1.8	1.7	1.4	3.3	3.0	2.6
Health care	3.4	1.8	2.0	1.7	1.4	3.0	1.3	4.0	3.2	2.4
Quality of recreational services	2.2	3.8	1.8	1.7	1.8	3.0	1.3	4.0	3.4	2.6

* All scores calculating the quality of living conditions are rated from 1 – 5, with 5 symbolizing a better performance and the score of 1 as worse.

Table 38: Operating costs: Textile

	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Average
Annual gross salary (in USD)												
• Managers	23,190	13,183	14,413	25,511	18,511	7,854	12,569	7,580	18,581	64,463	20,420	20,571
• Professionals	20,581	12,051	27,704	5,245	4,553	15,071	10,293	11,603	13,822	45,181	17,637	16,704
• Technical workers	8,575	6,670	14,051	2,845	3,096	3,712	9,897	10,089	11,221	39,394	16,027	11,416
• Skilled workers	3,505	2,398	5,203	1,135	2,316	2,145	4,150	1,190	2,970	12,510	2,962	3,680
• Unskilled workers	1,417	1,065	3,090	618	1,029	998	2,082	704	1,615	5,315	3,339	1,934
Average wage burden as percentage of gross salary	88	83	95	81	77	67	83	81	70	79	75	80
Interest rate (percent)	20	16	11	18	10	7	11	12	15	10	10	13

Table 39: Operating costs: Apparel

	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	Mauritius	Average
Annual gross salary (in USD)											
• Managers	4,519	15,771	22,557	23,801	14,252	7,854	9,878	9,321	17,637	22,945	14,853
• Professionals	6,554	11,127	27,704	5,670	5,048	15,071	12,074	10,834	11,821	15,822	12,173
• Technical workers	8,053	6,603	23,086	5,151	3,266	3,712	8,981	8,533	8,346	16,137	9,187
• Skilled workers	1,011	1,420	6,645	1,318	2,286	2,145	2,925	1,377	2,253	2,871	2,425
• Unskilled workers	570	1,048	4,772	610	1,158	998	1,746	855	1,067	2,989	1,581
Average wage burden as percentage of gross salary	88.0	79.4	95.0	71.3	75.5	66.8	78.5	87.5	77.4	81.7	80
Interest rate (percent)	16.0	12.7	12.8	17.0	n/a	7.1	11.7	10.2	16.0	10.5	13

Table 40: Operating costs: Horticulture

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Average
Annual gross salary (in USD)										
• Managers	5,246	20,172	8,263	9,026	14,095	36,413	24,781	22,577	50,814	21,265
• Professionals	6,135	16,049	1,813	4,216	12,089	19,398	22,645	11,754	36,547	14,516
• Technical workers	2,785	10,572	2,506	4,038	4,842	9,947	5,007	4,215	19,924	7,093
• Skilled workers	1,637	1,846	732	1,455	3,442	2,629	1,379	2,162	14,169	3,272
• Unskilled workers	774	1,037	480	750	1,069	1,223	1,511	1,428	3,721	1,333
Average wage burden as percentage of gross salary	88.0	79.0	47.0	56.0	83.8	80.8	87.2	81.1	79.4	75.8
Interest rate (percent)	22.0	6.6	19.3	12.8	5.1	9.8	8.9	9.1	8.1	11.3

Table 41: Operating costs: Food and Beverage Processing

	Ghana	Kenya	Lesotho	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Average
Annual gross salary (in USD)											
• Managers	11,017	16,652	29,316	15,910	35,002	35,774	24,933	25,894	28,608	88,715	31,182
• Professionals	8,948	13,908	32,573	3,386	13,755	14,982	15,416	22,712	8,551	103,825	23,806
• Technical workers	5,676	6,222	19,544	2,454	8,301	11,094	11,473	13,561	4,447	55,531	13,830
• Skilled workers	3,551	3,534	9,772	1,111	3,500	7,433	6,277	4,998	3,209	24,098	6,748
• Unskilled workers	2,265	1,693	4,886	506	2,289	1,495	3,473	2,141	1,433	11,870	3,205
Average wage burden as percentage of gross salary	82	75	n/a	79	72	70	79	83	79	75	77
Interest rate (percent)	20	8	11	19	10	n/a	10	12	11	11	13

Table 42: Operating costs: Shared Services (Call Centers)

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	Uganda	South Africa	Mauritius	Average
Annual gross salary (in USD)											
• Managers	23,265	14,846	10,284	28,674	25,713	30,080	20,814	33,045	65,472	17,123	28,021
• Professionals	25,502	11,171	3,226	20,068	12,871	20,100	24,660	14,247	101,792	14,498	25,960
• Technical workers	10,738	8,421	2,642	11,863	7,838	13,534	n/a	9,480	51,010	11,416	14,441
• Skilled workers	5,369	3,921	1,104	7,942	3,199	8,445	4,045	4,701	29,121	4,281	7,538
• Unskilled workers	3,803	1,444	698	2,496	1,685	4,902	n/a	2,648	12,899	2,414	3,822
Average wage burden as percentage of gross salary	78	86	65	75	89	70	75	81	82	83	77.8
Interest rate (percent)	9	16	n/a	7	n/a	7	7	18	10	n/a	10.7

Table 43: Operating costs: Tourism (Hotels)

	Ghana	Kenya	Madagascar	Mali	Mozambique	Senegal	Tanzania	South Africa	Mauritius	Average
Annual gross salary (in USD)										
• Managers	4,295	19,156	21,272	30,438	29,396	27,645	30,379	38,111	42,164	26,984
• Professionals	6,085	10,950	7,828	10,933	13,092	16,396	27,223	43,974	30,685	18,574
• Technical workers	2,021	5,196	1,916	6,325	6,214	12,239	17,941	21,889	7,301	9,005
• Skilled workers	1,678	2,465	1,009	2,888	2,588	4,794	4,644	12,508	4,575	4,128
• Unskilled workers	1,275	1,274	706	1,545	1,932	2,287	2,654	6,078	2,452	2,245
Average wage burden as percentage of gross salary	88.0	85.0	61.6	78.7	61.1	71.6	74.3	70.3	78.0	74
Interest rate (percent)	n/a	13.8	15.9	12.3	6.6	8.5	6.1	10.5	12.0	11

Appendix IV: The Kenya Investment Authority (KIA)

The Kenya Investment Authority (KIA) was established by the Investment Promotion Act, 2004, as a more powerful successor organization to the Investment Promotion Centre established in 1986, with the ability to grant investment certificates and play a more active role in promoting and facilitating investments. The Primary role of the KIA is to assist investors in obtaining permits, licenses, incentives and exemptions, promote both foreign and domestic investment opportunities, advise the Government of Kenya on improving the investment climate, and facilitate and manager investment sites, estates and land. The organization is run by a board of directors, composed of individuals from both the public and private sector, has a staff of 69, and the Managing Director, Ms. Susan Kikwai is responsible for management.

(Source: UNCTAD, KIA)

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