

Business Climate Reforms



Republic of Kenya



2020-2021 Milestones Report

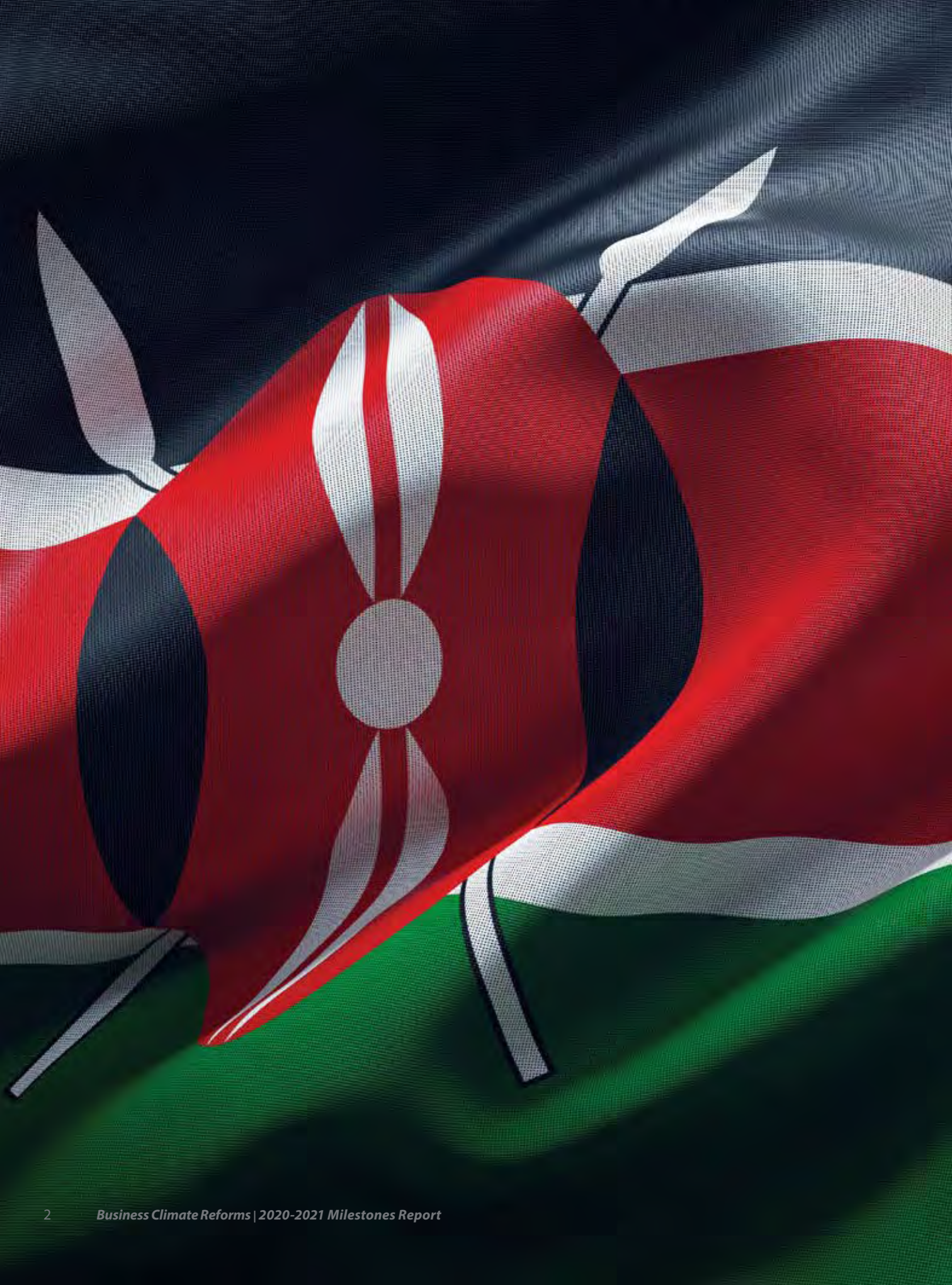


TABLE OF CONTENTS

1. INTRODUCTION:

<i>Foreword</i>	4
<i>Preface</i>	6
<i>Overview</i>	9
<i>Executive Summary</i>	10
<i>The Department of Business Reforms & Transformation</i>	12

2. IMPLEMENTED BUSINESS CLIMATE REFORMS:

<i>Registering a Company</i>	16
<i>Obtaining Building Plan Approvals</i>	22
<i>Access to electricity</i>	30
<i>Property Registration</i>	36
<i>Paying taxes</i>	46
<i>Import & Export Processes</i>	52
<i>Access to Justice for Businesses</i>	64
<i>Business Restructuring & Insolvency</i>	70
<i>Public Procurement Reforms</i>	76
<i>Legal Reforms</i>	78

3. REGULATORY TOOLKITS:

<i>Overview</i>	
<i>National Regulatory Toolkit</i>	88
<i>County Regulatory Toolkit</i>	90

4. ONGOING/FUTURE REFORMS:

<i>Overview</i>	
<i>Global Competitiveness Index (GCI) reforms</i>	92
<i>County Business Climate Reforms</i>	94
<i>Corruption Perception Index (CPI) reforms</i>	96

5. ACKNOWLEDGEMENTS 98



Republic of Kenya

I strongly believe that these reforms will support and strengthen SMEs many of which are now recovering from the effects of the global COVID-19 pandemic.

FOREWORD

I am confident that the milestones captured in this publication demonstrate how far Kenya has come in improving its business environment, and our continued commitment to support reforms that improve the lives of the business community. I therefore strongly believe that these reforms will support and strengthen SMEs many of which are recovering from the effects of the global COVID-19 pandemic.

The Fourth Industrial Revolution will bring a unique set of opportunities and challenges to Africa as new technologies and industries re-shape the world. Governments particularly in Africa are developing strategies to benefit from these changes as they prepare for an estimated 400 million new jobs to land on the continent by 2040.

With rising costs in Asia, the emerging COVID-19 threat, and new and widening economic disparities, Kenya is gearing to become the regional leader in adapting to these changes and seizing the economic opportunities. Kenya is therefore rolling out initiatives to attract and retain investments, foster an environment to accelerate industrial development, and grow the private sector to create jobs and wealth for her people.

Since 2013, my Administration has prioritized unlocking the potential of the private sector to create jobs and generate wealth. To achieve this, the Government has pushed through several reforms, supporting the Ease of Doing Business agenda by removing bottlenecks hindering the growth of Kenya's private sector. My focus has been to foster a conducive business environment that creates the foundation to attract investments, accelerate economic growth, and help create purposeful employment for our deserving young people.

As a result, Kenya was ranked 56th globally in the World Bank's Doing Business 2019 report, having improved 80 places since 2014 – one of the most improved countries in Africa and globally. We aim to build on this success to further improve the business climate in Kenya.

In the coming months, we intend to further the improvements driven largely by a raft of targeted, time-based reforms, including: (1) Re-engineering service delivery processes to enhance efficiency; (2) Automating services to boost revenue collection; and (3) Enacting legal and regulatory reforms to eliminate the compliance burden especially for our small and medium sized businesses.

I am proud of the gains we have made to support the private sector. For example, the Companies Act of 2015 was enacted to replace the colonial 1948 Companies Act and has immensely benefited our SMEs, including single director/shareholder company ownerships, waivers for expensive annual general meetings for certain categories of companies, electronic platform for registering businesses among others.

We have increased revenue collection – fourfold in some areas – through automation of service delivery, a program that we will intensify in the coming months. I am confident that the milestones captured in this publication demonstrate how far Kenya has come in improving its business environment, and our continued commitment to support reforms that improve the lives of the business community.

I strongly believe that these reforms will support and strengthen SMEs many of which are now recovering from the effects of the global COVID-19 pandemic. Further, I remain confident that ongoing reforms will improve the competitiveness of our Counties as investment destinations by addressing regulatory bottlenecks.

It is my sincere hope that the trajectory that we have set will be sustained well beyond my Administration through the recently established Department of Business Reforms and Transformation.

Uhuru Kenyatta, CGH
President of the Republic of Kenya and
Commander-in-Chief of the Defence Forces.





Republic of Kenya

In the past six years, the Government has implemented an economic plan that addresses systemic bottlenecks in the business environment with a view to improving the Ease of Doing Business.

PREFACE

Africa is a continent at a crucial point in history; in recent years, the tide has been changing, positioning countries in strategic locations such as Kenya for a major economic take-off. Increasingly, Africa has become an attractive investment destination for traders and investors alike, seeking to expand into new frontiers, driven mostly by an expanding middle income population; improved governance and economic management; discovery of abundant extractive resources; and, a relatively young, energetic and educated workforce ready for today's challenges. The demographic dividends has seen increased investments by dozens of multinationals in countries like Kenya where today, over 12 million small businesses create more than 80% of the jobs with young people as the natural beneficiaries. It is therefore against this background that the Government of Kenya recognized the need to pursue reforms to make Kenya's economy more competitive, dynamic and attractive for trade and investments.

In 2014, H.E the President set the ambitious target of reaching top-50 global ranking in the Ease of Doing Business report. Subsequently and for the first time in Kenya's history, the doing business climate agenda became pivotal in the government's agenda. Resources have therefore been dedicated at all levels of Government to ensure delivery of impactful reforms which will be central to private sector growth. In the past six years, the Government has implemented an economic plan that addresses systemic bottlenecks in the business environment with a view to improving the Ease of Doing Business.

Some key infrastructural initiatives implemented so far include: scaling up electricity generation; investing in renewable energy for affordable power supply; increasing connectivity through the last mile project; expanding the rail network through the Standard Gauge Railway (SGR) that runs from the Port of Mombasa through capital Nairobi to the new industrial hub located in Naivasha and upgrade of the old Metre Gauge Railway (MGR). Further, resources have been allocated to expanding and modernizing the road network, airports, seaports and petroleum pipelines. The Government has also set its focus on developing local and international markets while adopting fiscal policies aimed at availing affordable financing for both local and foreign investors. By developing and implementing policies such

as the Kenya Industrial Transformation Programme (KITP), the business environment has improved making Kenya a much preferred destination for local and international investors and spurring increased industrial development, innovation, exports and job creation.

In particular, we have placed emphasis on reforms that directly improve processes and costs associated with a broad range of business-related measures such as Company Registration, Construction permits, Property Transfers, Commercial litigation, the insolvency framework, Access to credit and Protecting minority investors, amongst others. This has been made possible through enacting legislation, re-engineering processes and eliminating red tape, in critical areas that facilitate efficiency in the public sector space interface with the private sector.

To improve Kenya's business environment, the Government in 2014 established a multi-institutional Business Environment Delivery Unit, which draws its membership from various ministries, departments and agencies. The Delivery Unit was mandated to champion the implementation of various business reforms in partnership with the private sector. In 2018, H.E the President, strengthened this approach by establishing the Department of Business Reforms and Transformation (DBRT), a dedicated and resourced Government organ mandated to implement initiatives that make Kenya more competitive both locally and internationally.

In the plan period 2020-21, the Government of Kenya through the Department of Business Reforms and Transformation (DBRT) implemented far reaching reforms across 9 key indicators: Starting a business; Dealing with construction/Building permits; Getting electricity; Registering/transferring property; Paying taxes; Trading across borders; Enforcing contracts (Judicial reforms); Resolving insolvency; and, Contracting with government (procurement).

Across the 9 indicators, the Government reviewed best practices globally, proposed and implemented reforms based on efficiency and potential impact to small and medium businesses. Some of the initiatives undertaken include: Mapping and documenting government business processes; Re-engineering and remodeling processes; Recommending new business processes and legal/policy reforms; Engaging

process owners to buy into the recommended processes and reforms; Following up the implementation of the new processes; Capturing impact of the reforms (monitoring and evaluation); Communicating the impact of reforms. This was achieved in collaboration with the Private Sector, Partner Government Agencies and Development Partners through which critical constraints and impediments in the Business Climate in Kenya and the Ease of Doing Business were identified, prioritized and reform actions initiated and implemented.

As a result, public services have been reengineered to eliminate duplication, delays and unnecessary bottlenecks. Fee waivers and reductions have also been implemented across various points of public service delivery in order to reduce the cost of doing business and incentivize businesses to formalize, grow and create more employment opportunities. A special focus has been placed on SMEs which account for well over 90% of job creation in Kenya. Various Legislative and Administrative interventions have been adopted for implementation by various Public Sector Service Agencies in order to address the constraints and impediments identified as affecting the SME sector.

Additionally, a number of institutional and structural reforms were implemented during the plan period 2020-21 in pursuit of the East African Community regional integration agenda. We have established, resourced and operationalized: Safe Trade Zones at selected border entry points to mitigate the impact of the COVID19 Pandemic on cross border trade; Cross-border (Jumuiya) markets at Busia, Taveta, Namanga and Isebania; Regional Integration Centres in Namanga, Taita Taveta, Lunga Lungu, Busia, Malaba and Isebania; and, additional One Stop Border Posts (OSBPs).

This publication, Business Climate Reforms | 2020-21 Milestones Report, therefore provides a detailed insight and overview of the far reaching reforms as documented and implemented by the Kenya Government during the plan period. It also highlights the ongoing reforms for the plan period 2021-22 and those in the pipeline for future implementation.

Adan Mohamed, EGH
Cabinet Secretary, Ministry of East African
Community & Regional Development



Lamu Port Berths & supporting road infrastructure.





Republic of Kenya

Kenya was ranked 136th globally for ease of doing business, while foreign direct investment (FDI) for some of our neighbouring countries was triple that of Kenya (US\$ 300 million).

OVERVIEW

Globally, the growth of investments and private capital has been critical to stimulating economic growth and job creation. Many governments have prioritised boosting their standing in credible international investment reports to help attract investments.

One such important tool is the World Bank's Global Ease of Doing Business report, which measures the competitiveness of 190 global economies according to set parameters. Given its robust methodology, wide acceptance and practical approach to addressing the business climate issues facing small and medium businesses (SMEs), investors refer to this report to guide investment decisions.

In 2014, Kenya was lagging other East African and African countries as an investment destination, primarily because of its then difficult business environment. Kenya was ranked 136th globally for ease of doing business, while foreign direct investment (FDI) for some of our neighbouring countries was triple that of Kenya (US\$ 300 million). Investors were frustrated by the lack of clear information on investment procedures, even from key government agencies.

To address the situation, the Government of Kenya (GoK) set up a dedicated business reform unit in 2014 to coordinate the implementation of business reforms. For the first time, a Cabinet Secretary reporting directly to H.E the President was appointed to coordinate reforms with a dedicated budget line.

The President assigned the Ministry of East Africa Community and Regional Development to execute the mandate to improve Kenya's business environment. The Ministry's top leadership has been steering the mandate since 2014 with great success. Its efforts have lifted Kenya's global Ease of Doing Business (EODB) global ranking from 136 (2014) to 56 (2019) and grown FDI tenfold from US\$ 350 million (2014) to US\$ 3.5 billion (2019).

Some of the important ranking milestones achieved so far include:

- *Third most improved country globally for three consecutive years (2015, 2016, 2017)*
- *Most improved country on the continent*
- *Third overall rank in sub-Saharan Africa 80 places improvement in the global rankings to position 56 in October 2019*

The initial focus area for these reforms has been the city of Nairobi, with plans to begin rolling out the same to all other counties in the country.

The eleven indicators measured in Ease of Doing Business include: starting a business, dealing with construction/building permits, getting electricity, registering/transferring property, access to credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts, resolving insolvency, and contracting with government (procurement).

This report shares the story of the transformation. It highlights the reform journey and outlines the benefits accruing to the private sector, especially to small and medium businesses, and to the Government through realizing new efficiencies. In addition, it shows the trajectory of future reform agenda in Kenya, as we bring even more improvements to the country's ease of doing business.

Hon. Ken Obura

Chief Administrative Secretary; Ministry of East Africa Community and Regional Development.



Department of Business Reforms and Transformation (DBRT) and is a key enabler to the achievement of the Kenya Government's 'Big Four' Agenda by creating a conducive environment for the private sector to thrive under the Ease of Doing Business agenda.

EXECUTIVE SUMMARY

The State Department for East African Community (SDEAC) is an organ of the Kenya Government under the Ministry of East African Community and Regional Development. SDEAC is charged with addressing the overall economic and social pillars of the Kenya Vision 2030 framework by coordinating policies, programs, and projects that support East African Community (EAC) integration and facilitate Kenya's economic growth and attainment of the Sustainable Development Goals (SDGs). SDEAC coordinates the EAC integration pillars of the Customs Union, the Common Market, Monetary Union and Political Federation.

It hosts the Department of Business Reforms and Transformation (DBRT) and is a key enabler to the achievement of the Kenya Government's 'Big Four' Agenda by creating a conducive environment for the private sector to thrive under the Ease of Doing Business agenda. It contributes towards:

- *Agriculture and food security through rationalization of agricultural production to promote complementarity, specialization and sustainability of national agricultural programs and regional cooperation to bridge any food deficits through policies that allow free flow of agricultural products from other Partner States.*
- *Affordable housing by promoting bilateral and regional partnerships that enhance technological transfer and promote the development of industrial and manufacturing capacities as well as review of the EAC Common External Tariff (CET) to facilitate availability of affordable housing construction materials.*
- *Manufacturing through market access, coordinated trade facilitation measures and enhanced capacities*

for Micro and Small Enterprises to graduate to large scale manufacturing firms. Regionally planned infrastructure projects also ensure better interconnectivity and economies of scale.

- *Universal Health Care, through a coordinated approach in the control of communicable and non-communicable diseases and control of pandemics and epidemics as well as access to efficacious medicine and health technologies.*

During the plan period 2020-21, the State Department initiated institutional and structural reforms aimed at enhancing efficiency in the delivery of her mandate.

These reforms included: development of an economic recovery plan, establishment of Safe Trade Zones at selected border entry points as a response to the impact of COVID19 Pandemic on cross border trade; establishment of cross-border (Jumuiya) markets at Busia, Taveta, Namanga and Isebania; publicity and sensitization to raise awareness on opportunities available from EAC integration process; establishment and operationalization of Regional Integration Centres in Namanga, Taita Taveta, Lunga Lungu, Busia, Malaba and Isebania; recruiting additional technical officers in Regional Integration and business transformation and establishment of additional One Stop Border Posts (OSBPs).

In this publication, we document some of the key reforms whose implementation has been coordinated by the Department of Business Reforms and Transformation during the 2020-21 plan period.

Kevit Desai, CBS

**Principal Secretary,
State Department for East African Community**





Republic of Kenya

Kenya has also consistently been ranked as one of the most re-formed countries globally achieving 3rd position in Sub-Saharan Africa and has been recognized amongst the top reformed countries over the last 5 consecutive years.

THE DEPARTMENT OF BUSINESS REFORMS & TRANSFORMATION

The Department of Business Reforms & Transformation (DBRT) is an establishment of the Government of Kenya mandated to implement Business Reforms and Transformation across all levels and arms of government. The Department is provided as one of Main Organs of the East Africa Community (EAC) with a scope and mandate that covers the following functions:

- a) *Identifying & recommending business reforms to make Kenya competitive locally, regionally & internationally;*
- b) *Monitoring business climate and recommending appropriate policy, legal, regulatory and administrative changes to enhance conduct of Kenya and her trading partners;*
- c) *Identifying factors constraining Ease of Doing Business Agenda & solutions;*
- d) *Working & Coordinating with partners to monitor business climate;*
- e) *Coordinating dialogue initiatives between public & private sector;*
- f) *Driving legislative & regulatory reforms for ease of doing business & business transformation;*
- g) *Private sector-government dialogue on competitiveness;*
- h) *Creating awareness of Kenya's efforts in improving her Ease of Doing Business;*
- i) *Addressing County competitiveness;*
- j) *Internal Government Service Reforms;*
- k) *Addressing all global reports on business climate.*

The Department is headed by the Secretary, Business Reforms & Transformation and comprises two directorates, namely:

- *Directorate of Business Reforms;*
- *Directorate of Regulatory, Communication and Field Services.*

The Department has an approved staff establishment of 45 staff with 17 already in post including the Director, Regulatory Communications & Field Services; the Deputy Director,

Regulatory Communications & Field Services; and, the Deputy Director, Business Reforms.

It is in the process of recruiting additional staff to fully operationalize and support the execution of its broad mandate across 16 National Government Ministries and 63 Partner Government Agencies.

Due to the cross-cutting nature of the required business reforms, the Department coordinates with the 47 County Governments and other arms of Government, namely, the Judiciary and the Legislature in identifying areas of Business Climate Reforms for prioritization and implementation.

The Department also collaborates with the Private Sector through representative associations in developing, prioritizing, communicating and validating reforms. It has developed a close working relationship with various Development Partners who provide technical assistance and capacity support in the development and roll-out of the reforms.

Since inception, the Department has made notable strides towards reforming Kenya's Business and Investment climate. As a testament to these efforts, Kenya was ranked at position 56 globally out of 190 countries in the last Ease of Doing Business Report published by the World Bank Group in 2019, which measures global competitiveness across 190 economies globally.

This is a significant 80 ranks improvement from position 136 held globally in 2014. Over that period, Kenya has also consistently been ranked as one of the most re-formed countries globally achieving 3rd position in Sub-Saharan Africa and has been recognized amongst the top reformed countries over the last 5 consecutive years.

The Department is currently hosted under the State Department of East African Community, the Ministry of East African Community and Regional Development. Its offices are located on the 13th floor, Cooperative Bank House, Haile Selassie Avenue, Nairobi Central Business District.

John Mwendwa, OGW
Head of Business Reforms & Transformation





Republic of Kenya

 **EASE OF DOING
BUSINESS**
GLOBAL RANKING 2019 **56**

 **1ST RANK**
GLOBALLY
ON PROTECTING
MINORITY INVESTORS

 **4TH RANK** **GLOBALLY**
ON GETTING
CREDIT



3RD **MOST IMPROVED**
COUNTRY
GLOBALLY 2016/17

80 SLOTS
IMPROVEMENT
SINCE 2014

6,612



Kshs. 62, 752, 724
MILLION
WORTH OF COMMERCIAL DISPUTES
UNLOCKED FOLLOWING 100 DAYS
LAUNCH AND OPERATION OF THE
SMALL CLAIMS COURT



81% **VAT TAX**
COMPLIANCE RATE
AFTER iTAX WAS
INTRODUCED.



WATER AND SEWER
CONNECTIONS THROUGH
THE ONLINE PLATFORM.

3RD
RANK
IN SUB-SAHARAN
AFRICA



**CORRUPTION PERCEPTION
INDEX (CPI) 2020**
KENYA IS CURRENTLY RANKED
124TH POSITION OUT OF 180



16.5% INCREASE
IN THE REGISTRATION OF PRIVATE COMPANIES
TOTALING TO 76,944
PRIVATE COMPANIES REGISTERED.



3 NEW ACTS
OF PARLIAMENT
24 SUBSIDIARY
LEGISLATION INSTRUMENTS



24 SUBSIDIARY
LEGISLATION
INSTRUMENTS



48,586 EMPLOYERS
REGISTERED ON THE UNITED PAYROLL
RETURN FRAMEWORK FOR COLLECTION
OF TRAINING LEVY.

TRAINING LEVY COLLECTED ON iTAX AMOUNTING
TO KSHS. 141, 808, 913 MILLION



OVER
13.123
MILLION
BUSINESS AND CITIZENS
REGISTERED ON iTAX



94.8%
APPLICANT
SATISFACTION RATE
WITH iTAX



61,068
LAND PER YEAR
TRANSACTIONS ON AVERAGE

1 OVER
TRILLION
VALUE OF
MOVEABLE
ASSETS



REGISTERING A COMPANY

Problem Statement

Registering a business is the first step towards formalizing a business. Most entrepreneurs are averse to the concept of business formalization due to the perception that it is a complex and costly process which yields no value to MSMEs but on the contrary exposes the business to scrutiny by public authorities.

In this chapter, we are showcasing the various reforms implemented during the period 2020-2021 to enhance efficiency in the registration of a new business as part of the reforms to improve Kenya's business climate and to enhance the value of business registration. Facilitating business registration not only increases opportunities for job creation but also enables growth-oriented businesses able to leverage on new investment and wider market opportunities.

The reforms under Starting a Business focus on the number of procedures, time, cost, and paid-in minimum capital required to incorporate and operate a small-to-medium limited liability corporation. They will also focus on demonstrating the value of compliance.

A procedure is any interaction between the company's founders and third parties (for example, government agencies, lawyers, auditors or notaries). The time refers to the median amount of time that incorporation lawyers or notaries estimate is required in practice to execute a procedure with the least amount of follow-up with government agencies.

The reforms implemented in the 2020 - 2021 period have reduced the number of procedures from seven to just one, the time to register a business from 23 days to one day and the total cost by 60% from KES 14,800 to KES 10,650.

The responsible Partner Government Agency(ies)/institution(s);

- *Business Registration Services (BRS)*
- *Kenya Revenue Authority (KRA)*
- *National Hospital Insurance Fund (NHIF)*

- *National Social Security Fund (NSSF)*
- *National Industrial Training Authority (NITA)*
- *Department of Occupational Safety & Health (DOSH)*
- *Kenya National Innovation Agency (KENIA)*
- *National Metropolitan Services (NMS)*
- *All County Governments*
- *National Assembly of Kenya*
- *The Senate*
- *The impacted business sectors & players*
- *Startups and Micro, Small and Medium Enterprises (MSMEs)*
- *Kenya National Chamber of Commerce and Industry (KNCCI)*
- *Kenya Private Sector Association (KEPSA)*
- *Association of Startups and SME Enablers of Kenya (ASSEK)*



16.5% INCREASE
IN THE REGISTRATION OF PRIVATE
COMPANIES TOTALING TO

76,944
PRIVATE COMPANIES REGISTERED.
BETWEEN 2020-2021 PERIOD

Business Registration Services (BRS) Manual Registry



Business Registration Services (BRS) New Digital Registry



BUSINESS REGISTRATION SERVICE
Ease of Doing Business

General BRS Queries
Email: eo@brs.go.ke
Phone: +254 020 222 7461/ +254 020 225 1355, +254 700 072 929/ +254 732 529 995

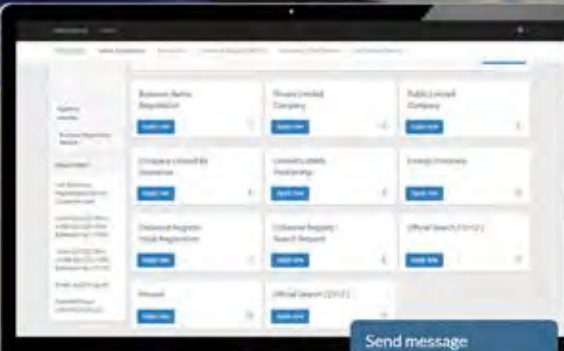
[Whistleblowing](#)
[Online Services](#)
[Staff Email](#)
[f](#)
[t](#)
[in](#)

[Home](#) [About Us](#) [Services](#) [Fees](#) [Downloads](#) [Info Centre](#) [Opportunities](#) [Contact](#)

Home welcome About Us what we do Services What we offer Fees Current charges Downloads Info Centre Opportunities Contact



Business Registration Service (BRS)
Transforming Service Delivery
Online • Timely • Efficient • Convenient
[READ MORE...](#)



Send message

1. Administrative Reforms

Unified Company Registration

The process of Company Registration was simplified by enhancing its online company registration system that integrating company registration, KRA PIN, PAYE, VAT, NHIF and NSSF registration in one simple online step on <https://ag.ecitizen.go.ke/>.

This Reform consolidated the application for company registration and KRA PIN, PAYE, VAT, NHIF and NSSF registrations into one online step.

An applicant inputs data in a unified and enhanced online registration portal, makes payment via (mobile money, bank transfers, pre- paid agency account) M-Pesa, Debit/Credit/Prepaid Card, Airtel Money, EazzyPay, E-Agent, KCB Cash, Equity Cash or Pesalink) and submits the application. The applicant will obtain Certificate of Incorporation, Official Search (formerly known as CR12) (List of directors/ shareholders of the new registered company), KRA PIN, PAYE, VAT, NHIF and NSSF registration are done electronically.



THE BUSINESS REGISTRATION SERVICE

1 STEP REGISTRATION

REGISTER YOUR BUSINESS

IN ONE EASY STEP

The Name Reservation and Business Registration processes have been **MERGED** into one easy step.

- Submit your choice of 3 preferred names and the full application online.

REFORMS TO EASE BUSINESS STARTUP

- NITA Registration for companies with up to 100 employees has been waived for the first 12 months.
- Department of Health and Safety Registration waived for 12 months for new businesses.
- Single Business Permit fees waived for the first 24 months of all new businesses registered.
- Company Seal no longer a requirement by law.

OBTAIN ALL THE DOCUMENTS YOU NEED FROM ONE PLACE

- Certificate of Incorporation.
- Company PIN.
- VAT, PAYE, NSSF and NHIF registration.
- Official Search "CR12".

Doing Business Made Easier

Log on to brs.ecitizen.go.ke and experience a **FRESH, NEW** and **EASY** way to register your business in **ONE Step, in ONE Day.**

7 to 1 REDUCTION
IN THE NUMBER OF PROCEDURES
FROM TIME TO REGISTER A BUSINESS FROM 23 DAYS TO 1 DAY

2. Legal and Regulatory Reforms

Waiver of the requirement for Single Business Permit for the first two years of incorporation

The Government made it easier for applicants to start a business on February 28, 2020, by removing the necessity for all firms to get a single business permit for the first two years after incorporation/registration. As a result, the procedure, time and cost associated with acquiring the Single Business Permit have been eliminated.

This reform eliminates the procedure associated with obtaining a single business permit for newly incorporated companies, the cost for a single business permit for newly incorporated companies of Kes 15,200 and the five (5) days previously required to obtain a Single Business Permit.



3. Elimination of the procedure to obtain a Company seal

By 2019 the Companies Act, 2015 had an optional requirement for the use of Company Seal. On 18th March 2020, Kenya further made it easier to start a business by FULLY eliminating the use of company seal both in law and in practice by deleting all legal requirements for a Company seal. The reform was achieved through enactment of the Business Laws (Amendment) Act, (No. 1 of 2020) that came into effect on 18th March 2020, which made various amendments to the Companies Act, (No. 15 of 2015).

It is no longer a requirement in law and practice to seal company registration documents at any stage of the registration process since it has been overtaken by events by the automated system. This reform has led to the elimination of one procedure, cost of Kes. 3,500 and the overall elimination of the two (2) days associated with obtaining a company seal as a post registration requirement in Kenya



Business Registration Services officers meeting.



4. Waiver of Registration of business premises with the Directorate of Occupational Safety and Health Services (DOSH) as a post registration procedure

The Government has made it easier to start a business by waiving the requirement by small and medium enterprises to register the business premises with the Directorate of Occupational Safety and Health as a post registration requirement for the first 12 months after registration of the business. This reform was achieved through a legal amendment effected by the Business Laws (Amendment) Act, (No. 1 of 2020) that came into effect on 18th March 2020, which amended the Occupational Safety, and Health Act (No. 15 2007).

This reform eliminates One procedure, cost of Kes. 5,000 and the overall elimination of time of one (1) day previously associated with the requirement to register the business premises with the Department for Occupational Safety and Health Services as a post registration requirement.

The impact of the reforms on time, process and cost of public service delivery;

	Reforms	Impact
1.	Integration of the online company registration process for KRA PIN, PAYE, VAT, NHIF and NSSF registration in one simple online step on https://ag.ecitizen.go.ke/ .	Reduction in total time taken to register a business to 1 day
2.	Waiver of the requirement by small and medium enterprises to register the business premises with the Directorate of Occupational Safety and Health (DOSH)	Reduction in cost by Ksh5,000 and one (1) day for time taken to register the business with DOSH
3.	Elimination of requirement to obtain a company seal	Reduction in cost of starting a business by Ksh3,500 and the reduction of time taken by two (2) day
4.	24-month waiver of Single Business Permit	Reduction in the cost of registering a business by Ksh 15,200 and reduction time by five (5) days



60%
TOTAL COST REDUCTION
from KES 14,800
to KES 10,650

WAIVER REMOVAL OF REQUIREMENT TO OBTAIN
SINGLE BUSINESS PERMIT
KES. 15,200
SET UP COSTS FOR NEWLY INCORPORATED COMPANIES AND 5 DAYS PROCESSING

12 MONTH SUSPENSION
FOR SMES TO REGISTER THEIR BUSINESS PREMISES WITH THE DIRECTORATE OF OCCUPATIONAL SAFETY AND HEALTH (DOSHS)
ELIMINATED KES. 5,000
REGISTRATION FEES AND 1 DAY REQUIRED



SYSTEM AUTOMATION
REMOVED REQUIREMENT TO SEAL COMPANY REGISTRATION DOCUMENTS AND
ELIMINATED KES. 3,500 COST AND 2 DAYS
REQUIRED TO OBTAIN COMPANY SEALS

THE COMPANIES REGISTRY



OBTAINING BUILDING PLAN APPROVALS

The Problem Statement

The Construction Industry was recorded as the fastest growing industry in Kenya in 2020. It grew by 11%. Construction regulation is important for entrepreneurs when deciding where to establish their business. The Construction costs are one of the top 5 determinants of a location of a start-up. Sound regulation in the Built Environment Industry protects the public from faulty building practices and contributes to the process of capital formation.

In this chapter, we are showcasing the various reforms implemented in the reform cycle period 2020-2021 to enhance the process of obtaining construction permits in Kenya under the dealing with construction/ building permits sector.

The reforms under Dealing with Construction permits sector are aimed at enhancing efficiency by focusing on the procedures, time and costs in obtaining licenses and permits, submitting all required notifications, requesting and receiving all inspections and obtaining utility connections. The reforms in obtaining approvals for construction plans are also aimed at improving the building quality control index, evaluating the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements.

The responsible Partner Government Agency(ies)/institution(s);

National Metropolitan Services (NMS)
All County Governments
National Construction Authority (NCA)
Ministry of Transport, Infrastructure and Public Works
National Environmental Management Authority (NEMA)
Ministry of Environment and Forestry
Nairobi City Water and Sewerage Company (NCWSC)
All County Water Utility Companies
Department of Occupational Safety & Health (DOSH)
Kenya Civil Aviation Authority (KCAA)
The National Assembly
The Senate
Council of Governors

The impacted business sectors & players;

Kenya Private Sector Association (KEPSA)
Kenya Association of Manufacturers (KAM)
Kenya National Chamber of Commerce and Industry (KNCC&I)
Architectural Association of Kenya
Institute of Engineers of Kenya (IEK)
Kenya Property Development Association (KPDA)
Board of Registration of Architects and Quantity Surveyors (BORAQS)
Joint Building and Construction Council (JBCC)



HIGHLIGHTS OF 2020 – 2021 REFORMS

Administrative Reforms

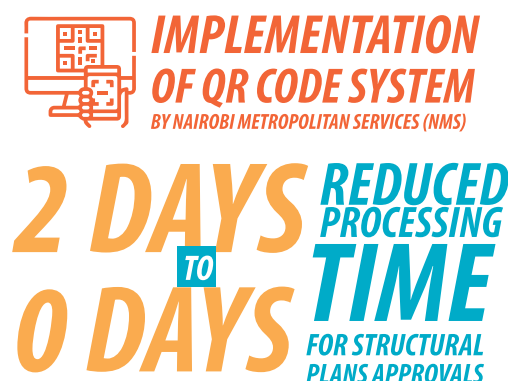
1. Introduction of a risk-based approval system for architectural and structural plans

The Nairobi Metropolitan Services (NMS) and increased frequency of technical committee meetings. Projects are now categorized by low, medium and high risk, and differentiated by size, complexity and cost. Weekly Technical Committee meetings approve architectural plans for low-risk projects, after which structural plans are submitted and approved within two days. These reforms were implemented on 17th February 2020 and will reduce the time to approve low-risk project plans from 45 to 7 days and low-risk structural plans from 10 to 2 days.



2. Use of QR Codes to identify approved Architectural and Structural Plans

Implementation of the QR Code system by the Nairobi Metropolitan Services (NMS) eliminates the requirement to have approved Architectural and structural Plans physically stamped and eliminated the time and the procedure associated with physically stamping approved Structural Plans from 2 days to 0 days and COMPLETELY eliminated the procedure as this is a fully digital process where a QR Code is embedded electronically at the bottom of all approved Architectural and structural Plans.



Public Notice on the Launch of online QR Code System to eliminate physical stamping of documents

3. Automation of the application process for Summary Project Report (SPR) for Construction projects low-risk projects

National Environmental Management Authority (NEMA) launched an online application portal for low-risk projects, which will enhance the efficiency of the approval process and ensure that the projects are approved within 5 days and has reduced the procedures for low-risk project approval.



4. Automation of water and sewer application and payment processes and publication of piping material requirements (cost and specifications) on the Nairobi City Water and Sewerage Company (NCWSC) portal: <https://www.nairobiwater.co.ke/index.php/en/>.

The portal was launched in February 2020. The automation of application and payment processes has reduced the time required from two days to one and the number of steps from two to one. Publication of the piping requirements has eliminated customer enquiries, thereby reducing the time for water and sewer connection from 30 days to 14.



30 DAYS
TO
14 DAYS
REDUCTION OF TOTAL TIME TAKEN TO CONNECT WATER

5. Development of the Geographic Information System (GIS) by the Nairobi City Water and Sewerage Company

The GIS has mapped the entire water distribution network and reduced the time and procedure associated with obtaining a water and sewer connection.

The GIS, which was launched on the 23rd of April, 2021 integrated the online water and sewer application portal enables customers to identify the location of their premises using google maps. This is an improvement from the previous requirement that a customer uploads a sketch or map to their premises to the online application. The use of the GIS further reduces the time taken by officials from Nairobi City Water and Sewerage Company to identify the premises during the connection visit. The Nairobi City Water and Sewerage Company further enhanced the payment options for the new water or sewer connection providing a dial in serve using USSD Code *888# and selecting Option 6 – Water & Sewer on your mobile phone and keying assigned Reference Number as Account Number. Customers can also track their applications through the USSD Code.



ENHANCING THE PROCESS OF OBTAINING CONSTRUCTION PERMITS
EFFICIENT NEW WATER AND SEWER CONNECTIONS

(a) Automation of Application and Payment of New Water and Sewer Connections

Application and payment of new water and sewer connections now online since 28th February 2020.

Payment options and tracking of applications for new connections enhanced to include the use of a **USSD code *888#**.

To apply, visit <https://portal.nairobicwater.co.ke/>

Time taken to approve reduced from 30 days to 14 days.

(b) Integration of the Geographical Information Systems (GIS) to the Online Water and Sewer Application Portal

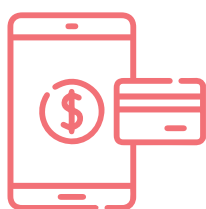
The GIS was integrated into the online water and sewer application portal on 23rd April 2021.

Entire Nairobi City Water & Sewerage Company distribution network now mapped via a Geographic Information System (GIS).

KEY BENEFITS

- Easy location of a customer's premises using Google maps.
- Map of location of customer premises no longer required.

Doing Business Made Easier



**NCWSC HAS ENHANCED THE PAYMENT OPTIONS
FOR WATER OR SEWER CUSTOMERS THROUGH
USSD CODE *888#**

6. Risk-based assessment and registration of projects by NCA

On 19th February 2020, NCA introduced a risk-based assessment of projects which are categorized into low-risk, medium risk and high-risk and differentiated by the size and cost of the project. The revised approval procedure hastened the process of project registration. The registration of low-risk projects as profiled in the attached notice is approved in one (1) day from seven (7) days before.



REDUCED FROM 7-1 DAY
REGISTRATION OF LOW-RISK PROJECTS BY
NATIONAL CONSTRUCTION AUTHORITY (NCA)

THROUGH RISK-BASED ASSESSMENT OF
PROJECTS NOW CATEGORIZED AS LOW-RISK,
MEDIUM RISK AND HIGH-RISK AND
DIFFERENTIATED BY THE SIZE AND COST OF
THE PROJECT




PUBLIC NOTICE

REVISED BUILDING PROJECT REGISTRATION TIMELINES

The National Construction Authority, in an effort to improve service delivery, has revised the procedure for project registration in order to ease the process and hasten the issuance of a compliance certificate as part of construction permitting while ensuring enforcement of building quality standards.

The Authority has classified projects based on risk level, attendant to the kind of construction activity expected, as follows;

PROJECT CATEGORY RISK	DESCRIPTION	PROJECT CATEGORY	REGISTRATION TIMELINES
LOW RISK	i. Residential developments (single dwelling bungalows and mansionette) ii. Light Commercial developments (small scale shops) iii. Light industrial complexes (warehouses) iv. Small scale renovation works. Low risk projects should be less than Kes. 25M, floor area below 1400m ² and a maximum of 2 (G+1) levels.		1 day
MEDIUM	i. Residential developments (Low rise flats and multi-dwelling housing) ii. Commercial developments (Low rise Office blocks, shopping centres) iii. Religious centres iv. Community centres Medium risk projects should be between Kes. 25M – Ksh150M, floor area between 1400m ² – 3000m ² and between 3 (G+2) to a maximum 5 (G+4) levels.		3 days
HIGH RISK	i. Residential developments (High rise flats and dense multi-dwelling housing) ii. Commercial developments (High rise office blocks, business centres and stalls) iii. Heavy industrial complexes (Industrial parks, warehouses and factories) iv. Education complexes v. Hotels vi. Shopping malls vii. Health facilities viii. Sports facilities High risk projects should be above Kes.150M, floor area above 3000m ² and more than 5 (G+4) levels.		3 days

The changes that have been instituted by the Authority are part of the Kenya Government reforms towards ensuring ease of doing business within the construction industry, which is one of the key enablers of the country's economic growth.

For more information on the requirements of registering any of the above projects with the Authority, kindly visit the website via <https://nca.go.ke/developers/project-registration> and proceed to register directly on the portal. The list of all registered projects and inspected sites will also be published on the website.

The Authority remains committed to continuously improving the customer experience, by enhancing efficiency in service delivery.

ENG. MAURICE AKECH
EXECUTIVE DIRECTOR/REGISTRAR OF CONTRACTORS

[@ncaKenya](https://nca.go.ke) [National Construction Authority](https://nca.go.ke) info@nca.go.ke [+254 709 126 102/172/173](tel:+254709126102172173)

LEGAL REFORMS

1. Establishment of a risk-based approach to Environmental Impact Assessments (EIA) by National Environmental Management Authority (NEMA).

NEMA has implemented a risk-based approval criterion for low-risk reports known as Summary Project Reports (SPR), which reduces the time taken for low-risk project approvals from 35 days to 5 days.

This reform was implemented through Legal Notice No. 31 of 2019 - Amendment of the Second Schedule & Legal Notice No. 32 of 2019 - The Environmental (Impact Assessment and Audit) (Amendment) Regulations, 2019 dated 30th April 2019.



**IMPLEMENTATION (SPR)
SUMMARY PROJECT REPORTS
APPROVAL / AUTOMATION
PROCESS BY (NEMA)
REDUCED LOW-RISK PROJECT
APPROVAL TIME FROM**

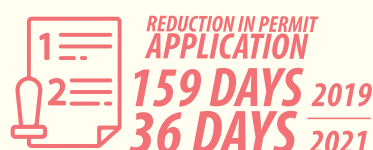
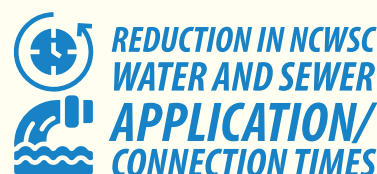
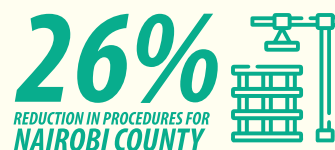
**35 TO 5 DAYS
AND PROCEDURES
2 TO 1**

2. Introduction of new classes of Insurance, Product Liability, Professional Indemnity, Latent Defects Liability, Structural Defects Liability, Public Liability and others.

The Third Schedule of the Insurance Regulations, 1986 was amended in Part A through the Insurance (Amendment) Regulations, 2021 to introduce new classes of insurance Defects liability insurance which will cover losses incurred by third parties as a result of Latent Defects or structural defects in Buildings. Professionals, contractors and property owners will take out the cover.

The impact of the reforms on time, process and cost of public service delivery

Reform	Impact
Introduction of a risk-based approval system for architectural and structural plans	Reduction of the time taken for architectural and structural plans from 55 days to 9 days.
Use of QR Codes to identify approved Architectural and Structural Plans	Reduction of the time taken to stamp plans from 2 days to 0 days
Automation of the application process for Summary Project Report (SPR) for Construction projects low-risk projects	Reduction of the time taken for approval of low risk projects from 30 days to 5 days and the procedures from 2 to 1.
Automation of water and sewer application and payment processes and publication of piping material requirements (cost and specifications on the Nairobi City Water and Sewerage Company (NCWSC)	Reduction of total time taken to connect water from 30 to 14 days.
Development and integration of the Geographic Information System (GIS) to the water and sewer application portal at the Nairobi City Water and Sewerage Company	Elimination of the time taken to identify connection sites which has contribution to the reduction of total time taken to connect water from 32 to 14 days.
Risk-based assessment and registration of projects by NCA.	Reduction of time taken by NCA to register low-risk projects from 7 days to 1 day.
Establishment of a risk-based approach to Environmental Impact Assessments (EIA) by National Environmental Management Authority	Reduction of the time taken for approval of low risk projects from 30 days to 5 days
Introduction of new classes of Insurance, Product Liability, Professional Indemnity, Latent Defects Liability, Structural Defects Liability, Public Liability and others.	Improvement of the Building quality standards by enforcing accountability by professional, contractor and the owners. Protection of lives and personal property.





ACCESS TO ELECTRICITY

Problem Statement

Access to electricity is a key component to the manufacturing sector that spurs economic growth. A key sector and component to any investor, business on deciding where on invest, a key catalyst for the Government to address challenges in accessing electricity. The Government of Kenya through the Ministry of EAC and Regional Development, Directorate of Business Reforms and Transformation has been working in collaboration with relevant Partner Government Agencies and institutions to;

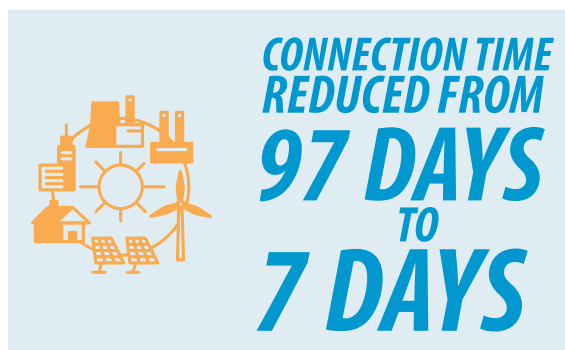
- (i) Streamline the legal and regulatory environment*
- (ii) Conduct Business Process Reviews*
- (iii) Capacity Building*
- (iv) Stakeholder engagement and reform communication.*

Responsible Partner Government Agencies/Institutions

- 1 Ministry of Energy
- 2 Energy & Petroleum Regulatory Authority (EPRA)
- 3 Kenya Power & Lighting Company Limited (KPLC)

Impacted Business sectors and players:

- 1 Businesses/Companies
- 2 Foreign Investors
- 3 Kenya Private Sector Alliance (KEPSA)
- 4 Kenya Association of Manufacturers (KAM)
- 5 Kenya National Chamber of Commerce and Industry (KNCC&I)



KETRACO Engineers undertaking tests prior to commissioning of the Olkaria-Lessos-Kisumu transmission project.



Reforms implemented.

The reforms implemented target to reduce the time, cost and procedures associated with getting an electricity connection. The reforms further address issues of reliability of supply and transparency of tariffs by looking at the frequency and duration of power outages, transparency and access to tariff as well as existing deterrent aimed at limiting outages.

1. Regulatory reforms implemented Introduction of Financial Deterrent to limit outages

Kenya in April 2021 published, the Energy (Reliability and Quality of Electricity Energy Supply and Service) Regulations 2021 to operationalize section 167 (1) (I) of the Energy Act, 2019.

The regulations prescribe the Guaranteed Performance Standard on capped electrical energy outages, penalties to be imposed by the Regulator on a utility for exceeding the limit of capped outages and reporting framework by utility relating to reliability and quality of supply and quality of services.

Regulation 5 (1) sets the capped limit; and Regulation 5 (2) imposes a penalty for exceeding the said limit. First Schedule to the regulations imposes a penalty of Kes. 20,000 per year on the utility company.

Launch of the Integrated Location Intelligence System (ILIS) developed by Kenya Electricity Transmission Company Limited (KETRACO).

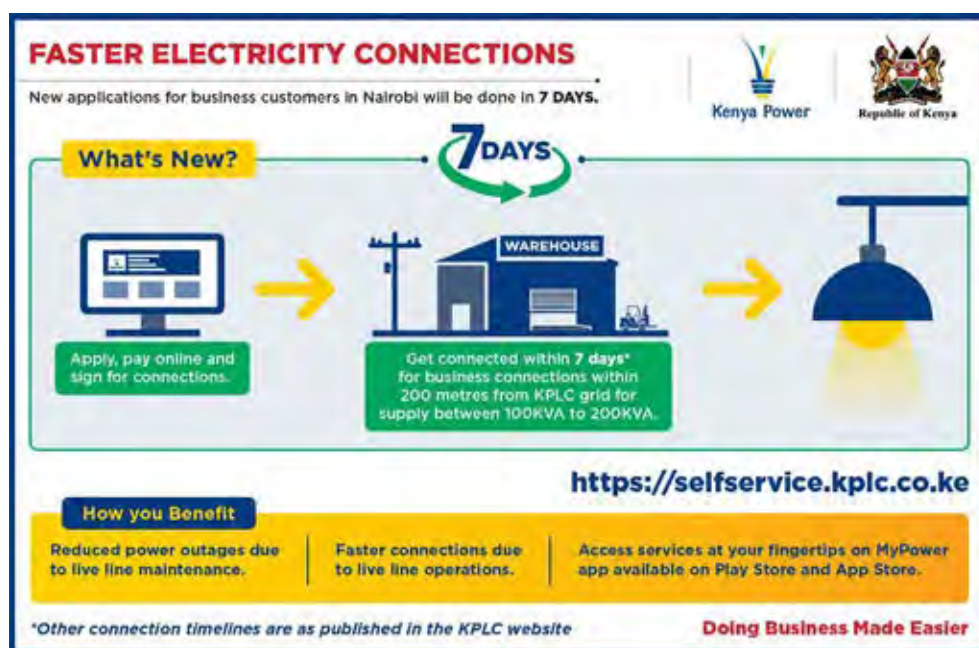


1. Reduction of time in getting electricity connection from 97 to 7 days

By allocating dedicated resources and improved operational efficiency, the time it takes to get an electricity connection for a connection size of 100-200kva has reduced from 97 to 7 days. It takes one (1) day to make application, receive quotation and make payment and six (6) days to receive external works, meter installation and electricity flow.

The following measures have been put in place by Kenya Power & Lighting in an effort to reduce new connection timelines:

- A dedicated officer to seek wayleave consents
- Prioritization of 100-200kva connections
- KPLC has now enhanced its online application portal by issuing a customer with a work request number allowing a customer to track and receive notifications on the status of their applications; eliminating the need for follow up visits to KPLC - <https://selfservice.kplc.co.ke>
- Use of GIS database in identifying new connection site has aided in the quotation timelines – thus eliminating the need for physical site visit in the majority of new applications. 100% update of Medium Voltage lines covering 2906.62Km length of overhead section and 303.25Km length of underground section.



2. Improvement of Reliability Indices

Kenya has rolled out changes that have resulted to an improvement of System Average Interruption Duration Index (SAIDI) to 11.5 hours per year from 11.7 in 2020/2021 and System Average Interruption Frequency Index (SAIFI) to 4.5 outages per year from 5.57 in 2020/2021. These changes include:

Enhanced use of live line technology for new connections in operations to reduce

- *Planned interruptions during maintenance from 100% to 30%*
- *Unplanned interruptions during maintenance from 100% to 50%*

Live line maintenance continues to ensure the number of interruptions per customer are reduced

Through the use of preventative maintenance, the utility is now maintaining medium voltage connections including transformer dropper, trace maintenance, change of insulators and re-sagging of loose conductors.

Enhancing automation of distribution system – by installing 666 11kv load breaker switches for Nairobi and environs

Updated GIS data base for Nairobi covering medium voltage network – enhanced identification of fault for system maintenance

Enhanced medium voltage maintenance and vegetation management

Live line maintenance trucks used by Kenya Power & Lighting Company to ensure continuity of power supply during maintenance



Impact of the reforms

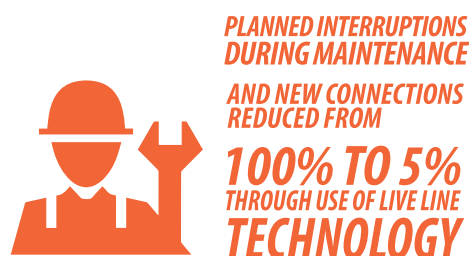
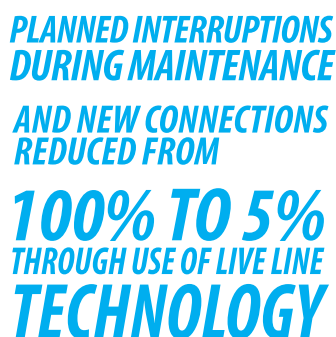
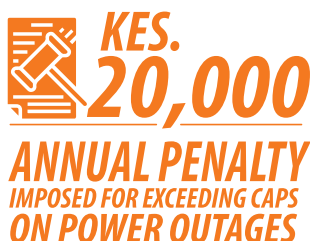
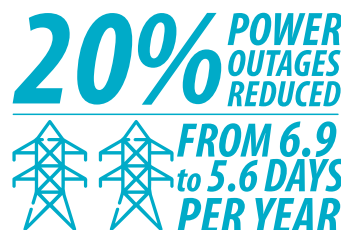
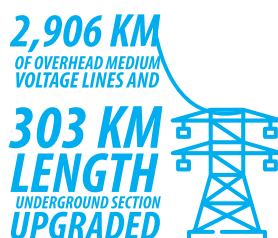
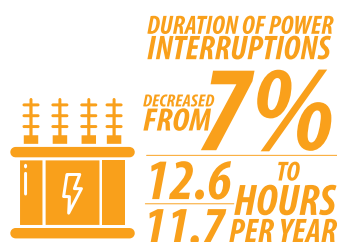
The impact of the reform in getting electricity are measure through

- (i) *The total time to get electricity connection.*
- (ii) *The total cost to getting electricity connection.*
- (iii) *The number of procedures from application to actual electricity connection.*
- (iv) *The reliability of supply of supply and transparency of tariffs encompasses quantitative data on duration and frequency of outages as well as qualitative information on measures put in place by KPLC to monitor outages and restoring power.*

It further examines supervisions of outages by EPRA, transparency of tariffs and financial deterrents that exist to compensate customers for any loss or penalty imposed on KPLC for exceeding capped outages.

The impact of the reforms is as captured below

	Reforms	Impact
1.	Introduction of Financial Deterrent to limit outages	Imposes a penalty of Kes. 20,000 per year on the utility company on exceeding capped limit.
2.	Reduction of time in getting electricity connection	Reduction in time from 97 days to 7 days and reduction in procedures from 3 to 2
3.	Improvement of Reliability Indices	Continuous monitoring of quality and reliability of electricity supply creates a more stable manufacturing environment and allows for better planning in business processes.





PROPERTY REGISTRATION

Problem Statement

Kenya has recognized that property rights are necessary to support investment, productivity, and growth in her economy. The land information system therefore comprises of crucial tools securing property and user rights. Having the cadasters, land registries up to date is vital. The government has recognized that owners with properly registered titles are more likely to invest in Kenya and engage the economy's workforce.

Beyond the private sector having a reliable land information system is essential i) in assessing and collecting taxes correctly; ii) to better map the needs of their citizens, facilitating the efficient provision of services and infrastructure; iii) planning expansion of future cities to avoid or mitigate the effects of climate change to its populace.

The Government of Kenya through the Ministry of EAC and Regional Development, Directorate of Business Reforms and Transformation has been working in collaboration with relevant Partner Government Agencies and institutions to; (i) Streamline the legal and regulatory environment (ii) Conduct Business Process Reviews (iii) Capacity Building (iv) Stakeholder engagement and reform communication.

Responsible Partner Government Agencies/Institutions

Ministry of Lands & Physical Planning

The National Treasury and Planning

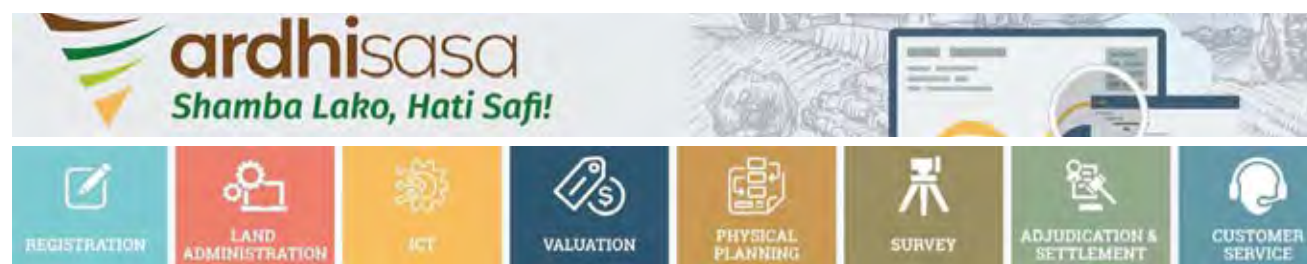
Kenya Revenue Authority

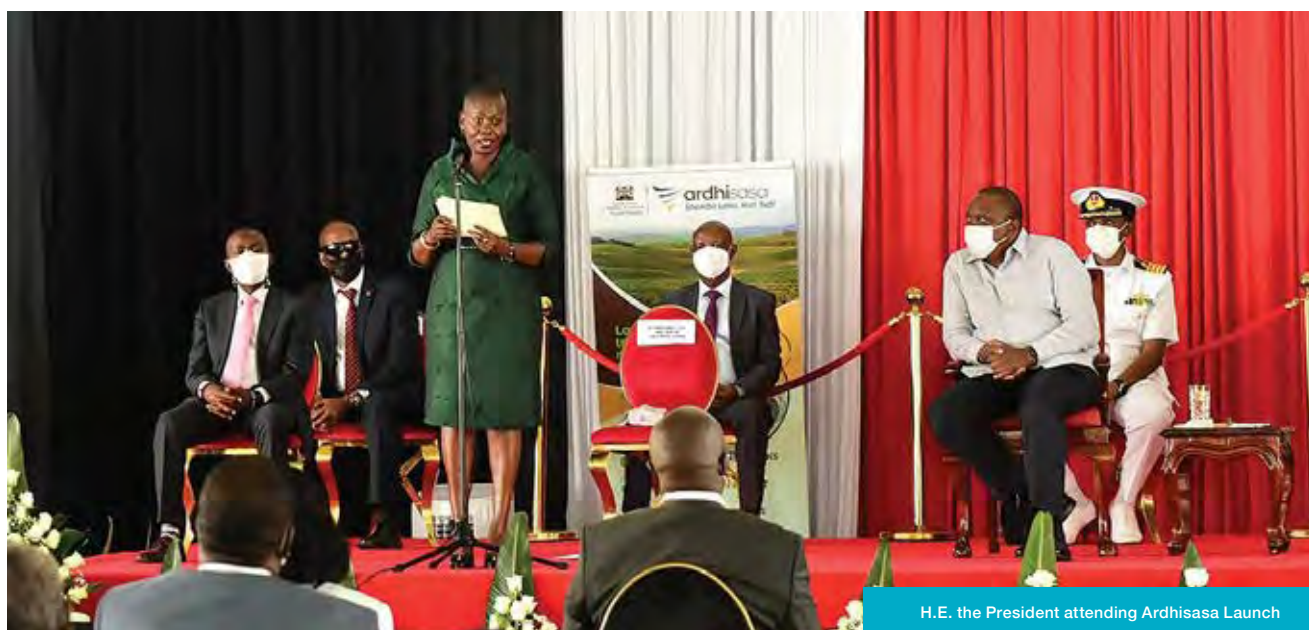
Survey of Kenya

The National Assembly

The Senate

Office of the Attorney General and Department of Justice





Impacted Business sectors and players:

Businesses/Companies

Law firms

Kenya Private Sector Alliance (KEPSA)

Kenya Association of Manufacturers (KAM)

Kenya National Chamber of Commerce and Industry (KNCC&I)

Reforms implemented.

The reforms under registering property examine the procedures, time and cost involved in registering property, from an entrepreneur who wants to purchase property that is already registered and free of title dispute and any other encumbrances. It considers the quality of the land administration system covering reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution, and equal access to property rights.

This area records the full sequence of procedures necessary for a limited liability company (the buyer) to purchase a property from another business (the seller) and to transfer the property title to the buyer's name so that the buyer can use the property for expanding its business, as collateral in taking out new loans or, if necessary, to sell the property to another business. It also measures the time and cost to complete each of these procedures. The quality of has five dimensions: reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution and equal access to property rights.

The process of transferring property starts with obtaining the necessary documents, such as a recent copy of the seller's title if necessary and conducting due diligence as required. The transaction is considered complete when it is opposable to third parties and when the buyer can use the property for expanding his or her business, as collateral for a bank loan or resell it. Every procedure required by law or necessary in practice is included, whether it is the responsibility of the seller or the buyer or must be completed by a third party on their behalf. Local property lawyers, notaries and property registries provide information on procedures as well as the time and cost to complete each of them.

Regulatory reforms implemented

Kenya's property registration ranking is expected to improve significantly as a result of reforms implemented in the cycle period 2020- 2021. The number of procedures has halved from 10 to five, the time required has fallen by over 70% from 43.5 days to 12, and costs have dropped by KES 12,700.

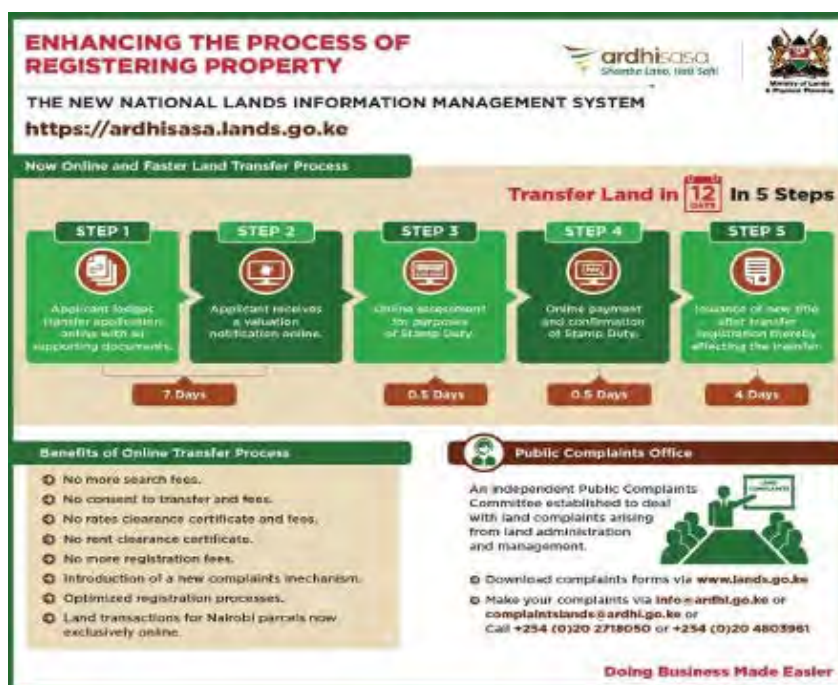
Specific reforms implemented are: Administrative reforms

1. Roll out of the National Lands Information Management System (NLIMS).

NLIMS has fully automated land transfer transactions from searches to registration through the portal: <https://ardhisasa.lands.go.ke>. Through this the overall procedures for lands transfer have reduced from 10 to 5. There is no option for the manual process at all. The new process for registration of property is:

- Drafting transfer instruments & due diligence of documents;
- Online application for valuation site visit, report, & assessment;
- Online generation of payment slip;
- Online payment of Stamp Duty;
- Lodging of documents for registration on NLIMS and collection of Title.

1 1/2 THE NUMBER OF PROCEDURES HAS HALVED FROM 10 TO FIVE, THE TIME REQUIRED HAS FALLEN BY OVER 70% FROM 43.5 TO 12 DAYS, AND COSTS HAVE DROPPED BY KES 12,700

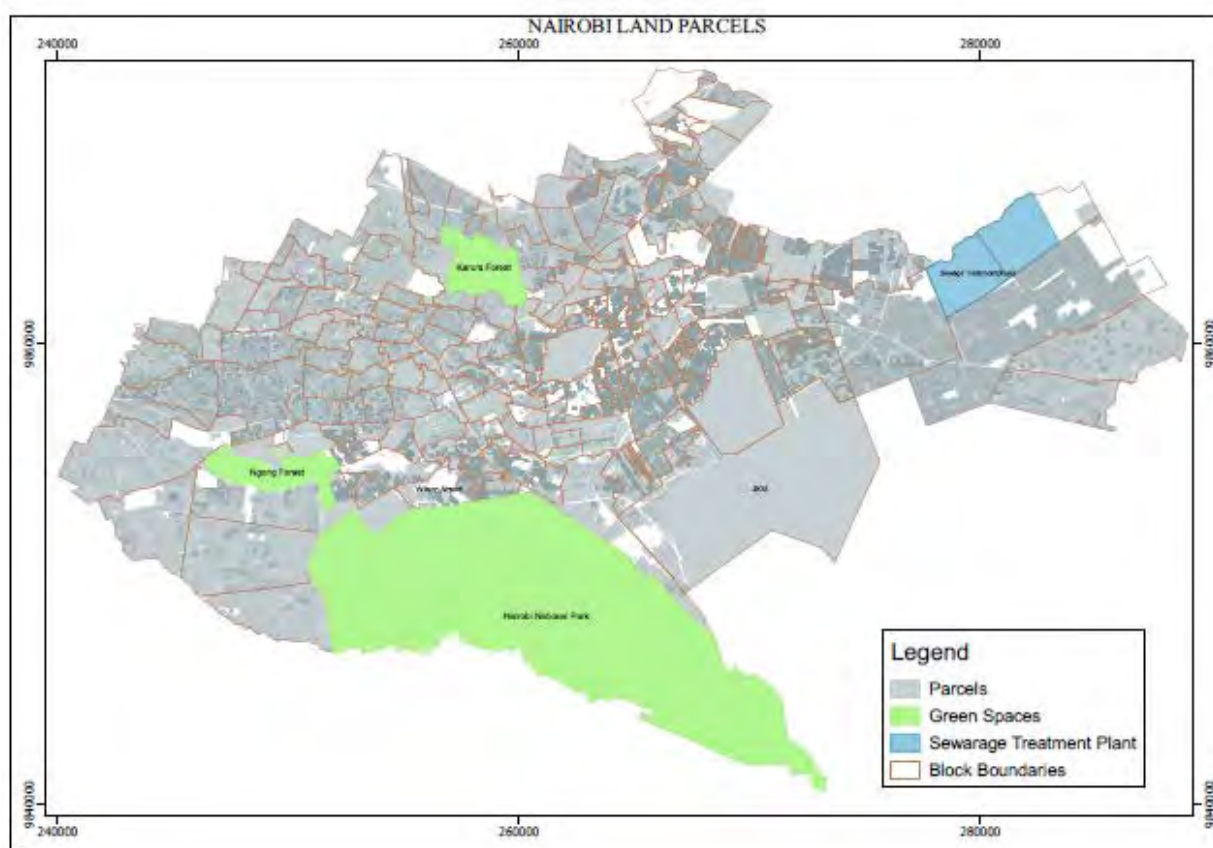


2. All privately held land plots in Nairobi are formally registered at the Nairobi land registry.

Kenya has completed full digitization and registration of all private land parcels in Nairobi and the same has been complemented by the Cadaster. This new system was launched by H.E the President in April, 2021 and is available on <https://ardhisasa.lands.go.ke>

All land parcels in Nairobi have parcel numbers, clear demarcation, precise boundary positions and boundary features. Secondly, survey measurements and mapping are all 100% done.

Survey is parcel-based, meaning information is geographically referenced to unique, well-defined units in land parcels. This process includes survey maps, deed plans and Registry Index Maps.



***DIGITIZATION
AND REGISTRATION
OF ALL PRIVATE LAND
PARCELS IN NAIROBI***



***COMPLEMENTED BY
THE CADASTER SYSTEM
WHERE SURVEY MEASUREMENTS
AND MAPPING ARE NOW 100% DONE***

3. Publication of statistics on the number of transactions recorded in the Land Registry, Presentation Register,

Statistics for the last five (5) years are accessible to the public on <https://lands.go.ke/ease-of-doing-business/>. The Ministry of Lands and Physical Planning handles about 61,068 land transactions per year.

This publication of statistics has improved information transparency (externally & internally) and the quality of land administration index.



4. Linking Land Registry to Survey of Kenya.

The Ministry of Lands has fully automated land transactions from searches to registration by rolling out the National Lands Information Management System (NLIMS) portal on: <https://ardhisasa.lands.go.ke>. Through this automation, all Departments of the Ministry including the Registry at the Survey of Kenya are now linked and share relevant information and databases online. With the roll out of NLIMS, all manual transactions have been discontinued with no option whatsoever for manual transactions.

H.E. the President attending Ardhisa Launch



LEGAL REFORMS

5. Elimination of the requirement to obtain a Land Rent Clearance Certificate through enactment of the Business Laws (Amendment) Act, (No. 1 of 2020).

Following the launch of the National Land Information Management System (NLIMS), the previously applicable procedure and 7 days associated with obtaining the Land Rent Clearance Certificate have been eliminated legally on the online Land transfer system. This has reduced the procedure from 1 to 0 and the days from 7 to 0 days.

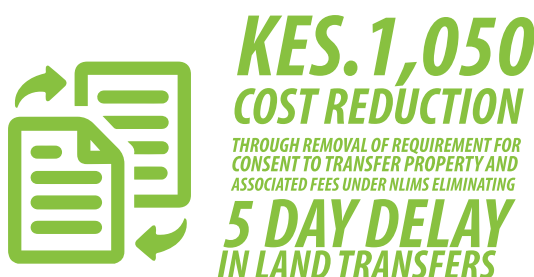


6. Elimination of the requirement to obtain a Land Rates Clearance Certificate through enactment of the Business Laws (Amendment) Act, (No. 1 of 2020).

Following the launch of the National Land Information Management System (NLIMS), the previously applicable procedure, the 5 days and cost of KES 10,000 associated with obtaining the Land Rates Clearance Certificate have been eliminated legally on the online Land transfer system. This has reduced the procedure from 1 to 0 days, the days from 5 to 0 days and the cost from KES 10,000 to 0.

7. Elimination of the requirement to obtain consent to transfer property through enactment of the Business Laws (Amendment) Act, (No. 1 of 2020).

Following the launch of the National Land Information Management System (NLIMS), the previously applicable procedure, the 5 days and cost of Kes.1,050 associated with obtaining Consent to transfer property was eliminated legally on the online Land transfer system. This has reduced the procedure from 1 to 0 days, the days from 5 to 0 days and the cost from KES.1,050.



8. Elimination of costs, procedure and time associated with Search and Registration of property.

Kenya made it cheaper and faster to register property by eliminating the costs; procedure and time associated with search fees KES. 550 and registration fees of KES 500 implemented vide Legal Notices No. 65-68 of 2020.

The time for obtaining a search of three (3) days has now been reduced to real time land search results for Nairobi following the launch of the National Land Information Management System (NLIMS) by H.E the President in April, 2021.

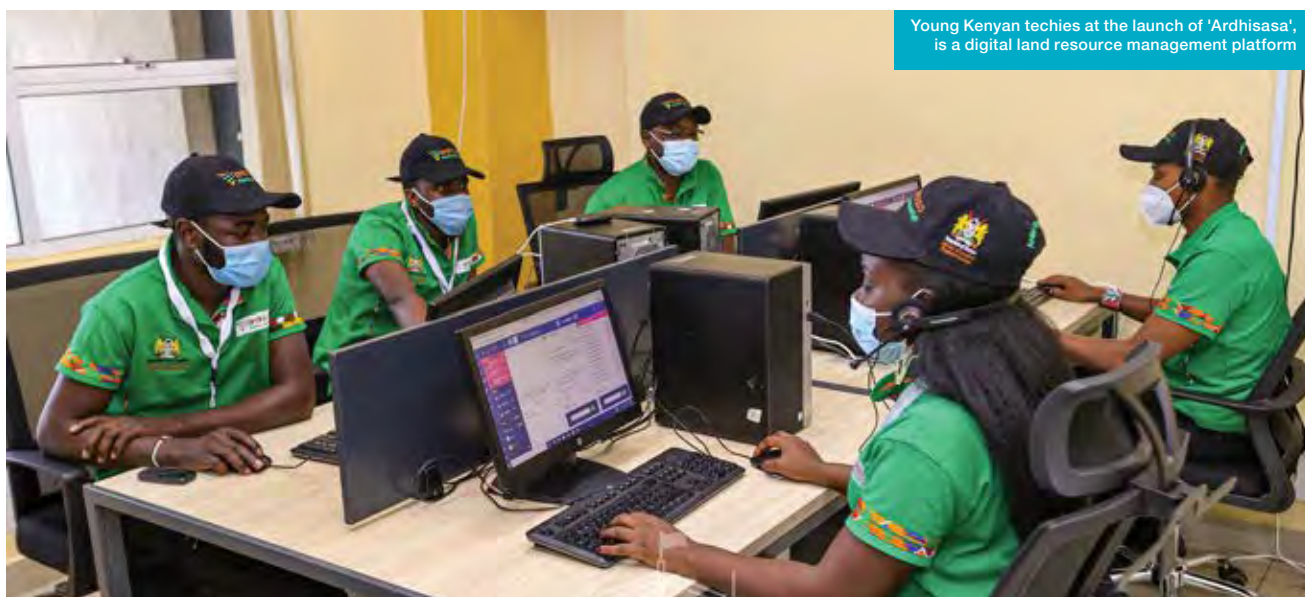
The overall costs for transferring property in Kenya have therefore been reduced by 2.17%, a reduction of KES. 12,100 made up of:

- (a) *Eliminated Land Rates Clearance Certificate cost of Kes.10,000*
- (b) *Eliminated Consent to transfer property cost of Kes.1,050*
- (c) *Eliminated Search Fees cost of Kes.550*
- (d) *Eliminated Registration Fees cost of Kes.500*



ELIMINATION
OF MANUAL TRANSACTIONS

2.17%
A REDUCTION OF
KES.12,100



Young Kenyan techies at the launch of 'Ardhisasa', is a digital land resource management platform

9. Enhanced valuation of Stamp Duty process.

Kenya has enhanced the valuation process by enacting the Stamp Duty (Valuation of Immovable Property) Regulations, 2020 to provide for appointment of private valuers to compliment Government Valuers who undertook valuation exclusively before.

This has given the private sector the choice of selecting either a private valuer to fast track the process of valuation or a government valuer. It is important to note that private valuers ordinarily take 1 or 2 days to conduct valuation, and on average over 90% of customers have opted for this option, leading to reduced workload on government valuers. This has led to the reduction in time associated with valuation from 20 days previously to a maximum of 7 days.

Departments of the Ministry including the Registry at the Survey of Kenya are now linked and share relevant information and databases online. With the roll out of NLIMS, all manual transactions have been discontinued with no option whatsoever for manual transactions. Following the launch of NLIMS:

- *Notifications for valuation are issued online for customers to choose Government or private valuers.*
- *Valuation reports are submitted through the NLIMS system to facilitate auto-computation of the requisite Stamp Duty.*
- *The Notification for stamp duty payable following valuation is done through the NLIMS system.*
- *Confirmation of Payment of stamp duty is now done through the National Lands Information System (NLIMS).*





The impact of the reforms is as captured below

	Reforms	Impact
1.	Roll out of the National Lands Information Management System (NLIMS).	Reduction in time and procedures and improvement in the quality land administration index
2.	All privately held land plots in Nairobi are formally registered at the Nairobi land registry.	Improvement in the land quality administration index
3.	Elimination of the requirement to obtain a Land Rent Clearance Certificate through enactment of the Business Laws (Amendment) Act, (No. 1 of 2020).	Reduction in number of procedures and time taken to register property
4.	Elimination of the requirement to obtain a Land Rent Clearance Certificate through enactment of the Business Laws (Amendment) Act, (No. 1 of 2020).	Reduction in number of procedures and time taken to register property
5.	Elimination of the requirement to obtain consent to transfer property through enactment of the Business Laws (Amendment) Act, (No. 1 of 2020).	Reduction in number of procedures and time taken to register property
6.	Elimination of costs, procedure and time associated with Search and Registration of property.	Reduction in number of procedures, cost and time taken to register property
7.	Enhanced valuation of Stamp Duty process.	Reduction of time taken to register property
8.	Publication of statistics on the number of transactions recorded in the Land Registry, Presentation Register,	Improvement by one point in the quality of land administration index
9.	Linking Land Registry to Survey of Kenya.	Reduction in time and procedures and improvement in the quality land administration index



Automated of land transfer transactions from searches to registration through National Lands Information Management System (NLIMS) portal <https://ardhisasa.lands.go.ke>



KES. 10,000 cost reduction through removal of requirement to obtain Land Rent Clearance Certificate and associated fees under NLIMS eliminating 7 day delay in land transfers



Digitization and registration of all private land parcels in Nairobi complemented by the Cadaster system where survey measurements and mapping are now 100% done



KES. 1,050 cost reduction through removal of requirement for Consent to Transfer Property and associated fees under NLIMS eliminating 5 day delay in land transfers



Reduction in time to obtain a search from 3 to 1 day for Nairobi under NLIMS



KES. 550 and KES. 500 cost reductions through elimination of fees charged for Searches and Registration in Nairobi under NLIMS



Reduction in time associated with valuation from 20 to a maximum of 7 days following appointment of private valuers to compliment Government Valuers



Elimination of manual transactions through linking of the Lands Registry and the Survey of Kenya for share of relevant information which is now digitized under NLIMS allowing electronic filing of valuation reports, issuance of notifications for valuation amounts and stamp duty payable as well as confirmations of stamp duty payments



Increased transparency and accountability through publication of statistics on the number of transactions recorded in the Land Registry with extracts for the last 5 years which are accessible to the public



Land transactions made easy and secure!

Our Services

- REGISTRATION SERVICES
 - ⊕ CAUTION
 - ⊕ SEARCH
 - ⊕ LEASE
 - ⊕ RESTRICTION
 - ⊕ TRANSFER
 - ⊕ LEASE PROCESSING
 - ⊕ CHARGE
 - ⊕ STAMP DUTY

LAND ADMINISTRATION

PAYING TAXES

Problem Statement

Tax is an important aspect in Kenya. As a result, the Government of Kenya, has been working towards enhancing the ease of paying taxes through implementing reforms to reduce administrative burden of paying taxes, contributions and dealing with post filing processes. The Government of Kenya through the Ministry of EAC and Regional Development, Directorate of Business Reforms and Transformation has been working in collaboration with relevant Partner Government Agencies and institutions to;

- (i) Streamline the legal and regulatory environment
- (ii) Conduct Business Process Reviews
- (iii) Capacity Building
- (iv) Stakeholder engagement and reform communication.

Responsible Partner Government Agencies/Institutions

The National Treasury and Planning
Kenya Revenue Authority
Ministry of Health
National Hospital Insurance Fund
Ministry of Labour and Social Protection
National Social Security Fund
National Industrial Training Authority
The National Assembly
The Senate
Office of the Attorney General and Department of Justice

Impacted Business sectors and players:

Employers
Businesses/Companies
Tax firms
Institute of Certified Public Accountants of Kenya (ICPAK)
Federation of Kenya Employers (FKE)
Central Organization of Trade Unions (COTU)
Kenya Private Sector Alliance (KEPSA)
Kenya Association of Manufacturers (KAM)
Kenya National Chamber of Commerce and Industry (KNCC&I)

Reforms implemented.

The reforms implemented target the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year with aim to

- (i) *Improve time taken to comply with taxes through streamlining the process of preparation, filing and payment of all payroll taxes, levies and contributions*
- (ii) *Improve the legal and regulatory in the tax environment*
- (iii) *Improve the compliance of post filing procedures through enhancing the time to comply with VAT refund, time to obtain VAT refund, time to comply with a corporate income tax correction and time to complete a corporate income tax correction.*



KRA Commissioner General Githii Mburu attending a private sector engagement

Regulatory reforms implemented

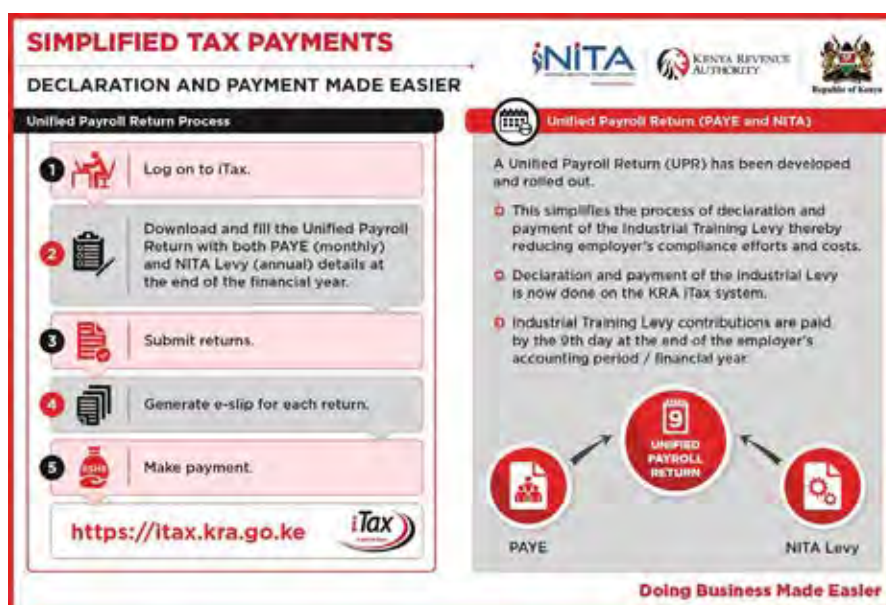
1. Simplification of the filing and payment of all payroll taxes, levies and contributions

Under the Unified Payroll Return, the filing and payment of all payroll taxes, levies and contributions have been changed to a single date made on the 9th day of every month as the aligned payment date for the payroll returns.

On the 30th of March 2021, Kenya simplified the filing and payment of all payroll taxes (PAYE/Training Levy, NSSF and NHIF) and contributions under the Unified Payroll Return through amendments done by the Business Laws (Amendment) (No.2) Act, (No. 1 of 2021). Sections 3, 5 and 6 of the Business Laws (Amendment) (No.2) Act, (No. 1 of 2021) legally prescribes the 9th day of the month as the aligned payment date for the payroll returns.

In addition, several Regulations were amended to align the payment dates as follows:

- *The Industrial Training (Training Levy) (Amendment) Order, 2021;*
- *The National Social Security Fund (Member Contributions) (Amendment) Regulations, 2021*
- *The National Hospital Insurance Fund (Standard and Special Contributions (Amendment) Regulations, 2021; and*
- *The National Hospital Insurance Fund (Voluntary Contributions) (Amendment) Regulations, 2021.*



2. Elimination of Payment of Stamp duty of KES 100 on contracts.

The Business Laws (Amendment) (No.2) Act, (No.1 of 2021) that came into effect on 31st March 2021 amended the Stamp Duty Act, Cap 480 to exempt fixed duty of Kes.100 charged on contracts as conveyances on sale. This has eliminated 1 payment that was previously applicable to Employers.

Administrative reforms implemented

1. Consolidation of monthly National Industrial Training Act (NITA) contributions

The monthly NITA contributions were consolidated into one annual payment done online on the iTax platform. Legal Notice Number 10 on the Industrial Training Act (CAP 237) made filing of NITA contributions annual (from monthly) effective 23rd December 2019 now done online through iTax.

The previous twelve (12) monthly payments of Kes.50 per employee that employers used to remit in relation to the NITA training levy were consolidated into one (1) annual payment of Kes.600 per employee. The reduction of number of payments from 12 to 1 has eased the compliance burden for all businesses in the country. This reform reduces the number of payments in respect of NITA contributions from 12 to 1.



NITA MONTHLY TRAINING LEVY CONTRIBUTION OF KES. 50 PER EMPLOYEE NOW CONVERTED TO AN ANNUAL PAYMENT OF KES.600 UNDER THE UNIFIED PAYROLL RETURN FRAMEWORK



KRA during launch of the annual taxpayers' month