

Accelerating Kenya's tech sector

Overview and briefing

June 2026



Scaling Kenya's Technology Sector 10x – close collaborating of government and leading tech players to unlock growth and create jobs

I

Kenya today – Strong position to accelerate growth of tech sector

- Kenya is a **leading digital economy in Africa**, with **~\$7Bn Tech revenue** and high adoption across mobile, internet, and digital services
- **Sustained investment in infrastructure** (connectivity, data centres) has enabled scale and reliability
- A **growing, skilled talent base and vibrant startup ecosystem** continue to support innovation and growth

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Tech accelerator programme – scaling the sector 10x by 2040

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- Steering Committee with leaders from private sector and government established to drive initiative implementation

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Topical deep dives

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Kenya's unique value proposition

Gateway to Africa and beyond

Linkages to Pan-African markets

(~1.3 Bn population, >3 Tn GDP)

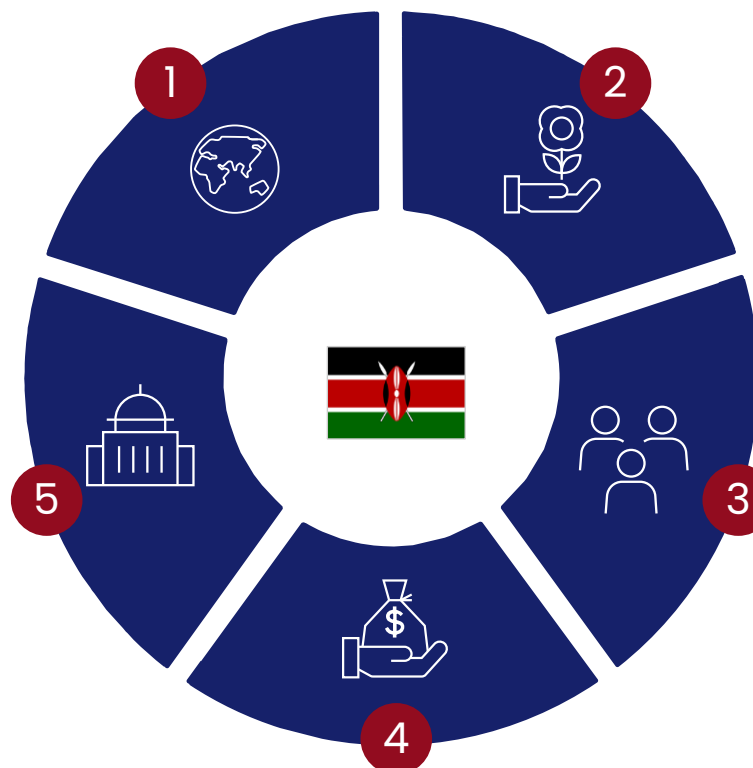
Preferential access to global markets

(inc. U.S., EU, U.K. and Middle East)

40+ bilateral trade agreements and
15+ double tax treaties

Supportive government and business environment

Pro-business government focused on fiscal stability, infrastructure, and private sector growth



Green powered growth

>**90%** renewable power generation
(inc. **50%** from stable, **low-cost geothermal**)

On track for fully renewable grid by 2030

Young, trainable and productive workforce

>**80%** literacy, strong schooling system and robust tertiary and vocational training

+70% of population working age, providing **large and growing labour pool**

Investor friendly ecosystem

Comprehensive investor protection (inc. **100%** profits repatriation)

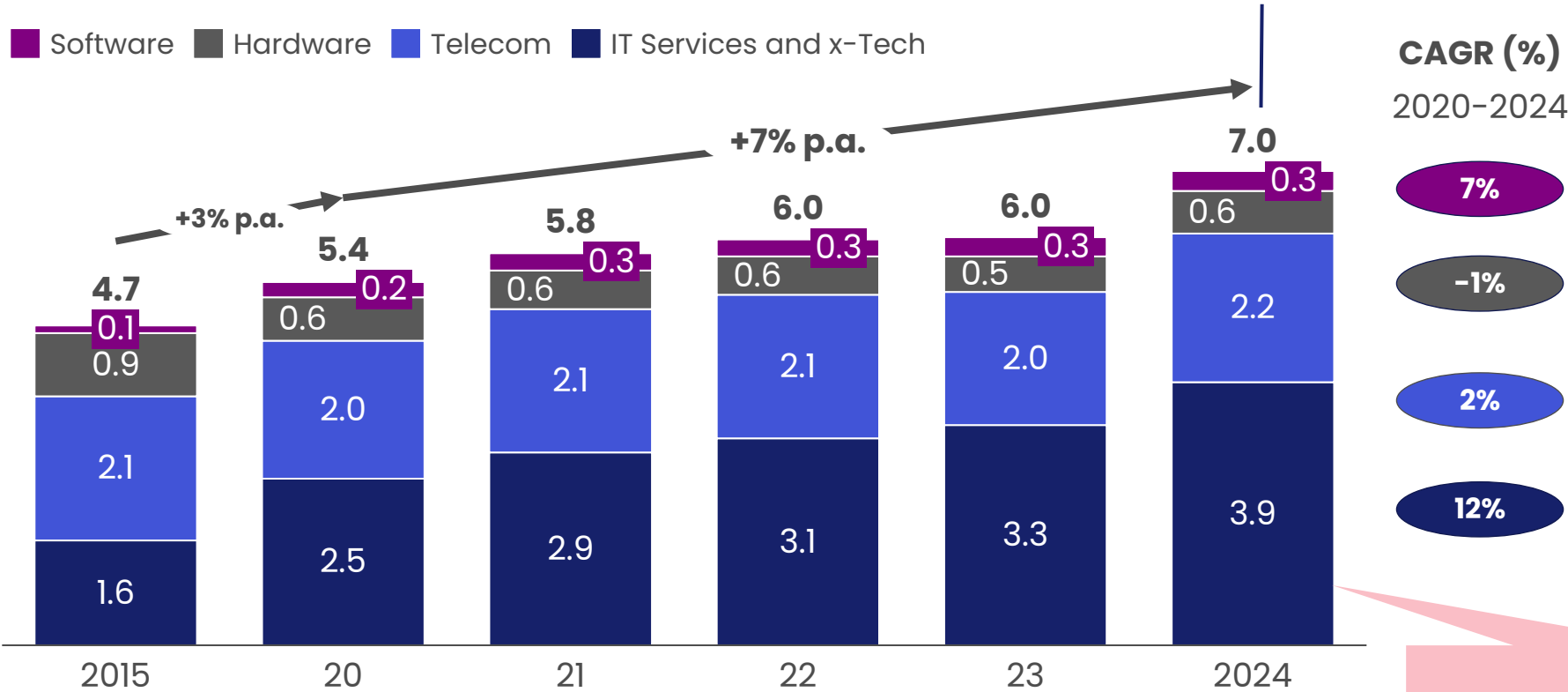
Streamlined investment facilitation process through Invest Kenya

140+ economic zones with incentives for investors (inc. corporate tax holidays, excise duty exemptions, 100% capex allowances)

Kenya Tech sector's revenue is estimated to be ~\$7 Bn (~Kes 1 Tn) as of 2024

PRELIMINARY ESTIMATED FIGURES – TO BE REFINED

Tech sector revenue estimates¹, USD Bn, 2020-24



In addition to directly measurable revenues, Tech has a significant indirect impact across sectors by driving productivity and innovation

Mobile-money including M-Pesa separated from Telecom and estimated under IT Services and x-Tech

1. Approach used – Total Tech output was calculated by aggregating the core Tech sector (telecommunications, IT services, Software) and assessing Tech-related activity embedded within non-Tech industries, such as Tech manufacturing, Tech export, and x-tech

Source: Oxford Economics, KNBS, Statista, CAK, ECDB, Analysys Mason

~300k Kenyans are currently employed in the Tech sector; additional ~1.9 Mn employed in digital and digitally enabled jobs

PRELIMINARY NON-EXHAUSTIVE

Positive Neutral Potential for improvement

Role	Estimated number, 2025, k	Growth potential	Kenyan talent readiness	Key employers	Key insights
IT operations & support	108	Some growth potential	Steady supply	    	While ~300k Tech professionals, ~1.9 Mn people are employed in digital and digitally-enabled jobs (e.g., m-Pesa agents, eCommerce agents) ~40% (108k) of jobs are in IT operations as they form the core infrastructure support and fundamental for digitisation efforts Core Tech jobs are projected to grow by 15% in 2025, with future growth expected from rising AI adoption and roles in cybersecurity and data centre operations
Networking & architecture	81		Steady supply with gaps		
Software development	58	Growth expected	Steady supply		
Data science & analytics	27		Steady supply with gaps		
Data annotation & labelling	10	Growth expected in the short run	Steady supply		
Information & cybersecurity	4	Growth expected Off a low base	Insufficient supply		
AI governance & ethics	Limited				
Data centre technicians & support	Limited				
Total	288				

Kenya's "Silicon Savannah" is a thriving technology ecosystem with diverse, multidisciplinary players

Kenya's thriving "Silicon Savannah" ecosystem is home to:

Notable 'tech leaders'

including global tech leaders, who have chosen Kenya for their regional HQ



Leading home-grown telcos

powering one of Africa's most advanced mobile and digital ecosystems



>400 active startups

spanning sectors from the world-renowned M-Pesa to startups creating locally adapted, AI-first solutions



Fast-growing local and global tech companies

spanning BPO, hardware assembly and manufacturing, and software development



Kenya attracted >\$600 million in VC funding in 2024

the highest in Africa, reflecting high investor confidence and a robust VC ecosystem



The ecosystem is reinforced by:



World-class digital infrastructure

- 8+ subsea cables (>22 Tbps capacity), extensive land fibre
- ~97% 4G and growing 5G penetration
- 10+ commercial data centres; planned 150 MW capacity by 2028



High digital adoption and world-leading AI uptake

- ~140% mobile phone penetration (including smartphones at ~84%, feature phones 56%), 30+ Mn digital public service users
- 42% ChatGPT adoption, the highest globally (July 2025)



Deep talent pipeline

- 60k+ university graduates annually, inc. ~15k in STEM



Strong policy backing

- Technology-oriented regulatory and policy environment with global-standard Data Protection regulation and Cloud policy
- Forward-looking National AI Strategy



Government ambition to digitise equitably

- Delivering against target to roll out 100k KM fibre-optic cable
- Deployment of public Wi-Fi in dense zones
- Digital hubs in all 47 counties
- Investment in tech parks, innovation hubs, and upskilling

Kenya's vibrant startup ecosystem is an engine of innovation, employing over +11k individuals

PRELIMINARY NON-EXHAUSTIVE

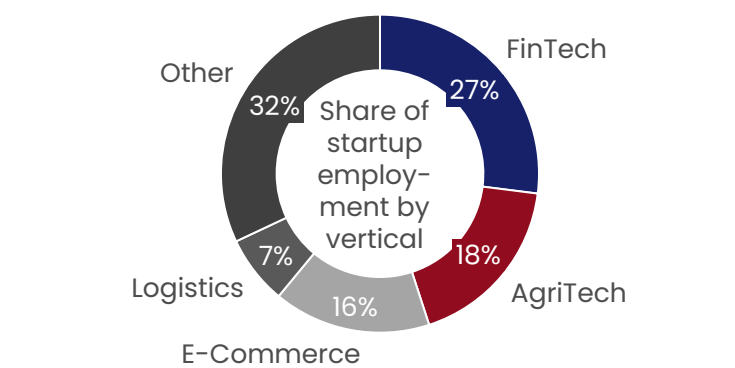
+400 active startups
across Kenya, highest in East Africa



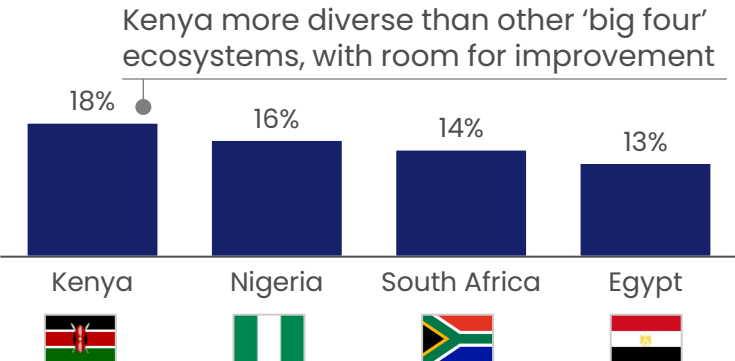
+\$600 Mn VC funding
attracted by local startups in 2024, the highest in Africa



+11k individuals
employed by local startups



~18% women-founded
startups with at least one woman founder



~74 private hubs and accelerators
of which 45 are based in Nairobi



~29 university hubs and accelerators
of which 11 are based in Nairobi



ICT capabilities development is led through education institutions, certification institutions and skills building initiatives

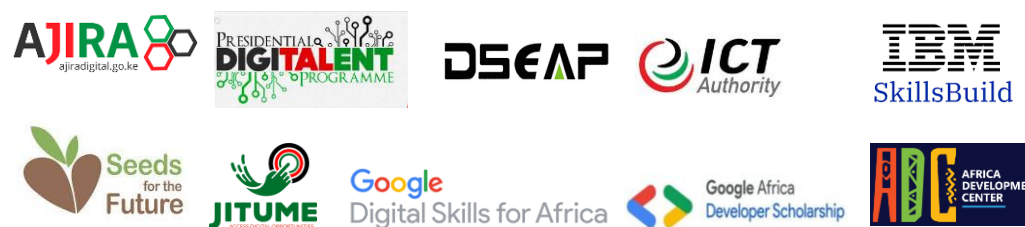
PRELIMINARY NON-EXHAUSTIVE

Key players

Multiple universities, TVETS and colleges offer ICT related degrees and diplomas



Government and private-led initiatives offering training in IT skills (e.g., Software development, Cloud, Machine Learning, Data Analytics)



Private and non-profit organisations providing tech education, training and certifications in software engineering, data science, product design, cybersecurity, and AI



Key statistics

~36 k+

Annual STEM university graduates

~1 Mn+

Graduates from other programs

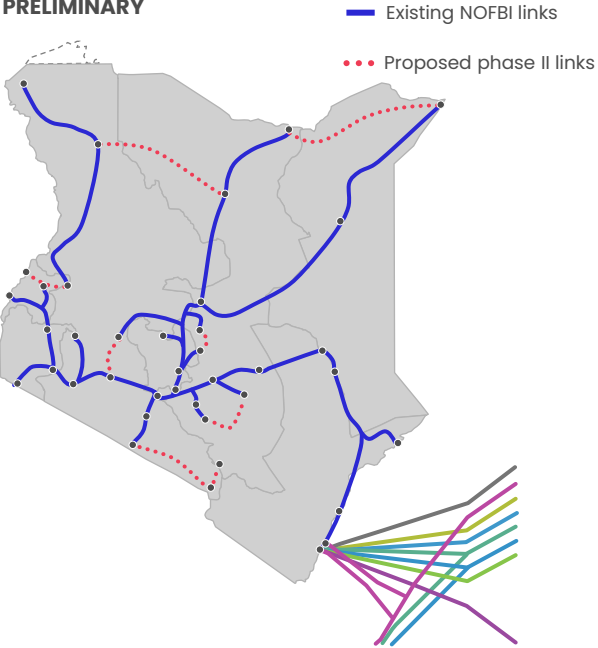
26%

Share of addressable talent pool (~2 Mn+) with B2¹ –proficiency in English

1. Upper intermediate level

Internet adoption | Multiple international gateways provide a strong connectivity backbone for the country

PRELIMINARY



8 subsea cables (~87% private sector owned) landing in Kenya – ~22.2 Tbps bandwidth capacity – positioning it as the **digital hub of East Africa**

>K98 km of terrestrial fibre-optic cable (~66% private sector owned) laid across counties; GoK 2027 target of 100K km²

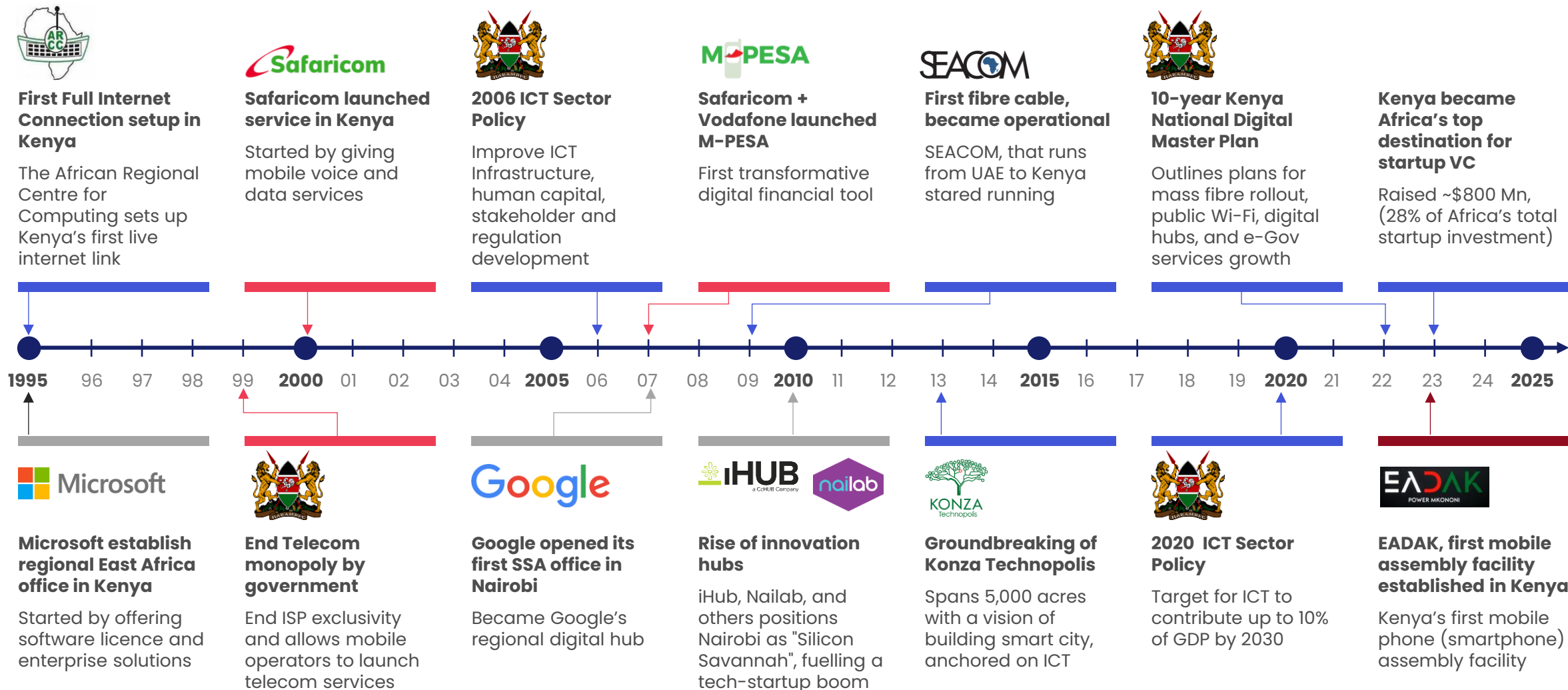
Name	Date Landed	Connection points ¹	Impact
SEACOM (SEACOM Ltd, Tata TGN)	2009	South Africa – East Africa – India – Europe	First international fibre to Kenya; cut internet costs by >70%
TEAMS (TEAMS Ltd, Etisalat)	2009	Kenya – UAE	Boosted Kenya–Middle East latency , expanded int’l bandwidth
EASSY (WIOCC-led consortium)	2010	South Africa – Kenya– Djibouti (to Red Sea/ME/EU)	Strengthened redundancy , ensured East Africa not reliant on one cable
LION2 (Orange, Telkom & partners)	2012	Kenya – Madagascar – Réunion – Mauritius	Linked Indian Ocean islands , added capacity resilience
DARE1 (Djibouti Telecom, Somtel, Telkom Kenya)	2021	Djibouti – Somalia– Kenya	Opened direct Somalia–Kenya link , boosted regional connectivity
PEACE (PEACE Cable Intl; Telkom Kenya)	2022	Pakistan – Kenya – Egypt – France – extensions (ME, SE Asia, Africa)	Massive capacity uplift ; positioned Kenya as Asia–Africa–EU bridge
2Africa (Meta, Vodafone, Orange, WIOCC, MTN)	2024	Kenya – South Africa – Europe – Middle East – Asia	One of world’s largest cables ; expected to cut data costs, add redundancy
Africa-1 (consortium of telcos)	2024	Kenya – Djibouti – UAE – Egypt – Pakistan – France; future extensions to TZ/MZ/SA	Extra route diversity ; to boosts Gulf–Kenya connectivity when fully live in 2026
Umoja (Google)	~2026 Prospective	Kenya – Rwanda – South Africa (terrestrial); subsea across to Australia	First Africa–Australia direct link , reduces reliance on Europe path

1. Some countries not included
2. Target defined by the Digital Superhighway Initiative
Source: GSMA Reports, Communication Authority of Kenya Quarterly Reports

Silicon Savannah Rising: Kenya's Journey Through the ICT Eras Since 1995

PRELIMINARY NON-EXHAUSTIVE

Telecom IT Services and Software Hardware Cross-cutting



Today, Kenya is at an inflection point



Kenya's ICT sector is among **Africa's most advanced**, driven by strong digital infrastructure, high cloud adoption, and the "Silicon Savannah" start-up ecosystem, which secured ~\$640M in VC funding in 2024 (#1 in Africa)



Global ICT players are urgently expanding and diversifying to meet surging demand and reduce reliance on traditional hubs in Asia, Kenya has a **unique opportunity to build a globally cost and capability competitive ICT hub**



Africa represents the **next frontier** for global ICT growth, with a population expected to surpass 2.5 billion by 2050 and digital adoption accelerating across sectors

With its **affordable and high-quality talent, 80% renewable power grid, and strong bilateral relationships** with various trade partners, Kenya offers a competitive location to establish a strong presence in region today means securing early access to future-defining markets



"Kenya is positioning itself as a Launchpad for Africa's Digital Transformation"

Mastercard "Harnessing the transformative power of AI in Africa" report (Aug 2025)

"Kenya ranked top in ICT regulation in Africa"

CAK based on UN International Telecommunication Union ICT Regulation Tracker (June 2025)

"Kenya tops African Venture Funding in 2024"

Africa: The Big Deal Round-up Report, 2024

Scaling Kenya's Technology Sector 10x – close collaborating of government and leading tech players to unlock growth and create jobs



Kenya today – Strong position to accelerate growth of tech sector

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Topical deep dives

Manufacturing Africa Tech Acceleration Programme



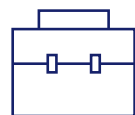
To capitalise on this opportunity, we set out to define how Kenya can scale its tech sector by

>10x by 2040



\$100 billion

Annual sector revenue by 2040



800,000+

Jobs by 2040

Goals for the programme



- ✓ **Identify clear set of high-value segments for Kenya's tech sector** defining granular investable opportunities
- ✓ **Establish of group of committed executives** focused on championing initiatives, forming partnerships and driving investment into high-value areas
- ✓ Progress in **positioning Nairobi as a global tech hub**, with near-term announcement of 2-3 signature investments and momentum in attracting major global players (e.g., from India, US)

10 prioritised opportunity areas to scale Kenya's Tech sector, each with set of initiatives driven by SteerCo sub-committees

Prioritised opportunities	Opportunity description	Revenue through 2040, \$ Bn	New jobs expected by 2040, '000s
① 2–3 GW data centre region and AI Engine	Position Kenya as a 2–3 GW regional data centre hub serving East Africa and the Middle East	8–12	2–3
② Global BPO and GCC destination	Position Kenya as a competitive GCC and AI-enabled BPO hub for global firms,	7–10	160–200
③ Electric / electronic devices assembly and components manufacturing leader	Build Kenya into a top-10 global electronics assembly and components manufacturing hub	15–25	60–80
④ National AI and Digital Skills and Jobs Accelerator	Launch a National AI and Digital Skills Accelerator to train and certify 1M+ Kenyans annually	Enabler towards the 10x opportunities' numbers	
⑤ Digital transformation of every Kenyan enterprise	Accelerate the digital transformation of Kenyan startups and SMEs to boost productivity, resilience, and competitiveness	TBD	TBD
⑥ Kenya Stack	Develop a “Kenya Stack” of interoperable digital public infrastructure	Enabler towards the 10x opportunities' numbers	
⑦ Growth capital and incubator platform for x-Tech scaleups	Catalyse a growth capital and incubator platform to scale Kenyan tech ventures	4–6	14–20
⑧ 80%+ broadband connectivity across Kenya	Scale broadband to 80%+ nationwide, mobilising \$1.5–2B in investment to connect 53–60M people by 2040	Enabler towards the 10x opportunities' numbers	
⑨ Enabling regulation	Enabling regulations across all 10 identified opportunity areas	Enabler towards the 10x opportunities' numbers	
⑩ Tech-focused University Ecosystem	Build a tech-focused university ecosystem to develop world-class Tech talent and innovation	Enabler towards the 10x opportunities' numbers	

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● Deep dives follow

- ① 2–3 GW data centre region and AI Engine
- ② Global BPO and GCC destination
- ③ Electric / electronic devices assembly and components manufacturing leader
- ④ National AI and Digital Skills and Jobs Accelerator
- ⑤ Digital transformation of every Kenyan enterprise
- ⑥ Kenya Stack
- ⑦ Growth capital and incubator platform for x-Tech scaleups
- ⑧ 80%+ broadband connectivity across Kenya
- ⑨ Enabling regulation
- ⑩ Tech-focused University Ecosystem

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⑧ 80%+ broadband connectivity across Kenya

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⑩ Tech-focused University Ecosystem

1 Current data centre landscape for Kenya

PRELIMINARY

Kenya is **East Africa's largest** and most **mature data-centre market**, holding **~50 %** of the region's live critical IT load

Most facilities are located **around Nairobi** with **edge and subsea-connected** sites in **Mombasa**

Key Players



Recent announcements

iXAfrica secured \$200 Mn (2025) from Rand Merchant Bank to expand its Nairobi campus

Safaricom is investing ~\$150 Mn (2025) for a multi-phase data-centre build-out for 3 new facilities starting with Limuru (2.8 MW Phase 1)

Airtel Kenya (Nxtra Africa) is investing \$150 Mn for a 44 MW Tier III facility in Tatu City

\$300 Mn Africa Data Centres(ADC) pan-African expansion backed by US International Development Finance Corporation – **only ~15 MW towards Nairobi campus**

Key statistics

<15 MW installed capacity (for comparison, South Africa >350 MW)

~50% of East Africa's capacity is in Kenya

~75% of live critical IT load is managed **by carrier-neutral providers**

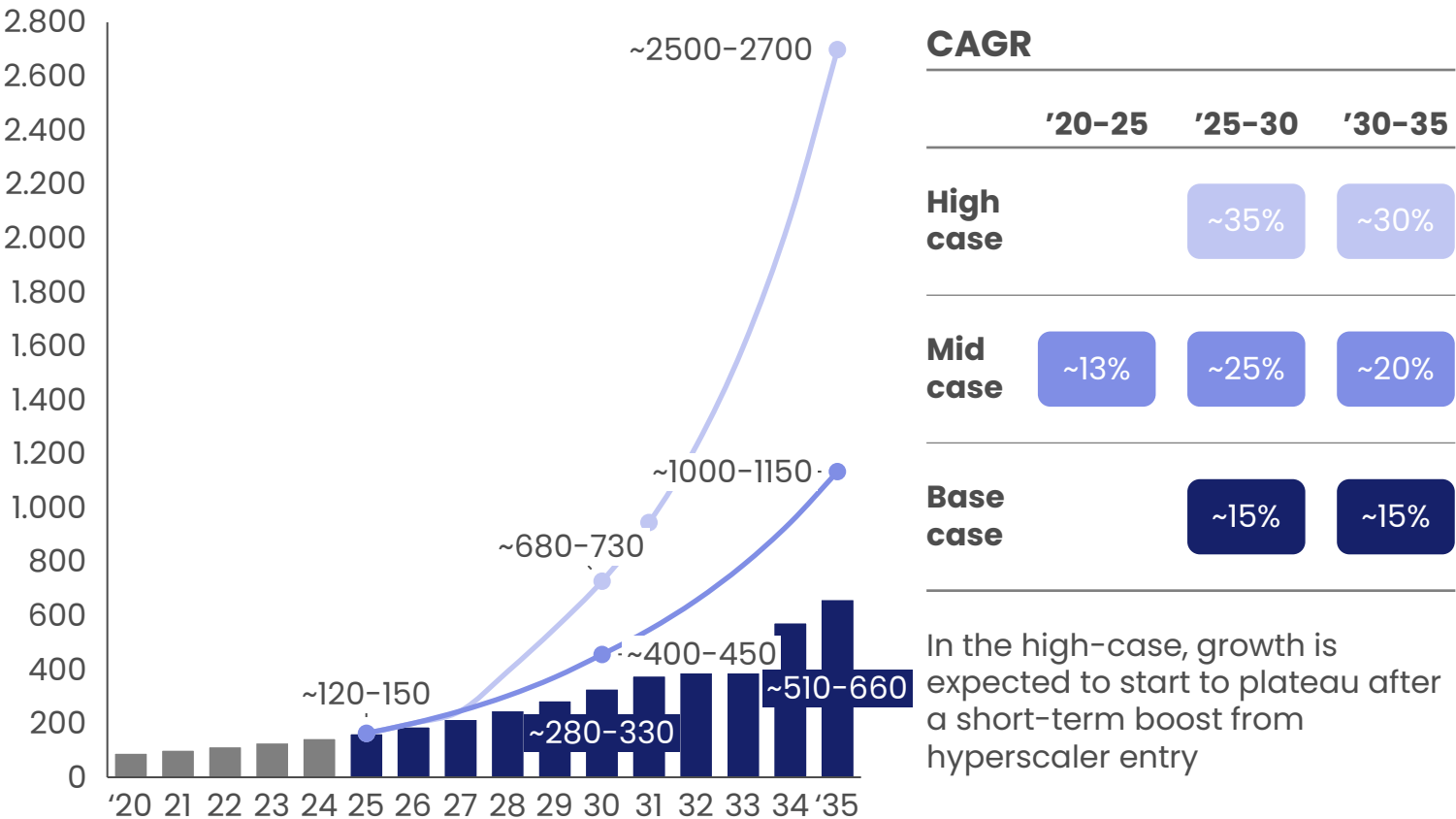
~60 MW projected supply based on announced projects

1 Data centre demand in Kenya could grow at 15–35% pa. to \$510–\$2700 mn in revenue by 2035, driving a digital future for Kenya

PRELIMINARY — High case: Data embassy and hyperscaler landing — Mid-case: Increased AI adoption based on known announcements, pan-African trends ■ Base case: Internal demand drives growth

Includes both leased and on-prem demand

Kenya data centre demand estimate¹, 2020–2035, \$mn revenues¹



1. Assumes ~\$2.31mn revenue / MW installed

As data centres grow, Kenya could become a digital hub, with potential outcomes such as

Improved data sovereignty:

Kenya could keep & process critical data in-country, boosting national security while enabling faster digital public services. E.g.,:

-  **eCitizen** Services could be hosted locally with continuity backups
-  **Safaricom M-PESA** Fraud detection could run onshore, in real time
- Hospitals store imaging locally, enabling development of AI triage

Digitisation of the economy:

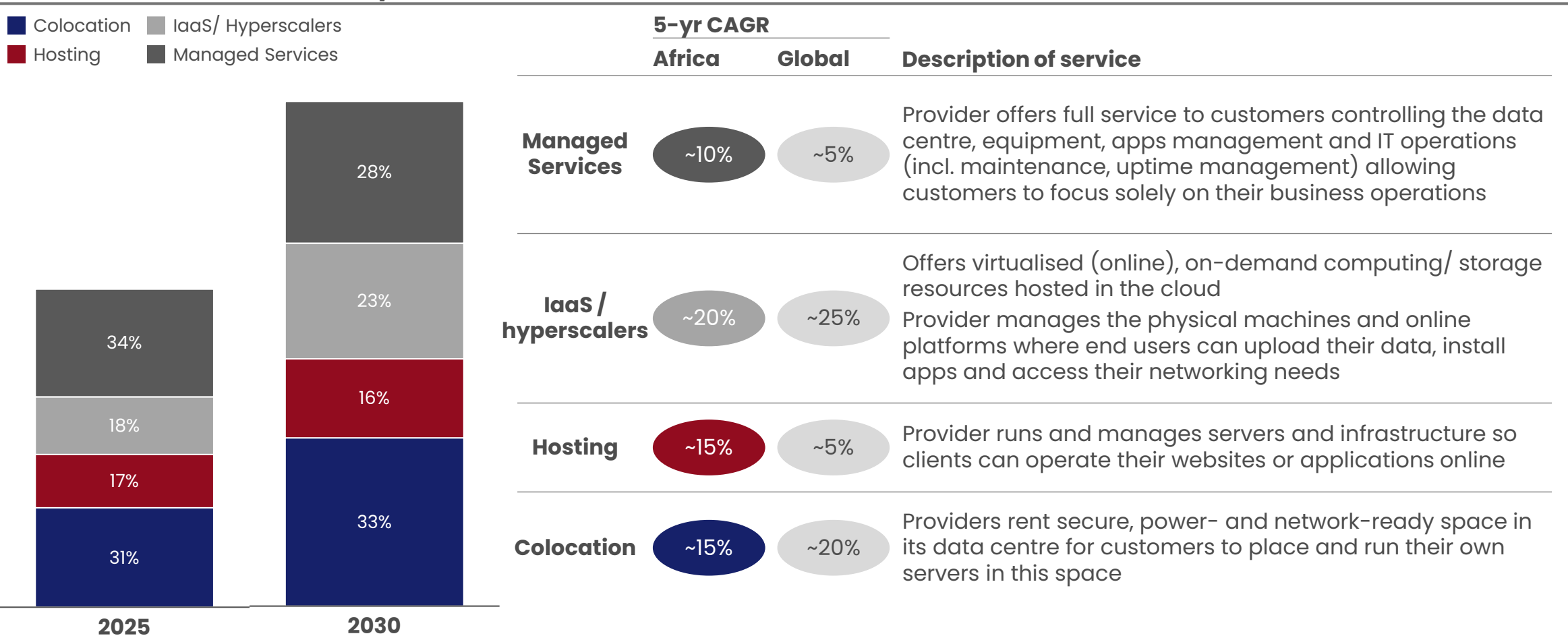
Lower-latency, affordable compute could allow Kenya to attract regional cloud workloads, & scale digital commerce & SME productivity. E.g.,:

-    Expand Kenya as regional node
-   Local caching improves streaming, creator monetisation
- SMEs deploy Swahili voice agents for sales/support

1 Colocation data centres projected to retain largest share in Africa

Early estimates – being refined

Africa Data Centre demand by service, USD Mn²



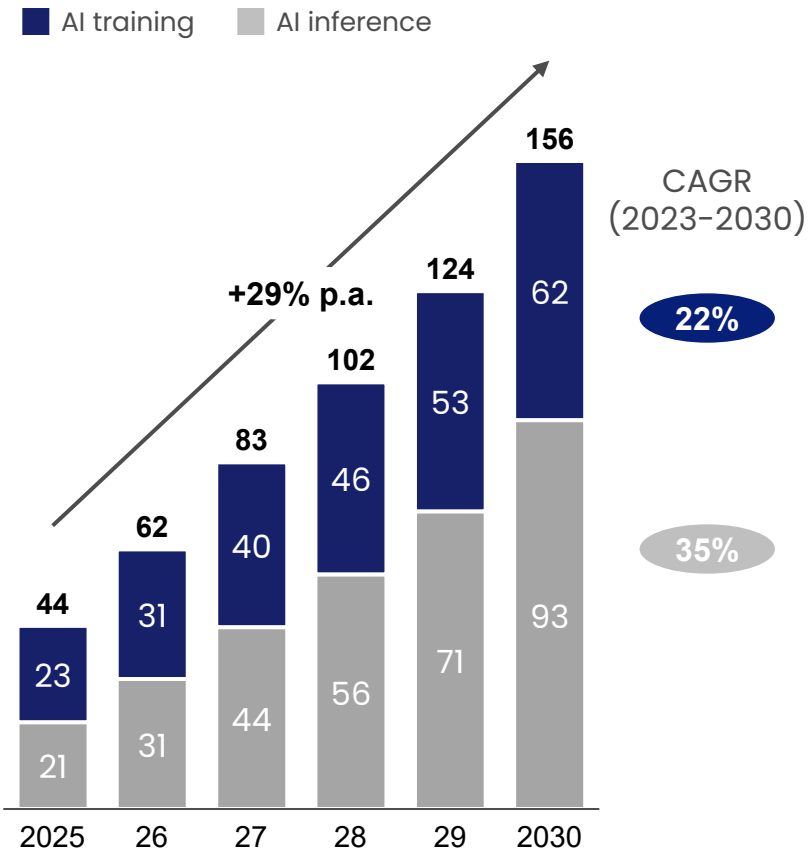
1. <https://www.mckinsey.com/industries/technology-media-and-telecommunications/our-insights/ai-power-expanding-data-center-capacity-to-meet-growing-demand>
2. <https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/africas-leap-ahead-into-cloud-opportunities-and-barriers>

Source: McKinsey Power demand model, Gartner, 451 research

1

AI expected to have significant impact on DC capacity demand; global training workloads likely to require larger scale

Estimated global data centre demand from AI workloads, GW



Global AI model training workloads can also be explored for Kenya, in addition to local/regional model training and inferencing demand

Compute requirements for global workloads – training and inference

	Cross-border AI model training	Cross-border AI inference
Goal	Optimise model parameters using large datasets	Generate predictions or responses from a trained model for end-users or downstream systems
Approx. workload scale	10 – 1000 MW 1000 – 1M+ GPUs <i>Depending on size of the model and number of parameters</i>	0.5 KW – 100 KW 1 – 1000 GPUs <i>For individual queries depending on complexity of query</i>
Cross-border considerations	GPU utilisation is key – latency between data and GPUs (typically petabytes of data required) and GPU-clusters (in cases of distributed training) lowers GPU efficiency (given GPU idle time) and drives up training cost Data regulation is pivotal – may result in restrictions on data that can be transferred or stored abroad to be used for training	End-to-end response time is critical – higher latency (if visible) degrades user experience, results in lower engagement Typical latency requirements by type of query: • <20 ms for hard real-time (e.g., robotics, ICUs) • <100 ms for interactive (e.g., voice, AR, chat) • 100–300 ms for conversational (e.g., recommendations) • >500 ms for batch inferencing and analytics

1 Countries are positioning themselves to capture international AI demand

PRELIMINARY NON-EXHAUSTIVE



Abu Dhabi (UAE) – “Stargate UAE” initiative is being built; a super-large AI compute hub (~1 GW AI mega cluster) designed to host large models and support international AI infrastructure (including to build and use sovereign AI capacity)

Part of the US-UAE AI Acceleration Partnership including a reciprocal investment in the US



Riyadh (KSA) – PIF-backed HUMAIN initiative to build AI data-centres (~100 MW in 2026) offering infrastructure for AI training (distributed training, fine-tuning), inference and EDGE workloads



Visakhapatnam (India) – Google’s first AI hub in India (~6 GW) has been announced to serve both global workloads and domestic demand



Sines (Portugal) – Start Campus (~1.2 GW by 2030) aims to serve international tenants with a gigascale AI/HPC-ready campus targeting European training and inference workloads

Several other countries exploring opportunity to provide AI infrastructure for international demand including Norway, Iceland, Finland, Spain, Malaysia

4 factors make these countries attractive to meet global AI-compute demand:

- **Power:** Access to low-cost, rapidly stable, clean power to meet demand from energy-intensive AI clusters
- **Connectivity:** Availability of (or investment in) terabit-scale fibre (with adequate redundancy) to port training data and serve models globally
- **Policy certainty and sovereign support:** Predictable rules on data transfer, clear AI and data centre regulation, streamlined permitting and taxation processes, investment incentives
- **Regional service reach:** Strategic market access to neighbouring markets with ambitions to become a regional AI hub

Comparison of Kenya with emerging AI hubs across key factors ahead

1 Data centre investors seek an optimal mix across factors when selecting DC locations

Top factors for data centre location investment

- Increasing order of importance**
- i **Demand concentration**
Proximity to large-scale cloud, data hosting, and compute demand ensuring strong utilisation and customer access
 - ii **Connectivity**
Robust fibre and network links including multiple resiliencies enabling low-latency and maximised uptime
 - iii **Speed of deployment**
Fast permitting, streamlined processes and infrastructure readiness accelerate time to market
 - iv **Availability of reliable power**
Stable, at-scale power capacity is essential for critical workloads (for cloud, AI compute) ensuring high-uptime
 - v **Cost of power**
Access to competitive power rates may influence demand given energy costs typically passed onto customers
Detailed ahead
 - vi **Green/Renewable power**
Companies still value renewable energy powered data centres

“

“Optimising key location factors is crucial to attract data centre investment

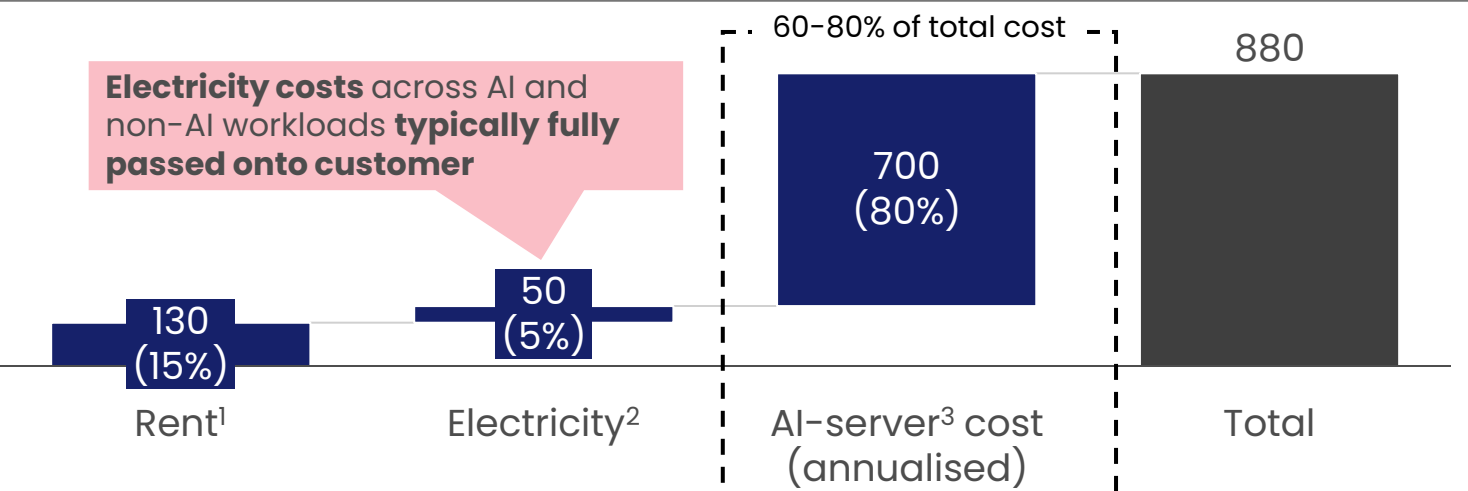
For power, the reliability, sustainability, and cost matter most – countries like Portugal (US 16¢/kWh) and Japan (~10¢/kWh) attract investment due to grid stability and renewables”

Data centre industry expert

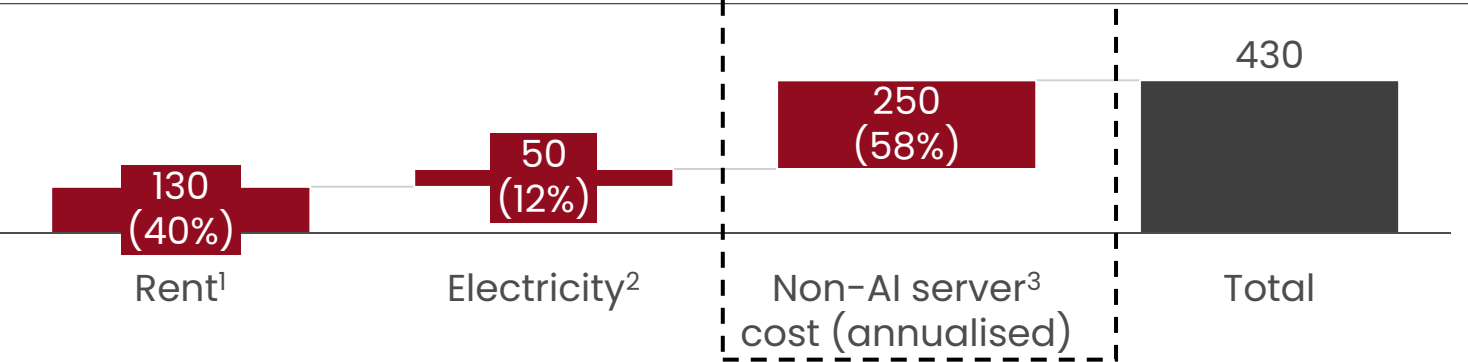
1 How much does the cost of power matter?

ILLUSTRATIVE monthly cost for renting 1 kW space (\$/kW)

Monthly cost for **AI workload**, \$/ kW



Monthly cost for **non-AI workload**, \$/ kW



1. Reflects monthly colocation rent for servers | 2. Assumes rate of 10 cents per kWh | 3. Based on cost of Blackwell AI server (\$3 Mn for 120 kW), replaced every 3 years | 4. Assumes normal compute server for enterprise replaced every 5-6 years

Source: Stakeholder interviews, Press search

Optimising power costs offers limited impact to the customer given significant share of annualised IT equipment/ server costs (typically attracts 25% import duty in Kenya, and other taxes including VAT)

“

“Energy costs do not significantly affect economics for data centre customers, it’s the equipment costs that matter

Typically, even hyperscalers like Google, AWS do not over optimise for power costs beyond a reasonable level of say 8-12 US cents”

Executive, Data Centre operator

1 Kenya is a competitive DC market along a number of key criteria, including green power, connectivity, and policy support

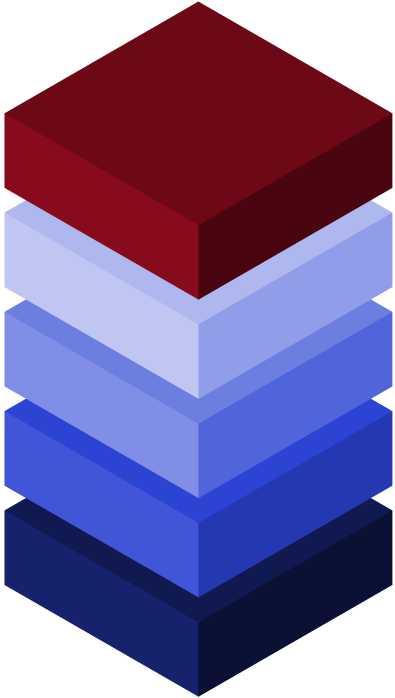
Preliminary and For Discussion

								5 (Best)  1 (worst)
Factors		Metric	UAE	South Africa	Malaysia	Brazil	Kenya	
Power	Power cost	Electricity Price, USD/KWh	0.03 – 0.05	0.14–0.15	0.13–0.15	0.13–0.16	0.10 – 0.15 ¹	Kenya has a 10 GW geothermal potential; recent Presidential ambition to scale overall power generation by ~2.5x in the next 5–7 years) Medium reliability driven by ageing transmission network – option to set up data centres next to power generation to mitigate this risk Additional terrestrial landing/ redundancy points under development (e.g., South Africa – Kenya terrestrial cable, Dar – Mombasa – Nairobi cable)
	Energy scale	Power generation, GW	50	63 (2024)	26.1 (2024)	215,4	3.8	
	Power transmission	Reliability	High	Low	High	Medium	Medium	
	Green power	Percentage of renewable power	28%	22%	19%	88%	92%	
Connectivity	Subsea cables	Number of subsea cables	19–20	9	25	20+	8	
	Subsea landing points	Number of landing points	7	7 to 8	15	25+	1	
	Available bandwidth	Submarine cable capacity, Tbps	80–90	550–800	500+	800+	22	
Policy certainty, sovereign support	Ease of doing business	World Bank Ease of doing business index	16	84	12	124	56	
	Incentives for investment	Existence of incentives (High, Medium, Low)	Medium	Medium	High	High	Medium	
	Favourable AI and DC regulation	AI/Data Protection/ Data Centre Policy signal	High	Medium	High	High	High	

1. Kenya's power rates can be \$0.05/kWh in SEZs, but add-on and infrastructure costs often raise these prices to ~0.14 USD/kWh outside of SEZs

Source: World Bank, Submarine Cable Networks, Our World In Data, PWC, India Climate and Energy Dashboard; Submarine Networks; Expert input, Press search

1 A ready-for-market AI compute starter platform has a combination of critical features, each of which carries critical design choices



Element	Description	Options included in each stack layer
 Product & fees	Complete package a startup would buy and manage	Packaging approach (bundles vs build-your-own) Billing design (simplicity, predictability) Local payments and local-currency invoicing
 Services	Governance: security, access controls, audit trails Operations: uptime, support, incident response, cost management	Support model (self-serve, paid tiers, escalation) Reliability posture (SLA level, transparency) Governance readiness (security, audit, compliance pack)
 Model	The AI “brain” a startup uses to run its product	Model update cadence and deprecation policy Hosting strategy (managed models vs bring-your-own) Fine-tuning support scope and guardrails Safety controls default strength and configurability
 Plug-ins	Ready-made connectors to your data and workflows Add-on capabilities (APIs, identity, monitoring, pipelines)	Which integrations to build (data, dev, ops), and which to build first Connector depth (one-click setup vs API-only) Marketplace strategy (curated vs open)
 Compute	CPU/GPU capacity that runs training and inference	GPU portfolio choice and refresh cadence Capacity model (on-demand, reservations, quotas) Isolation/performance guarantees Scaling experience (autoscaling vs manual provisioning)

Source: Expert input

1 Four distinct archetypes of AI startups; most Kenyan AI startups in AI Feature Adopters

Focus area

Intensity of compute needed	Start-up archetypes	Archetype description	Estimated share of Kenyan startups ¹ , % of count	Examples of local startups
	① Frontier Model Builder	Trains or heavily fine-tunes large models e.g., A startup training a Swahili-first foundation LLM model (not based on an existing model)	0%	N/A No identifiable Kenyan examples
	② Data-Grounded AI Product Builder	Builds AI products grounded in customer data e.g., Instantly provides SME credit ratings, supporting affordable loans using sales, payments, and stock records	20–30%	
	③ Inference-First Product Startup	Ships a real-time AI feature e.g., Personal study coach that uses your past answers to generate daily practice and explanations	10–20%	
	④ AI Feature Adopter	Adds AI via APIs to an existing product e.g., Health platform adds appointment reminders and follow-up plans tailored from patient history	50–70%	

1. Based on subset of startups engaged with during AI Ecosystem event, weighted to assume that event represented 20% more data-grounded AI product builders than the market, and 20% fewer AI feature adopters than the market

Source: Expert interviews, press search

1 Each startup archetype has a unique set of priorities for each product feature

Addressable archetype for local compute product

Availability through cloud compute providers

High Medium Low

Intensity of compute needed

Archetype	1 Frontier Model Builder	2 Data-Grounded AI Product Builder	3 Inference-First Product Startup	4 AI Feature Adopter
 Product & fees	- Product bundling with local startup development players - Pricing in KES to protect against currency fluctuations - Flexible pricing to adjust to need	- Product bundling with local startup development players - Pricing in KES to protect against currency fluctuations - Balance between pricing predictability and flexibility	- Product bundling with local startup development players - Pricing in KES to protect against currency fluctuations - Simple pricing with fast launch	- Product bundling with local startup development players - Pricing in KES to protect against currency fluctuations - Simple pricing with fast launch
 Services	- Built-in redundancy 24-hour support on all product offerings - Basic security assurances (project separation and audit logs) & self-serve admin	- Built-in redundancy 24-hour support on all product offerings - Basic security assurances (project separation and audit logs) & self-serve admin	- Built-in redundancy 24-hour support on core product offerings - Basic security assurances (project separation and audit logs) & self-serve admin	- Built-in redundancy 24-hour support on core product offerings - Basic security assurances (project separation and audit logs) & self-serve admin
 Model	- Fine-tuning/training flexibility - Bring-your-own-model - Version control	- Easy fine-tuning & evaluation - Stable model releases	Production-ready model layer offers strong inference quality & safety controls	Plug-and-play model access
 Plug-ins	- Strong MLOps & data pipelines - Experiment tracking & strong version control	Built-in data tooling, connectors to common data stores & document search & monitoring primitives	Clean APIs/SDKs with identity, logging, & wired-in monitoring	No need for dev team to plug AI service into tools already in use
 Compute	- Reserved, high-end GPU clusters (e.g., H200) - Training-first platform controls with stable environments - Storage and compute facilities in compliance with the Data Protection Act and AI Policies	- Reliable mid/high GPU (e.g., L4/A10) access with a simple scaling path - Storage and compute facilities in compliance with the Data Protection Act and AI Policies	- Simple GPU (e.g., L4/T4) with low-latency inference capacity & autoscaling ability - Storage and compute facilities in compliance with the Data Protection Act and AI Policies	- Simple GPU (e.g., L4/T4), option to rely on CPUs for light usage - Storage and compute facilities in compliance with the Data Protection Act and AI Policies

1 Local products focus on virtual machines & basic cloud; no offerings sufficiently meet needs on all five elements

Archetype 4: AI Feature Adopter

Meets archetype needs ● High ● Medium ● Low

	Ideal product features	Available international products	Current local products
 Product & fees	Simple products with pay-as-you-go / monthly charges Local payments & currency invoicing (KES) Affordable pricing Bundled product with other startup ecosystems & offerings (free credits, community access, etc)	 Modular building blocks, with variable payments  Dollar-based pricing  Typical pricing - CPU Compute: \$0.01–\$0.05 per vCPU-hour¹ - Inference compute: ~\$0.5–\$1.01 per GPU-hour - Training compute: ~\$1.9–\$3.1 per GPU-hour - Storage: ~\$0.1–0.3 per GB per month²  Add-on startups offering with mentorship & access to partner ecosystems	 Bundled products with simple pay-as-you-go / monthly charges  Local payments & local-currency invoicing (KES)  Typical pricing (<i>priced in KES, shown in USD for ease of comparison</i>) CPU compute & storage (bundled) ~\$0.01–\$0.02 per vCPU-hour³
 Services	Built-in redundancy 24 support on core product offerings Basic security assurances (project separation and audit logs) & self-serve admin	 Built-in redundancy  24-hour centralised development, production, & enterprise procurement support  Secure identity and access controls for teams (e.g., IAM, Entra ID)	 Built-in redundancy  24-hour standard support available  Secure identity and access controls for teams (e.g., IAM, Entra ID)
 Model	Easy access to proven models via simple API access Basic safety controls (content filtering, rate limits)	 Own model plug-and-play, with optional managed ML layers to train/deploy models with less setup  Emphasis on critical safety controls, version control, & repeatability	Not currently available
 Plug-ins	One-click setup for core needs (e.g., S3/storage) Upload-and-search documents as a built-in building block Reasonable latency in-region	 Built-in ports into developer workflows  Out-of-region storage with peering access  Integration with storage and data pipes (e.g., S3 / Cloud Storage), full set up required	Not currently available
 Compute	One-two standard GPU tier plus CPU tier for predictable performance Managed endpoints with autoscaling for traffic spikes; quotas to protect availability	 Full, scalable, menu of GPU machines for different budgets & use cases  Multiple means to run workloads ranging across virtual machines, managed Kubernetes cluster	 CPU based virtual machines & select GPU machines  Base provisioning and manual scaling

Source: Expert interviews, startup interviews; press search

1. Assumes AWS t3.medium: 2 vCPU, 4 GB RAM as baseline, range from t3.small–t3.large; 2. gp3 SSD, range from 50–200GB; 3. Baseline: Angani Medium: 2 vCPU, 2 GB RAM, 40 GB disk included. Range from Small to XL

**10 prioritised
opportunity
areas to scale
Kenya's Tech
sector, each
with set of
initiatives
driven by
SteerCo sub-
committees**

- ① 2–3 GW data centre region and AI Engine
- ② **Global BPO and GCC destination**
- ③ Electric / electronic devices assembly and components manufacturing leader
- ④ National AI and Digital Skills and Jobs Accelerator
- ⑤ Digital transformation of every Kenyan enterprise
- ⑥ Kenya Stack
- ⑦ Growth capital and incubator platform for x-Tech scaleups
- ⑧ 80%+ broadband connectivity across Kenya
- ⑨ Enabling regulation
- ⑩ Tech-focused University Ecosystem

2 BPO and GCCs are key outsourcing models used by organisations globally

	BPO – Business Process Outsourcing	GCC – Global Capability Centres
Description	BPO involves clients/ enterprises contracting specific business activities, business processes or end-to-end functions to a third-party service provider	GCCs are typically captive ¹ , offshore or nearshore centres established by multinational corporations as an extension of the parent company to perform various core business functions (e.g., software development, research and development)
Ownership & Focus	Managed by third-party operators Focus is on cost management and efficiency through process standardisation	Traditionally fully-owned and operated by the parent company. Modern GCCs emerging as hybrid-owned facilities or fully managed by 3 rd party providers Focus is on capability building and innovation
Scope of Services	Transactional and support services; now, increasing focus on greater tech use to execute tasks across: • Customer service, call centre ops • Finance and accounting • HR administration, payroll management • Data management, back-office processing	Knowledge intensive or high-value functions that are innovation-led including: • Technology services e.g., software development, engineering • R&D and product development

Example companies



1. Modern GCCs emerging including hybrid or and third-party managed centres (GCCaaS)

2 BPO and GCCs are key outsourcing models used by organisations globally

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Example companies	   	    

1. Modern GCCs emerging including hybrid or and third-party managed centres (GCCaaS)

2 4 key competitive factors position Kenya as an attractive BPO destination

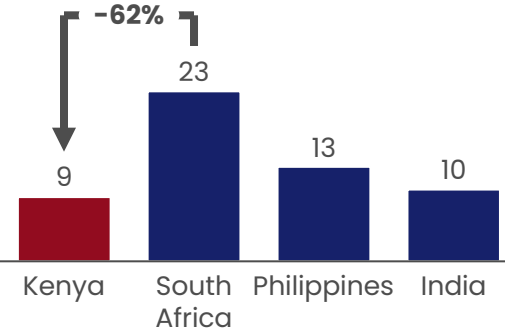
Why Kenya? Why Business Process Outsourcing?

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1 Kenyan labour is cost competitive vs. BPO leaders

Labour ~60% cheaper than South Africa (leading BPO destination in Africa), ~30% vs. Philippines, ~10% vs. India

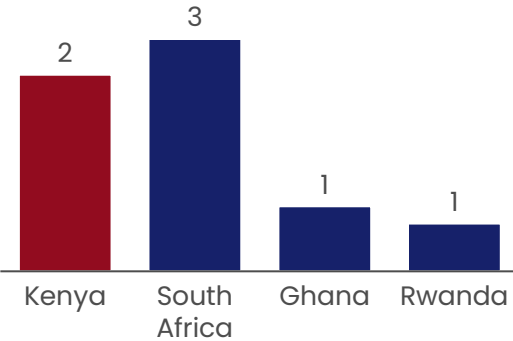
Average labour cost for entry level (0-2 years)¹, \$/FTE



2 One of largest talent pools in Africa

>2Mn young, tech-savvy and trainable workforce, with 600K+ having B2²+ proficiency in English

Estimated addressable talent pools in Africa, Mn



3 Existing ecosystem

Kenya's BPO ecosystem is fast growing (~20% CAGR) to >10k seats
Leading BPO providers already established locally

Example providers in KE



Example clients outsourcing in KE



4 EU Data Adequacy status

Kenya is the first African nation (only 15 globally) pursuing EU Data Adequacy status, boosting credibility and enabling free data flow and greater demand from the EU

Data Protection: Kenya and the EU launch very first Adequacy Dialogue on the African continent

Delegation of the European Union to Kenya, 2024

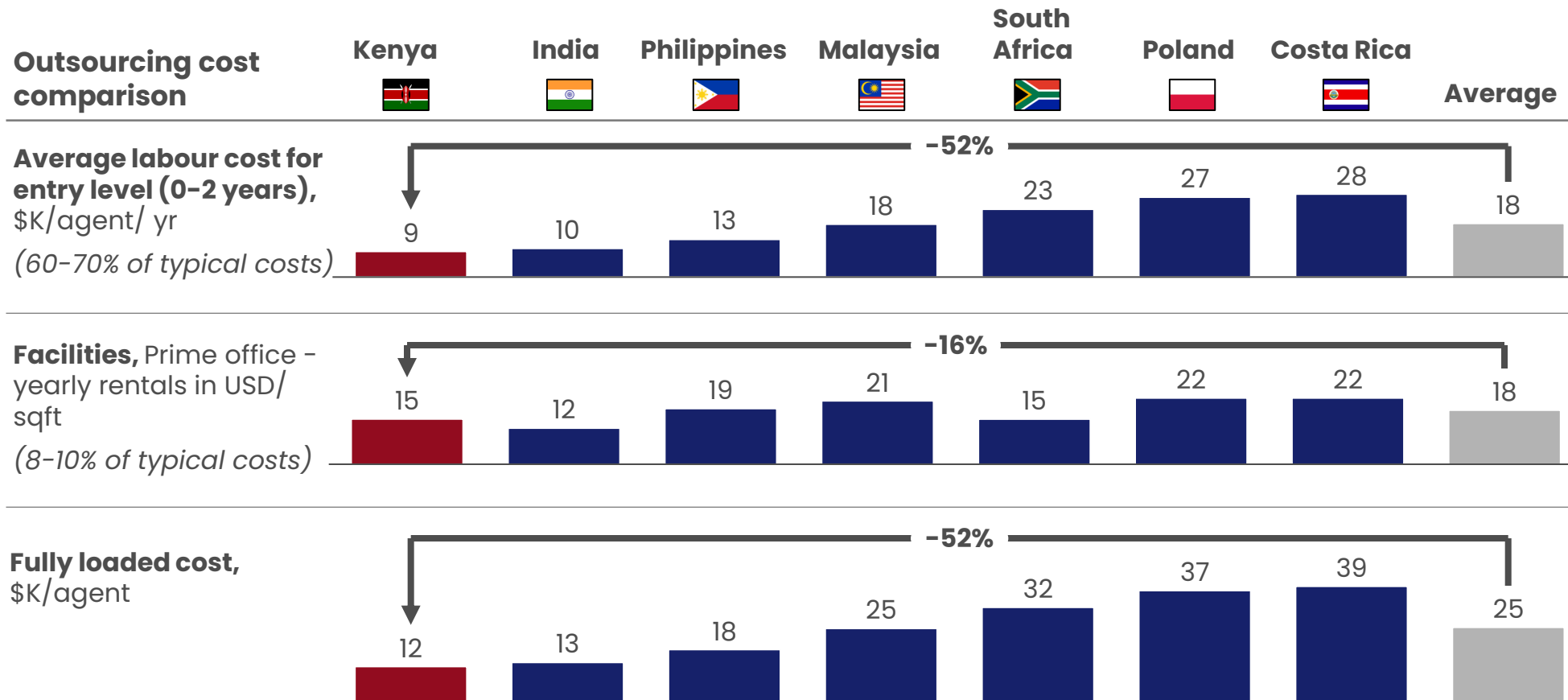
In addition to above factors, Kenya has an investor-friendly enabling environment: 99.9% internet uptime, extensive subsea connectivity, ~90% renewable energy-powered electricity, and supportive investment incentives (e.g., economic zones, government commitment to sector growth)

1. Labour cost in leading BPO city/ location across the countries
2. Upper intermediate level of English proficiency

Source: McKinsey Location Readiness Index (RLI); Genesis: Kenya GBS/BPO Value Proposition; Invest Kenya: Investment opportunities in Kenya for Business Process Outsourcing (BPO)

2 Kenya appears to be cost competitive vs all major BPO destination, however, incentives in other locations reduce their cost-to-serve

Fully loaded cost across major BPO locations (early estimates – being refined)



Other leading BPO locations deploy incentives to increase cost competitiveness:

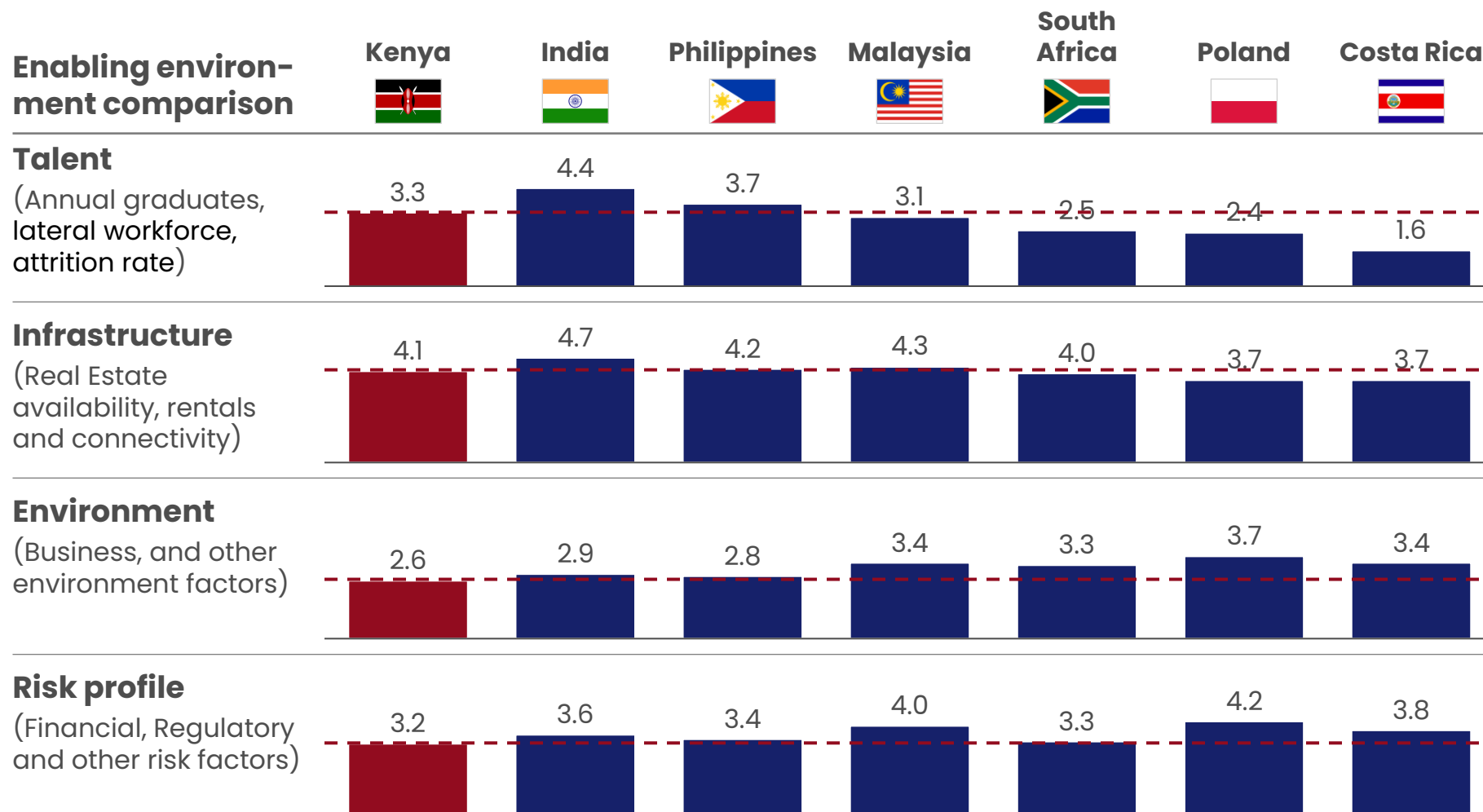
- South Africa: grants per job created, PAYE offsets
- India: CAPEX/ OPEX funding per job created
- Poland, Costa Rica, Philippines: corporate tax exemptions, income tax holidays

Kenya also faces competition from upcoming, low-cost destinations in Africa (e.g., Rwanda at ~\$3K labour cost)

2 Beyond cost, Kenya ranks well on availability of talent, infrastructure; slightly lagging on environment and risk

Scoring (out of 5) across key metrics (early estimates – being refined)

Index score: 1 – Least Attractive 5 – Most Attractive



Key insights

Talent: Kenya has a talent pool of 2Mn+, however, gaps exist in workforce readiness and limited middle management talent

Environment: Lengthy approval processes (1 year+), bureaucracy, and high permit costs delay project approvals and execution (e.g., for SEZ)

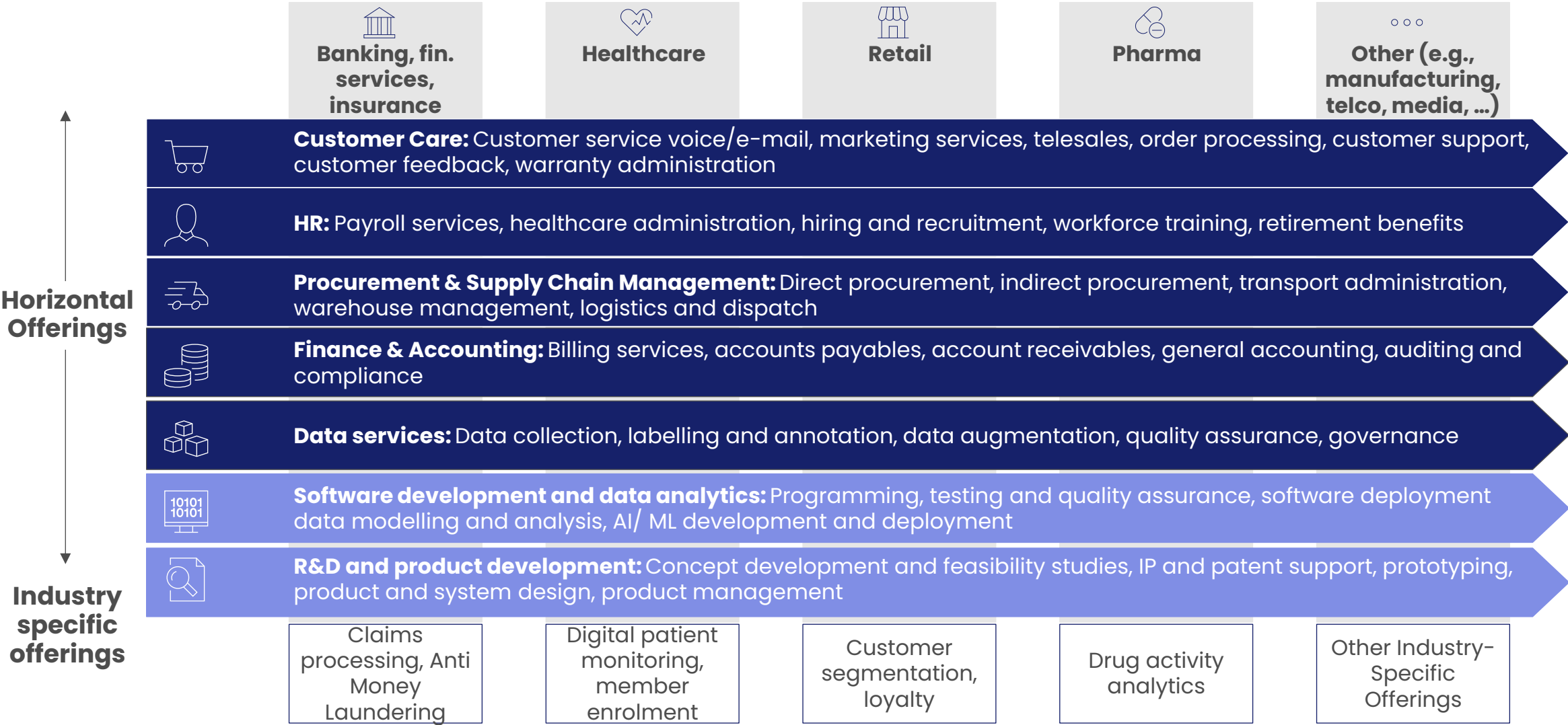
Risk profile: Recent civil unrest has raised concerns about business continuity and long-term stability, prompting companies to reassess the country as an outsourcing destination

2 Breakdown of BPO and GCC offerings

NON-EXHAUSTIVE

Industry Verticals

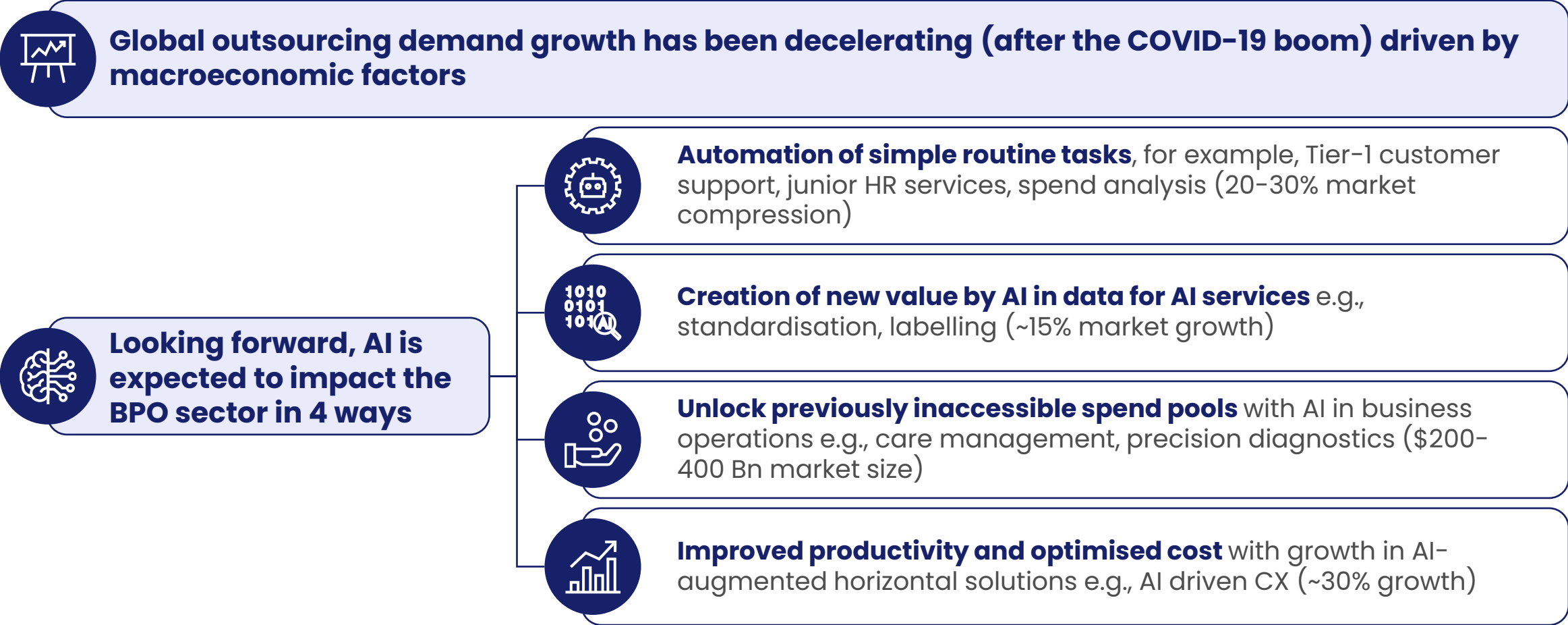
Typically GCC focus



2 AI is transforming the BPO sector through automation, unlocking new markets, and productivity gains

PRELIMINARY NOT EXHAUSTIVE

Key trends



2 Today, Kenya is considered mainly a customer care destination by BPO providers

PRELIMINARY NOT EXHAUSTIVE

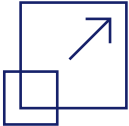
~90% Kenya's BPO market is **predominantly focused on customer care**
CX share of Kenya's BPO



*"Kenya is **widely recognised as a customer experience outsourcing destination**. Rwanda, on the other hand, is regarded as a hub for knowledge process outsourcing (KPO), while Nigeria has established itself as a key player in the tech outsourcing space"*

Executive, BPO provider

Key factors making Kenya attractive for CX operations

Factor	Description	Quotes from experts
 Large English-speaking pool	Kenya has a pool of 600K+ B2+ proficient English-speaking talent – 3 rd largest in Africa	"Kenya's large English-speaking pool positions it well for customer care"
 Accent neutrality	Kenyan workers possess a neutral English accent , making them easily understandable to customers from diverse regions (e.g., Europe, U.K., North America)	"Compared to other regions, Kenyans have a clear and neutral accent"
 Soft skills	Known for strong interpersonal (e.g., empathy and problem-solving skills) which are critical for delivering exceptional customer experiences	"Kenyans are generally known to be empathetic and helpful"
 Scale and credibility	Kenya has already established itself as a credible CX outsourcing hub with a growing number of global clients	"Kenya has a growing CX ecosystem, making it easier to establish CX centres"

2 However, there are several untapped growth hotspots outside customer care that Kenya could expand into

Illustrative list of BPO growth hotspots

5-10% CAGR 10-15% CAGR 15%+ CAGR

PRELIMINARY	NOT EXHAUSTIVE	Top 3 hotspots (i.e., activities) with high growth (2023 – 2028)		
Horizontal offerings	Customer Care 	AI-enhanced content moderation	Contact Centre of the future (AR/VR)	Omni-channel customer care
	HR¹ 	Advanced talent management	HR analytics	End-to-end talent lifecycle management
	Procurement and SCM² 	IoT driven logistics optimisation	Demand forecasting; S&OP Planning	Digital procurement & order mgmt.
	Finance and accounting 	Digital procure-to-pay processing	Digital "Order-to-cash"	AI-enhanced record-to-report
	Data services 	Data management processes incl. data labelling	Data operations	Data governance
Industry verticals	Banking & Fin. Services 	AI / ML based fraud and financial crime prevention (e.g., AML, eKYC)	Contactless payments; digitisation of banking workflows	E2E wealth management outsourcing for limitless AUM ³ , accounts, transactions
	Insurance 	Digitisation & analytics of claim processing digitisation	Digital sales support (e.g. remote digital sales, Digital remote field force)	AI-led underwriting and pricing solutions
	Healthcare 	Telemedicine and digital patient monitoring (provider)	Value based care solutions; analytics; client-facing advanced visualisation tools	Digitised member enrolment and management (payer)
	Retail 	Omni-channel customer ops and engagement (content, product launches)	Customer segmentation with personalisation & loyalty; unified CX	Automated E2E trade promotions process
	Pharma 	Drug activity analytics and optimisation	Remote clinical trial incl. telehealth (e.g. telehealth-driven payment support)	Digital Pharmacovigilance and regulatory activities

Capability assessment across the horizontal and verticals detailed next

1. Human resource; 2. Supply chain management; 3. Assets Under Management

2 BPO and GCCs are key outsourcing models used by organisations globally

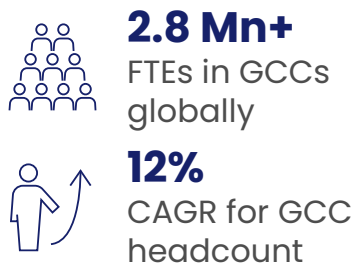
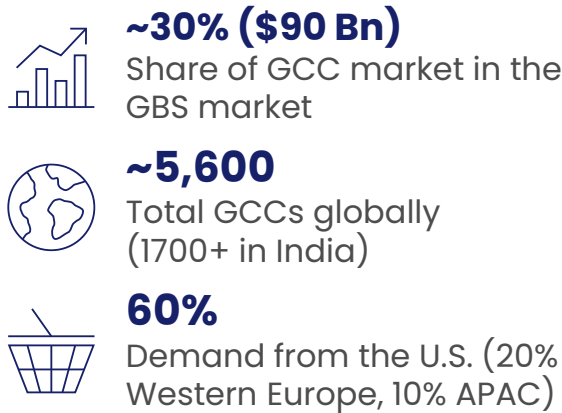
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Example companies	   	    

1. Modern GCCs emerging including hybrid or and third-party managed centres (GCCaaS)

2 GCCs market overview (1/2)

Case study follows

Market overview



Key horizontal functions

- **Tech development and digital services** (e.g., digital product and software development, cloud, DevOps, data science, AI/ML development, cybersecurity)
- **Research & development** (e.g., product innovation, prototype development, AI research)
- **Engineering** (e.g., engineering design, systems integration, simulation, testing, hardware integration)
- **Functional services** (e.g., finance and accounting, HR, marketing, IT support)

Supply by top regions/ countries

Country	Number of FTEs in GCCs
 India	1.9 Mn+
 Philippines	~300K
 Poland	~190K
 Mexico	~180K

Key industry verticals and example companies

Banking & insurance	  
Technology & telecom	   
Retail & consumer goods	  
Manufacturing & automotive	  
Healthcare & pharma	 

②Deep dive | India is the leading GCC destination globally



PRELIMINARY NOT EXHAUSTIVE

Deep-dive follows

Key metrics



1,700+
Number of
GCCs

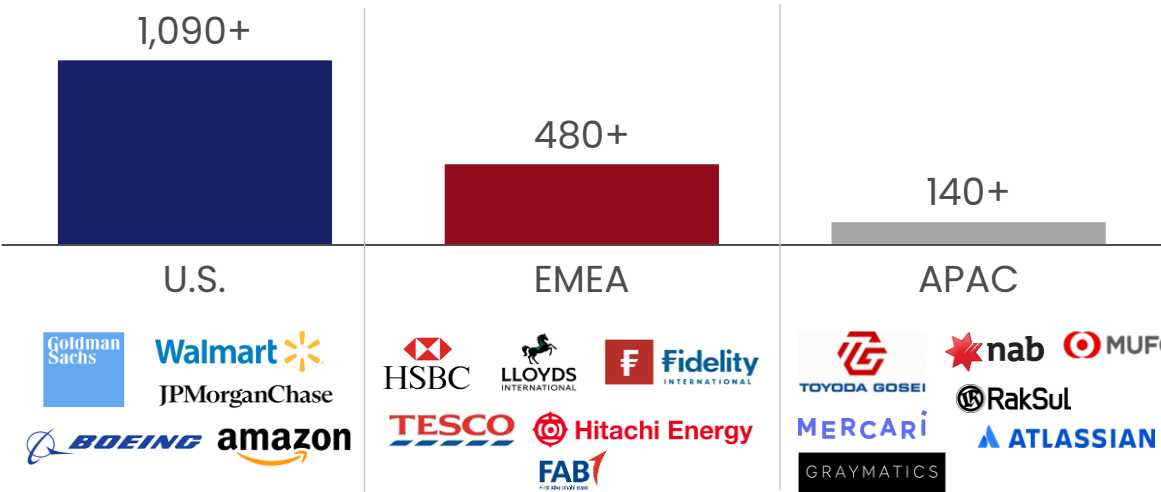


~\$65 Bn
Annual revenue



1.9 Mn+
Total jobs created

Distribution of GCCs, based on HQ location, #, 2024



Success factors

Massive pool of highly skilled labour with ~2.5 Mn graduates annually with deep technical skills

Significant cost advantages with lower operational costs, affordable facilities, and competitive wages

Government created favourable policies for outsourcing, with states introducing GCC specific policies and incentives (e.g., rent reimbursements, electricity tax exemptions, land subsidies)

India's GCCs have rapidly evolved from handling basic functions to **driving high-value work in AI, R&D, analytics, and innovation**

India became the default GCC destination, especially for U.S. firms, driven by **Indian professionals within the firms actively advocating for setting up operations there**

2 Deep-dive: India offers incentives to attract companies to set up GCCs

Financial incentives

Tax incentives 	• 100% income tax exemption on export profits for the first 5 years – 50% exemption for the next 5 years; additional 50% exemption on reinvested export profits for 5 years
OPEX support¹ 	• 10–20% power subsidy for 5 years • 5–20% subsidy applied to eligible OPEX (e.g., rent, utilities or internet) for 3–5 years • 50–75% subsidy of training cost or lump sum per trained employee
CAPEX support¹ 	• 10–30% reimbursement of investment in buildings, fit-out, IT equipment, spread over 5–7 years • 10–50% discounted land allotment or refund of part of the cost • Exemptions from customs duties on imported equipment, capital goods and software; additional Goods and Services Tax (GST) and service tax benefits

Non-financial incentives

- **Single-window clearance** and simplified procedures
- **Relaxed labour laws** in IT parks and GCC hubs (e.g., 24/7 operations, use of internal HR policies)
- **Dedicated office zones** for niche GCCs (e.g., healthcare, finance)
- **Matchmaking platform** for industry-academia collaboration
- **Dedicated helpdesk for GCCs** to share needs and ask questions

For comparison, Kenya’s offering in SEZs:

- 10% Corporate Income Tax (CIT) for first 10 years vs; 15% for the next 10 years (vs. 30% rate)
- VAT, import and excise duty exemptions

1. Primarily offered at the state level

2 In comparison, Kenya's GCC market is emerging

PRELIMINARY NOT EXHAUSTIVE

Kenya GCC market



<10

Number of GCCs

~2K

FTEs in GCCs

Example players

	400+ FTEs focused on software development for global Microsoft products (e.g., components in Identity management, Teams, SharePoint)
	Develops android system features, games, Playstore and AI/ML foundational models for global use
	AI/ML research and solutions (e.g., geospatial and earth observation models, GenAI driven productivity solutions) for the global market
	Prototypes for payment and commerce solutions for the African region
	Designs and innovates inclusive fintech solutions for the African region
	Shared Service Operations Centre (SSOC) overseeing technical support across 5 markets (Tanzania, Mozambique, DRC, Lesotho, Ghana) and future markets
	Partners with companies (e.g., Microsoft Testing Centre) to deliver tech focused services (e.g., quality assurance) as a 3 rd party GCC provider
	~100 FTEs; partners with companies to deliver finance and accounting services and software development as a 3 rd party GCC provider

Detailed next

“ ”

Kenya is a credible next-wave GCC destination in Africa, combining skilled tech talent, robust digital infrastructure, competitive costs, and a strategic time-zone advantage, but its value proposition remains under-branded

Former GCC executive

2 Microsoft's Africa Development Centre



Microsoft ADC overview

2019

Year launched
in Nairobi

400+

Total
FTEs

Global software engineering hub for components of core Microsoft products (e.g., identity management, Teams, SharePoint)

Only centre in Africa among ~40 globally

Has a research institute for Africa-focused AI (e.g., local language models, Agri mapping)

Key roles: software engineers, product managers, AI researchers



Success factors in Kenya

- **Presence of at-scale early-in-profession talent** (i.e., fresh graduates, 1-3 years of experience)
- **Quality local education system** – ~90% of ADC employees are from Kenya, majority educated locally
- **Mature tech ecosystem** supported by tech and fintech companies (e.g., Safaricom, M-Pesa, Andela)
- **Lower operational costs**; only India is comparatively cheaper
- **High quality of life in Nairobi** with relatively easy commute and available housing



Challenges

- **Shortage of specific high-demand tech skills** (e.g., AI/ML development, cloud) compared to other locations (e.g., Prague, Dublin)
- **Limited local senior tech talent**, requiring hires from other locations (e.g., Nigeria)

2 Access to talent and cost are the most critical factors for global companies in selecting new GCC destinations

PRELIMINARY NOT EXHAUSTIVE

Assessment on Kenya capabilities ahead

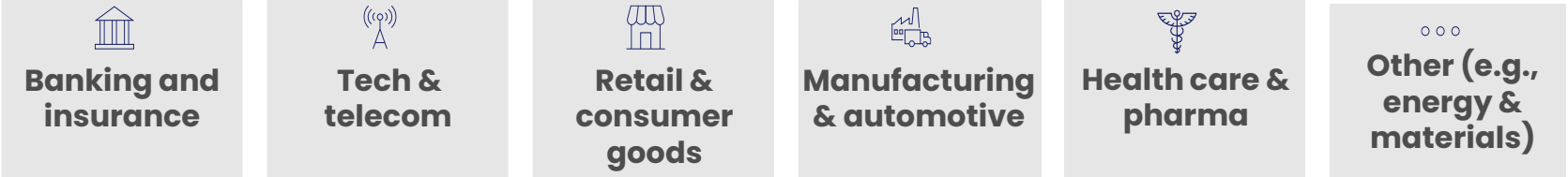
Increasing degree of importance	Decision factors	Requirement	Kenya's assessment
	 Talent pool	Scalable, high-quality talent pools and mature sector ecosystems	 Large, educated, English-speaking workforce (~100k+ grads/year), but gaps in job-readiness, specialist skills and industry-aligned curricula
	 Costs	Locations that enable competitive operating costs while sustaining service quality and margins	 Operating costs competitive vs mature hubs, but peers (e.g., India, Philippines) use stronger incentives, especially in early years
	 Government policy and regulation	Predictable, pro-investment policy environment including fiscal incentives, streamlined set up process, supportive work permits for senior talent	 Outsourcing-friendly stance and SEZ tax breaks, but work permits are costly/slow and SEZ rules lack flexibility for GCCs
	 Infrastructure	Reliable, modern infrastructure (internet, power, office facilities, transport) that supports seamless operations and future scale	 Stable internet infrastructure (99.9% internet uptime) with Grade-A offices, tech parks and reliable utilities in key nodes
	 Risk profile	Stable political and operating environment , with strong business continuity and a high quality of life	 Stable governance and strong location, but high fiscal risk ratings and periodic political disruption
	 Connectivity	Easy global access and connectivity to integrate teams and support a unified company culture	 Strong connections to global and regional hubs with overlapping time zones

Source: Global Service Study 2023: Current Situation and Future of Contact Centre Outsourcing; Expert input;

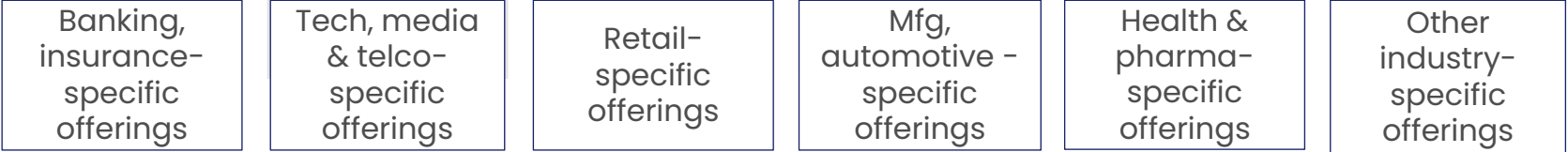
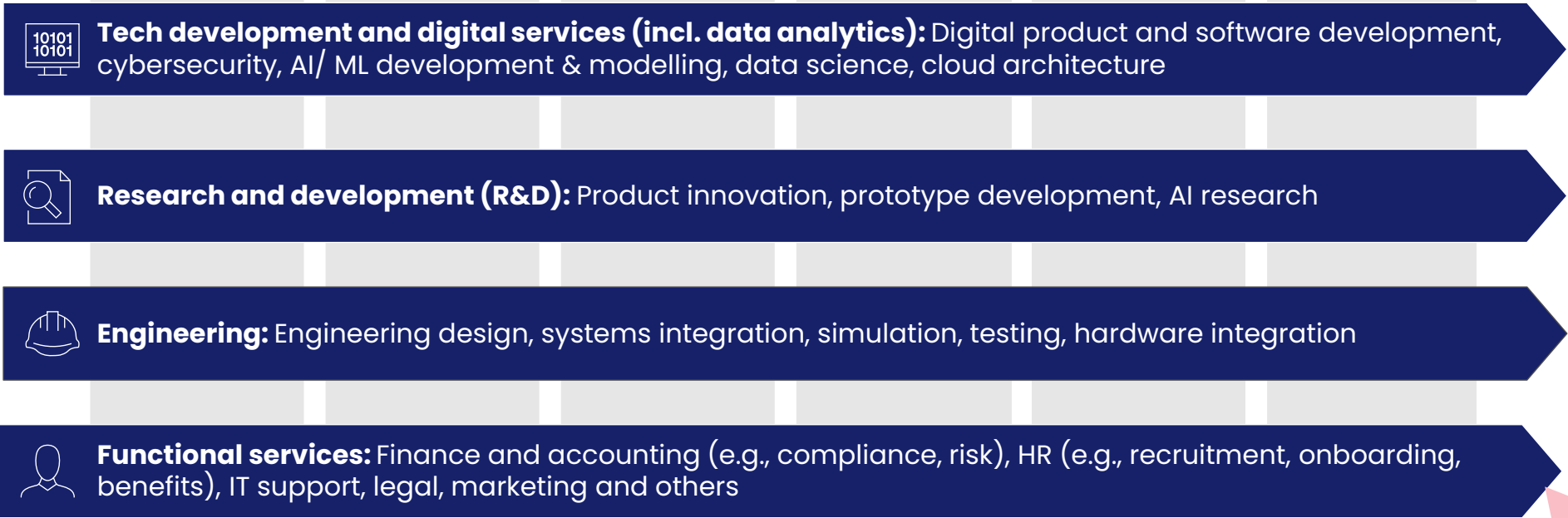
2 Breakdown of key functions and verticals in GCCs

NON-EXHAUSTIVE

Industry Verticals



Players in Kenya across functions



- Breakdown:**
- Finance & accounting: 35%
 - HR: 25%
 - IT support: 20%
 - Legal: 5%
 - Marketing & others: 5%

2 A. Supply of skills: Kenya has relatively high capacity in tech development, digital services, & shared services functions



PRELIMINARY NON-EXHAUSTIVE

Prioritised given existing capabilities **Capability:** ■ Low ■ Medium ■ High

Horizontal functions	Example roles	Workforce size (talent stock)	Annual graduates (talent flow)	Talent quality
 Tech development and digital services (incl. data analytics)	Software development, cybersecurity, networking, AI/ML, cloud, DevOps, data scientists and analytics	330K+	12K+	Skilled and growing pool, especially in software and data fields, but limited top-tier specialists
 Research and development	AI/ML research, innovation, prototype development	15K+	Graduates from various fields (120K+ graduates)	Emerging with pockets of excellence around innovation hubs but limited depth and scale
 Engineering	Mechanical engineering, electrical engineering, automotives, quality and reliability engineering	30K+	5K+	Solid foundational skills, but limited practical experience and exposure to complex tasks
 Functional services	Accounting, financial analysis, human resource, recruiting, supply chain management	600K+	25K+	Highly trainable, English-proficient and pool of certified professionals (35K+ CPAs, 200K ACCAs)

"Kenya largely has the stock and flow of talent required but struggles with workforce readiness and specialised expertise"
-Executive, GCC company

**10 prioritised
opportunity
areas to scale
Kenya's Tech
sector, each
with set of
initiatives
driven by
SteerCo sub-
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- ① 2–3 GW data centre region and AI Engine
- ② Global BPO and GCC destination
- ③ **Electric / electronic devices assembly and components manufacturing leader**
- ④ National AI and Digital Skills and Jobs Accelerator
- ⑤ Digital transformation of every Kenyan enterprise
- ⑥ Kenya Stack
- ⑦ Growth capital and incubator platform for x-Tech scaleups
- ⑧ 80%+ broadband connectivity across Kenya
- ⑨ Enabling regulation
- ⑩ Tech-focused University Ecosystem

3 Kenya's current ecosystem for devices assembly and components manufacturing is emerging

NON-EXHAUSTIVE

Smartphones 	Consumer electronics 	Electrical components 
Player	Goods assembled	Components manufactured
M-KOPA M-Kopa, HMD/M-Kopa smartphones	VISION PLUS LED TVs	METSEC Cables za power! Kenwest Safe Quality Cables Nia Fiber
EADAK POWER MKONGI Neon Smarta, Neon Ultra, Neon tablets	VITRON Smart life TV sets, speakers, antennas	Gearbox europlacer PCBs
sun king Sun King EZ 1 smartphones	burn manufacturing Electric pressure cookers, biomass stoves, induction cookers	vocean Transformers manufacturing and repair ACTOM
Capacity to produce ~8 Mn phones annually (M-Kopa 4.5 Mn, EADAK 3 Mn, Sun King ~700k)		ACTOM Electrical switchboards, control panels SWITCHGEAR LTD Schneider Electric imexolutions

3 Kenya has foundations for local assembly, but lacks advanced skills, scale, and supplier depth to compete with global export hubs today

PRELIMINARY FOR DISCUSSION

High  Low

Decreasing priority

↓

Dimension

- i**  **Talent capabilities**
- ii**  **Cost of assembly (including talent and energy cost)**
- iii**  **Supply chain ecosystem**
- iv**  **Infrastructure**
- v**  **Market access**

Kenya ranking

	Good pool of basic/medium-complexity assembly talent , but limited depth of experienced electronics engineers and technicians for complex, high-precision products limiting ability to serve global markets and high-end products
	Labour and energy costs competitive vs global locations (hourly rate for factory worker: Kenya \$1-2.5, China \$3-4; power rates \$0.09 / kWh in Kenya and China), but lower labour productivity and grid reliability partly erode the cost advantage Policy incentives (e.g., tax exemptions on components) improve cost competitiveness for local/ regional markets
	Heavy reliance on imported components and parts , with almost no reputable local suppliers, leading to long lead times, higher working capital and reliability risk
	Good progress on roads and port infrastructure, however, port congestion and highway bottlenecks constrain just-in-time, high-volume production for global export
	Preferential trade access to major markets (e.g., EU, UK) and ongoing talks with the US, but distance from demand hubs limits competitiveness for export-focused assembly (20-30 days to Europe by sea)

3 Kenya could focus on a local / regional “Africa for Africa” given a set of factors

PRELIMINARY NON EXHAUSTIVE



Growing home market: EAC and wider Africa devices and electronics markets are growing fast from a small base (e.g., smartphone penetration <60% in many countries vs >90% in China/Europe)



Logistics and freight arbitrage for bulky goods: Local assembly reduces logistics costs (5-10% of landed cost) of bulky products (e.g., fridges) by shipping denser kits and moving finished goods shorter distances



Policy tailwinds for Africa trade: Preferential access to regional trade blocs (EAC, COMESA) positions Kenya as a gateway for “Africa-for-Africa” manufacturing



Right scale fit – constrained by local ecosystem: Global export hubs (e.g., China smartphone clusters) operate at 10-50 Mn units / year; Kenya’s still-developing supplier base limits scale, making it better suited to smaller, regional volumes

Implication for Kenya’s focus

Kenya could prioritise bulky products and devices with low-moderate assembly complexity, serving regional (EAC and Africa) demand

Source: Desktop research, expert input



Brands with large market share in Africa, could set up to fulfil the existing local demand ... Xiaomi’s market entry in Bangladesh was to provide smartphones to the 8 Mn population with feature phones in 2018

- Smartphone industry executive

The larger the product, the greater the localisation opportunity (e.g., automotive, large home appliances)... especially for devices with high local and regional demand

- Industry expert

3 In addition to Kenya, other African countries are setting up local assembly and manufacturing for domestic and regional markets

NON-EXHAUSTIVE

Country

Egypt



Device manufactured

Smartphones, TVs, small electronics routers, cameras, headphones)

Brands manufactured



Recent investments

- **2025 – OPPO:** \$50 Mn smartphone plant (~500k units/ month, ~2k direct jobs) in Ramadan City targeting Egypt and Arab/MENA markets
- **2023 – Xiaomi:** \$20 Mn smartphone plant (~500k units/ month) for Egypt and MENA exports

South Africa



Refrigerators, TVs, antennas, Li-ion ESS batteries



- **2024 – SolarMD:** 3 GWh/ yr Li-ion batter factory to supply local and regional ESS markets
- **2013 – Hisense:** TV and refrigerator assembly plant for Southern Africa (~1 Mn TVs, 500k fridges / year) in Atlantis

Ethiopia



Smartphones



- **2023 – Transsion:** Local smartphone assembly plant, distribution and after-sales network to improve affordability in Ethiopia

Morocco



Electrical vehicles, batteries, charging infrastructure



- **2025 – Stellantis Kenitra:** \$1.2 Bn expansion of vehicle assembly plant to 535k vehicles/yr for Europe & Africa
- **2024 – Gotion:** \$6.5 Bn, 20 GWh/yr battery gigafactory (expandable to 100 GWh/yr) to serve regional EV and storage markets

3 4 investable plays could be considered to establish Kenya as a devices assembly and components manufacturing leader

PRELIMINARY

FOR DISCUSSION

Group

Smart-phones



Consumer electronics



E-mobility



Power/electrical components



Investable plays

1 Scale domestic assembly of affordable smartphones **to serve the fast growing domestic and regional** (EAC, COMESA, Africa) market

Example companies



2 Set up assembly of affordable consumer electronics (e.g., refrigerators, freezers, stoves, cookers & ovens) to **serve growing East African demand**



3 Scale existing E2W and charging infrastructure players and **attract global assemblers** to serve the domestic and regional market (i.e., EAC, COMESA) and potentially global markets in the future



4 Expand local power and electrical components manufacturers/assemblers to serve EAC and COMESA demand across:

a Electrification solutions for commercial and household demand

b Expansion and modernisation of national grids in East and Central Africa



3 | Smartphones: There is a growing smartphone market in the region

PRELIMINARY

PRELIMINARY NUMBERS – TO BE REFINED

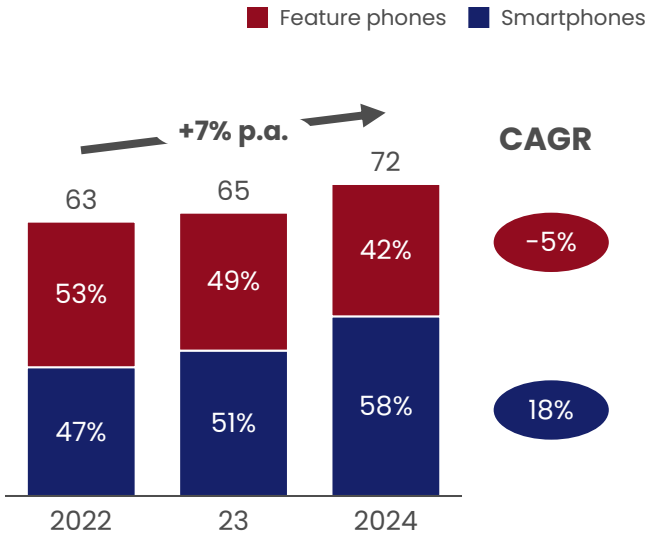
Mobile phone market (Africa – Kenya)

Africa mobile phone market

1 Bn Mobile phone units in Africa (2024), 40% smartphones, 60% feature phones

~10% Projected CAGR for smartphones demand in Africa, 2025 – 2035

Mobile phone growth in Kenya, Mn units, 2022 to 2024



Growth drivers:

- Growing smartphones affordability, incl. locally assembled units
- Innovative financing (e.g., PAYGO) easing upfront cost barriers
- Service digitalisation requiring smartphones (e.g., payments, e-gov)

Top 5 mobile phone brands in Kenya

Brand	Market share, %, 2024	Entry-level product (Retail price, \$)
Transsion ¹	29	Itel A16 (\$52)
SAMSUNG	24	J1 Ace (\$58)
BBK ²	9	Realme Note 50 (\$74)
hmd./NOKIA	8	Nokia C1 (\$54)
xiaomi	5	Redmi Go (\$67)

Target companies: Reach out to **low-cost smartphone players** (e.g., Transsion, Samsung) **and local assemblers** (e.g., M-Kopa) explore interest in setting up local assembly



Transsion



xiaomi



1. Parent company to Tecno, Itel & Infinix; 2. Parent company to Oppo, Realme, Vivo, OnePlus

Source: Communication Authority of Kenya quarterly report; GSMA mobile penetration rates in Africa; Press search; Expert interviews

3 | Government incentives drive competitiveness of locally assembled smartphones in Kenya

Normalised unit economics of smartphones in Kenya (i.e., % of price of a smartphone imported through official channels – China rates)

Cost category	 Imported phone (official channel)	 Kenyan assembled smartphone	
 Components	41	49	0% import duties (reduced from 10%¹) 8% additional logistics cost for Kenya
 Labour	5	3	- Kenya's labour rates are 20% lower - Productivity is estimated ~60% lower than China
 Electricity and overhead	8	13	- Kenya's current power tariff is \$0.09kWh - Comparatively lower scale drives higher overheads per unit for Kenya
 Margin	5	5	Average margin used is 10%
 Smartphone cost	60	71	Sum of input costs
 Tariffs + taxes	34	0	Custom + excise duty increased from 25% in 2023 to 35% in 2025 for imported phones
 Logistics costs	7	6	5-7% cost per device for in-country logistics
 End-user price	100	77	Tariffs on imported phones drives Kenya competitiveness

As a result:

Local players have set up assembly capacity in Kenya (e.g., M-Kopa, EADAK, Sun-King)

However, **investment uncertainty remains**. Incentives may change year on year, making long-term investment decisions difficult

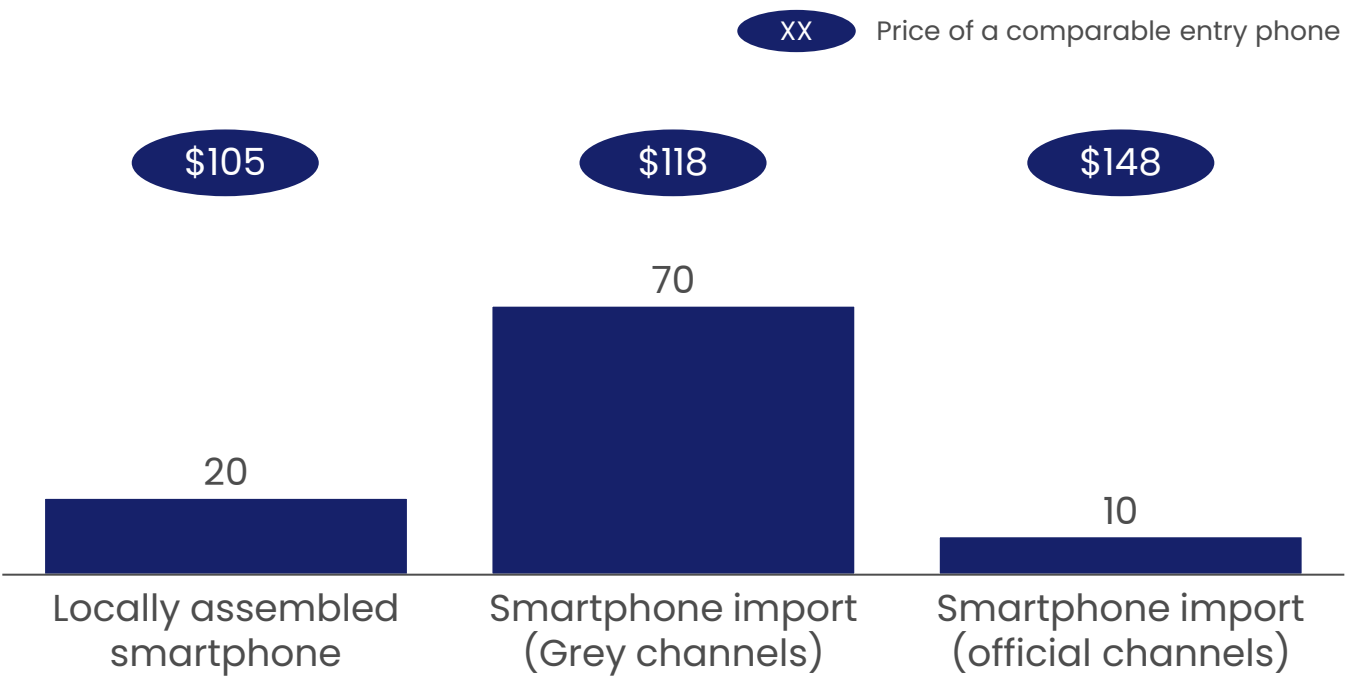
1. Import duty typically applied to intermediate electronic goods in the EAC Common External Tariff

Source: Expert interviews; Press search; Communications Authority of Kenya (CAK); Kenya revenue authority

3 | Grey-channel smartphone imports comprise 70% of the Kenyan market, challenging the viability of local assembly

PRELIMINARY NUMBERS – TO BE REFINED

Smartphone import channels market share (as of today), %



Majorly distributed through informal wholesale hubs, independent retail stores and online shops without official receipts or local warranties

Key insights

- ~70% of the local market is served by **grey-market devices** that bypass duties and regulations (under- or mis-declared at ports or airports)
- Grey-market smartphones **erode the economics for local assembly**, as they are widely available and typically only 5-10% more expensive than locally assembled devices
- Market could see competition from large scale players in COMESA region (e.g., Egypt)

Source: Expert interviews; Industry practitioners' interviews; Press search;

3 | Recent directives to reduce grey market channels stalled...

PRELIMINARY FOR DISCUSSION

The Communication Authority of Kenya issued two directives recently to curb grey smartphone imports

- i. **Device management system (DMS)** installed on mobile networks to identify & block counterfeit, stolen, or illegal devices, and tackle SIM-box fraud
- ii. **IMEI “whitelist” of tax compliant devices**, aiming to close grey channels and tax leakage, and enable MNOs to block non-compliant / non-tax-paid devices

Initiatives stalled in the courts for two central reasons



Lack of grounding in due process: initiatives rolled out via letters and internal policy, not law or regulations; lack of public participation in process



No clearly articulated safeguards on data protection (purpose, retention, access controls, oversight), including **privacy concerns when IMEI data is paired with network data**

Source: The Law Society of Kenya (Katiba Institute v Communications Authority of Kenya & 2 others); Press search

...despite being successfully leveraged in other countries

Actions that other countries have taken to curb grey smartphone imports while reassuring data concerns

1. **Make use of IMEI data for security needs only, ensuring minimal overlap with personal identifiers**
 -  **Pakistan’s device identification, registration & blocking system** verifies device IMEIs. Over 55 million fake/stolen devices disabled, local assembly now meets >94% of domestic demand
 -  **Nigeria** enforces **strict IMEI retention policies** via its NCC-managed database, integrating type-approval, customs checks, audits, and mandatory DPIAs
 -  **Egypt’s Telephony IMEI registration system** links phones to customs declarations; devices must register within 90 days, otherwise blocked from local networks
2. **Tighten port screening for illegal imports**
 -  **Brazil** runs **targeted anti-contraband operations** at airports & border points
3. **Raise public awareness of illicit grey market products and the associated risks**
 -  **Uganda “SIMU KLEAR” campaign** educated ~27 Mn people on counterfeit phone risks & device verification

3 | Kenya has tried two approaches to control grey-market smartphone imports; however, both facing public backlash

Device Management System (DMS)

Promoter:



Objective:

System that sits on mobile networks to:

- Identify and block counterfeit / stolen / illegal devices
- Tackle SIM-box fraud and under-declaration of devices

- **2017:** CA issues directive to mobile network operators to integrate DMS probes in their networks, giving CA access to key device information (IMEI, IMSI, MSISDN, CDR)
- **2018:** High-court halts DMS rollout, holding that it threatens privacy and lacked proper public participation
- **2020:** Court of Appeal revives DMS, with conditions of publishing of technical guidelines and public participation
- **2023:** DMS decision challenged in Supreme Court, however, Court of Appeal position upheld
- **2023–25:** Strong public backlash brands DMS as “spyware-like mass surveillance tools”, reports imply that DMS CA access to call records and subscriber data
- **2025:** CA has signalled intent to move forward; actual implementation status and scope remain unclear

Key challenges:

- Designed and rolled out initially via letters and internal policy, not explicit law or regulations
- Perceived as a surveillance tool rather than a narrow anti-counterfeit / anti-fraud system
- Limited public participation around the technical design and data it would access

National IMEI Whitelist



Maintain national “whitelist” of tax compliant devices to:

- Close grey channels and tax leakage
- Enable MNOs to block non-compliant / non-tax-paid devices

- **2024:** CA and KRA issue public notices signalling creation of national “whitelist” database of compliant IMEIs through KRA portal, with directive that MNOs can only connect verified devices (for 1st January 2025 implementation)
- **2024:** Constitutional petitions filed, High Court suspends implementation
- **2025:** High Court judgement declares notices unconstitutional. holds that IMEI data linked to users constitutes personal data
- **2025:** Not under implementation; Limited clarity on current status

- Implemented through administrative notices, not an Act of Parliament or detailed regulations
- No clearly articulated safeguards on data protection (purpose, retention, access controls, oversight)

3 | Other countries have used IMEI-based registries, anchored in law and public engagement, to curb grey market imports

PRELIMINARY

Pakistan **DIRBS (Device Identification, Registration and Blocking System)**

- Established by Pakistan Telecommunications Authority (PTA), under the Mobile Device Identification, Registration & Blocking Regulations, 2017 (clear statutory basis)
- Fully launched in 2018, checking every device IMEI against a database of legal imports and type-approved devices; non-compliant devices blocked
- **Impact:** 55+ million fake/stolen devices disabled, local assembly boost (>94% of domestic demand now met by local manufacturing)

Nepal **MDMS (Mobile Device Management System)**

- Introduced by Nepal Telecommunications Authority (NTA)
- Backed by MDMS Bylaws under Telecommunications Act
- Full implementation recently rolled out, long-term tax and volume impact are still emerging

Egypt **Telephony IMEI registration system**

- Rolled out in 2025 by Egypt's Customs Authority and National Telecom Regulatory Authority (NTRA) with media announcements (narrative to combat grey imports), formal guidance to manufacturers and importers, and clarification sessions by ICT and Customs authorities
- Telephony (My Phone) app/ electronic system to register phones and link them to customs declarations; devices using local SIM must register within 90 days, otherwise blocked from local networks

3

2 | Consumer electronics: Specific categories could be prioritised for local assembly

PRELIMINARY

■ Kenya ■ Rest of EAC Ranking evaluation: ● Low ● High

Category		Consumer spend on select consumer electronics, \$ Mn, 2023		Manufacturing/ assembly feasibility ¹	Local value addition potential (>35%)	'Strategic to produce closer to demand' ³
Prioritisation for assembly	Main priority	 Televisions	175365			
		 Refrigerators	5554			
		 Cookers & Ovens	4871			
		 Washing machines	1027			
	Secondary priority	 Vacuum cleaners	228			
		 Audio devices	327			
		 Microwaves	1110			
		 Cameras	47			

Based on interviews, several consumer electronics companies are looking to locally assemble televisions, refrigerators, and cookers, driven by rising market demand, opportunity to customise products for local preferences and enhanced supply chain reliability

1 Complexity in device manufacturing i.e., component complexity e.g., RFIDs in radios, assembly process complexity and product testing and calibration requirements
2 Measures the local value addition in local assembly/manufacturing (i.e., EAC and COMESA require 35%+ local value addition to qualify for custom duty waivers when exporting to member countries)
3 Strategic reasons to assemble/manufacture closer to demand markets are lower landed costs (especially for bulky items e.g., refrigerators), Faster response to market demand (e.g., speakers), product localisation

3 4 | Power/ electrical components: Positive demand signals and emerging local assembly; however, further prioritisation required

4A: Electrification solutions for commercial and household demand

Description

Demand for wiring and connection, protection and automation, backup power and smart & digital systems devices



4B: National grid expansions and electrification components demand

Sub-station equipment, medium and high voltage lines, protection relays



Indicators of growth in demand

>1GW Data centre IT capacity ambition in Kenya by 2040 (*detailed ahead*)

5% CAGR of Kenya construction sector (2019-24)

Government-led rural and industrial electrification programs e.g., Kenya's Last-Mile Program, Tanzania's National Electrification Program

Development-partner driven efforts e.g., World Bank/AfDB-led Mission 300 to connect 300 million people in sub-Saharan Africa to electricity by 2030

Emerging local mfg. and assembly

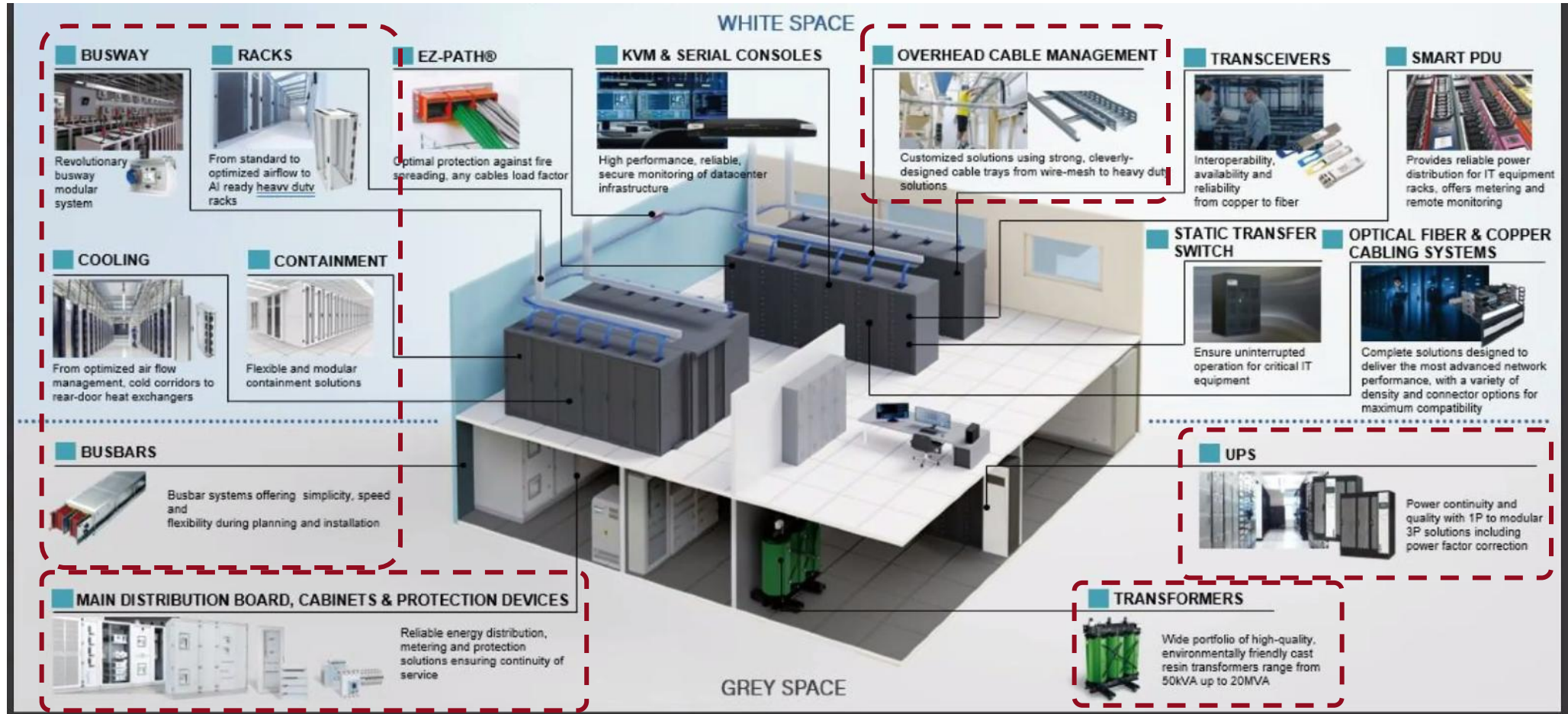


Assessment of power and electrical components across East Africa to be conducted (demand, complexity, logistics) to prioritise focus areas for Kenya

3 4 | Data centres are significant consumers of power and electrical components with emerging but scalable local assembly

Data centre power and electrical components

Existing local assembly with potential to scale



**10 prioritised
opportunity
areas to scale
Kenya's Tech
sector, each
with set of
initiatives
driven by
SteerCo sub-
committees**

- ① 2–3 GW data centre region and AI Engine
- ② Global BPO and GCC destination
- ③ Electric / electronic devices assembly and components manufacturing leader
- ④ National AI and Digital Skills and Jobs Accelerator
- ⑤ Digital transformation of every Kenyan enterprise
- ⑥ Kenya Stack**
- ⑦ Growth capital and incubator platform for x-Tech scaleups
- ⑧ 80%+ broadband connectivity across Kenya
- ⑨ Enabling regulation
- ⑩ Tech-focused University Ecosystem

Executive Summary

Benefits of a national Stack

- A Stack is a set of **shared, reusable digital building blocks** that government and industry can plug into to deliver trusted digital services at scale
- Done well, it **improves ROI on digital infrastructure, accelerates service rollout, and reduces delivery costs** – for example, India's payments utility is estimated to deliver \$5B+ in annual savings

Current state in Kenya

- Kenya has **strong foundations** (e.g., 25k+ digitised services, strong connectivity). However, progress and value capture are held back by:
 - **Fragmented governance and delivery** of Stack components across MDAs and partner programmes
 - **Limited interoperability**, leading to duplicate builds and disjointed user journeys
- GoK has **highlighted Stack execution as a key objective**, with several key partners in support of the program i.e., World Bank, GIZ, EU, private sector and others across technical and funding support

Way forward:

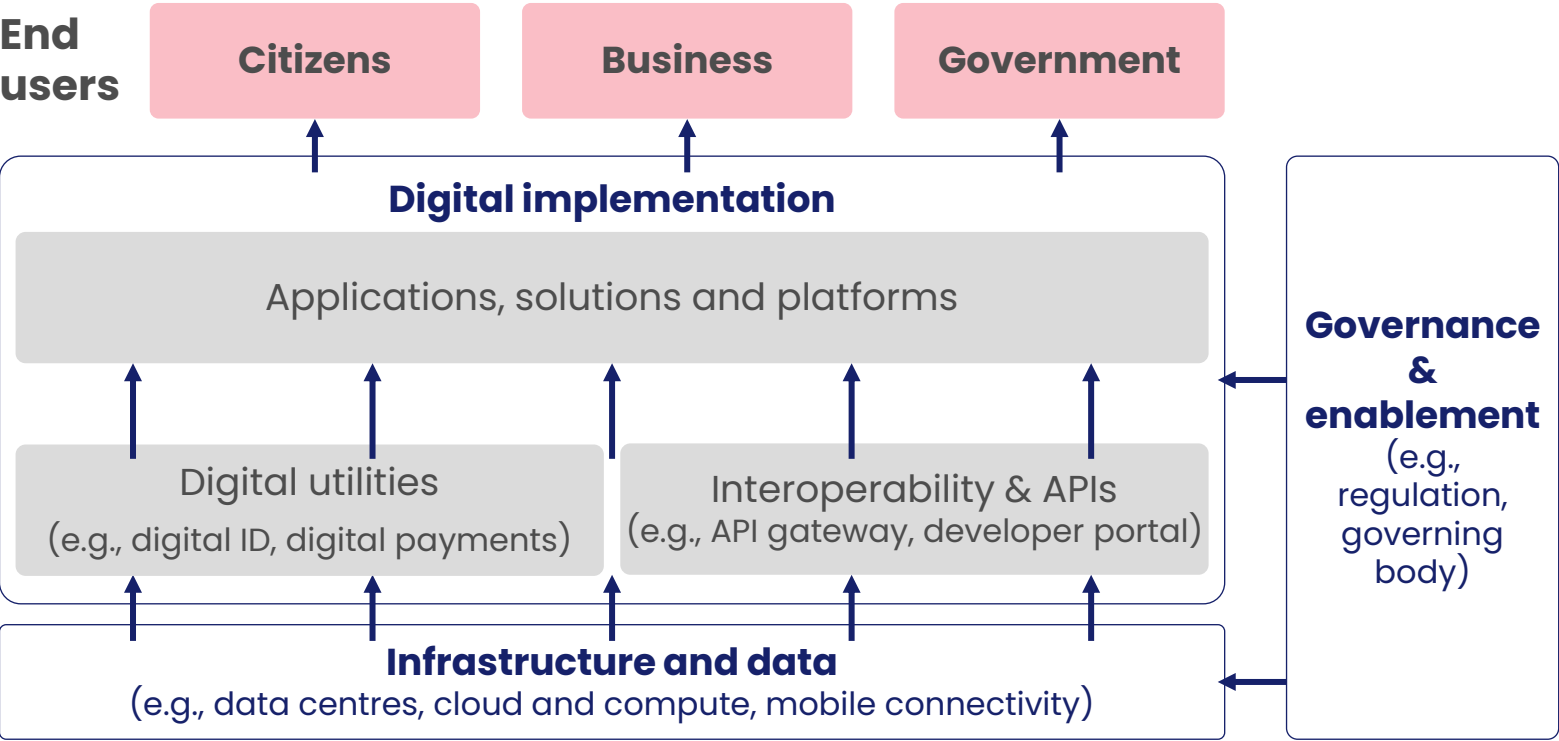
- To effectively deliver its Stack ambition, Kenya to comprehensively answer a core **set of strategic questions** across vision and strategy, governance and mandates, technical design and partner alignment
- Following that, execute **prioritised high-value areas** with partner support to prove value and scale

6 A national digital stack enables efficient digital service delivery at national scale

NON-EXHAUSTIVE

A stack is a coordinated set of shared digital building blocks that governments and businesses reuse to deliver digital services at scale

Components of a stack



By using the same shared digital foundations, a country can achieve...

- Higher returns on national digital infra investment
- Faster scaling of digital services & ecosystem innovation
- Lower unit cost and higher effectiveness of public service delivery

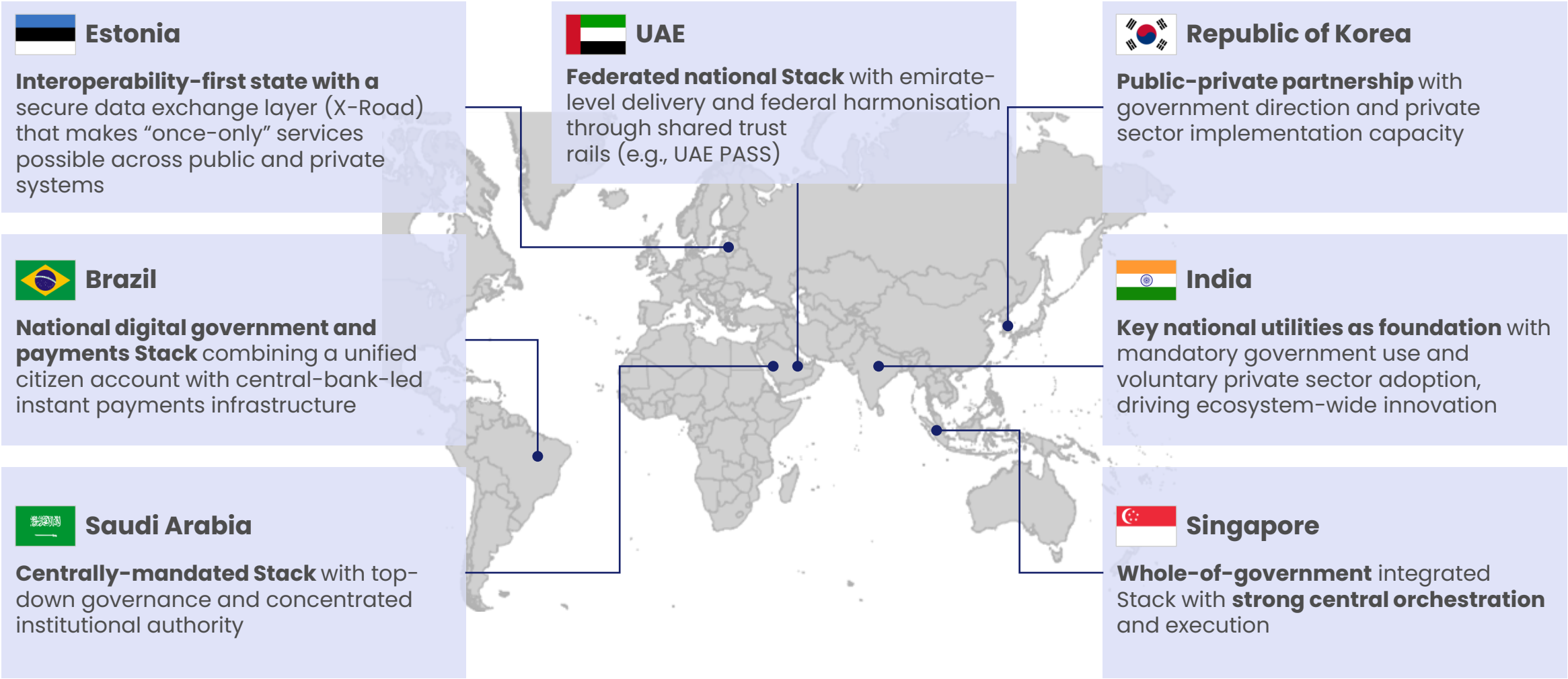
Example impact

-  ~\$5b+ annual savings from national payments utility²
-  ~\$1b+ annual government cost savings¹

1. Brazil reports ~US\$0.9bn per year in estimated savings from digitising federal services (R\$4.6bn/year), plus ~US\$0.3bn in 2023 from data-integration via Conecta GOV.BR (R\$1.4bn)

2. 1.14% of annual GDP as per World Bank assessment in 2022

6 Several countries have built at-scale national digital stacks that Kenya can learn from, each designed around different priorities



Source: IMD Digital Competitiveness Rankings (2016–2025)

6 Case example: Singapore



What is it?

- SGTS is **Singapore's Whole-of-Government shared technology stack**, introduced in 2018 under the Smart Nation agenda, to **help agencies build secure, high-quality digital services** faster by reusing common, pre-approved platform tools and components
- It is operating at scale with:**
 - >40 govt. agencies onboarded
 - >200 cloud-based systems implemented on its components

Components of SGTS

Clear Stack ambition

Smart Nation Singapore

National programme setting the ambition for citizen- and business-centric digital government



Central authority

GovTech Singapore

Central builder/operator of key shared digital products and platforms



Interoperability

APEX (API Exchange)

WOG API exchange providing a single, secure hub + catalogue



Primary access layers

LifeSG

Single citizen-facing app with 100+ gov services

gb **gobusiness**
SINGAPORE

One-stop portal connecting businesses to gov. e-services

Reusable national utilities

singpass

National sign-in/authentication utility used across services

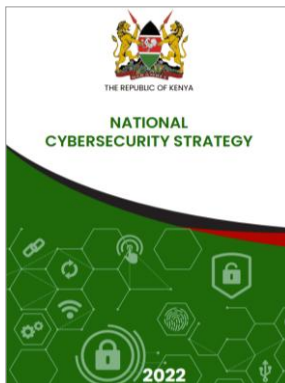
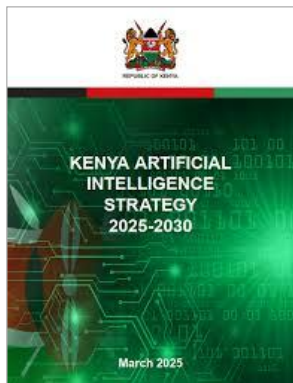
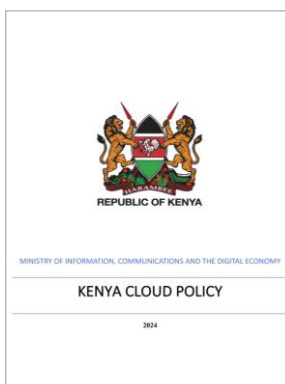
myinfo

Consent-based verified-data prefill

Enabled by very strong semiconductors foundation and funding

6 Kenya has strong digital foundations in place; key next step is to coordinate and scale what already exists

Strong national digital strategies are documented



Key journeys have been digitised through eCitizen and a growing set of sector platforms

Robust e-government portal



>25,000 services

>15m users

Sector apps/platforms

Transport & Immigration



Public finance, tax & compliance



Health



Payments



Agriculture



Land



Education



KUCCPS Student Portal

Digital infrastructure base is strong

97% of population covered by 4G, 30% by 5G networks

>100% mobile penetration

>100,000km of private and public sector fibre deployed

6 Successful implementation and value capture is typically underpinned by a clear set of principles (1/2)

Type	Principle	Questions	Examples
Vision and strategy 	Unified national vision	Clear national vision and E2E strategy translating vision into a sequential roadmap with clear initiatives, milestones, owners, etc.	Best-in-class ecosystems typically publish long-term vision and strategy – from planning to implementation  Singapore Smart Nation
	Identified value pools	Priority value pools defined to maximise impact from the get-go (e.g., flagship citizen journeys, service delivery)	 Digital India  National Digital Strategy (2023)
	Funding	Multi-year funding approach and allocation defined (e.g., sovereign budget, dev. partner financing)	 Federal Digital Gov. Strategy
Governance and enablement 	Ownership with legal mandate	An institutional owner accountable for Stack, with a clear mandate, empowering responsible entities to execute against their mandate (e.g., ability to enact and enforce laws)	 Federal ownership (MGI)  Clear articulation of roles and responsibilities e.g., MCIT for policy and infra, SDAIA for data  PMO office sets mandate, MEITY owns policy and strategy, sectoral ministries own topical implementation, etc
	Regulations, policies and standards	Regulations, policies and standards in place to regulate and secure the ecosystem	 Presidential committee on Digital Platform Govt. manages regulations  DGA manages regulations, etc. federally, with several Emirate-level entities managing state-level policy

6 Successful implementation and value capture is typically underpinned by a clear set of principles (2/2)

Type	Principle	Description	Examples
Technical stack design 	Primary access layer	Citizens and businesses access services through a primary, trusted entry point , designed for inclusion and multi-channel reach	<i>Many ecosystems use well defined access layers to improve beneficiary experience</i>  gov.br  LifeSG  Absher, Tawakkalna
	Utilities	National utilities (e.g., digital ID, payments, e-signatures) are established as shared building blocks that can be reused	 Aadhaar (Digital ID)  EID (Digital ID)  Pix (payments)
	Integration and interoperability	Common interoperability standards & shared integration services (e.g., an API gateway, standard data formats, etc) are widely adopted	 X-Road (data exchange)  Open API (India Stack)
	Data and models	National data assets (e.g., core registries) are reusable and governed by common data standards and reference models	 Falcon  ALLaM
	Infrastructure	Enabling national infrastructure (e.g., data centres, cloud and compute, connectivity) in place to support scalable & secure delivery	 Deem Government Cloud, HUMAIN Data Centres  Government Comm Cloud
Ecosystem/partnerships 	Technical partnerships	Technical/ Development partners and private sector support government with specialised technical expertise & delivery capacity	 EU co-development  OECD technical review
	Funding partnerships	Sufficient funding is mobilised to support Stack implementation (e.g., sovereign capital, DFIs, private investors)	 World Bank   PPPs  EU ERDF

6 Kenya has gaps mainly in central governance, reusable utilities, and interoperability limiting progress and value capture

Preliminary – validation required



Key takeaways

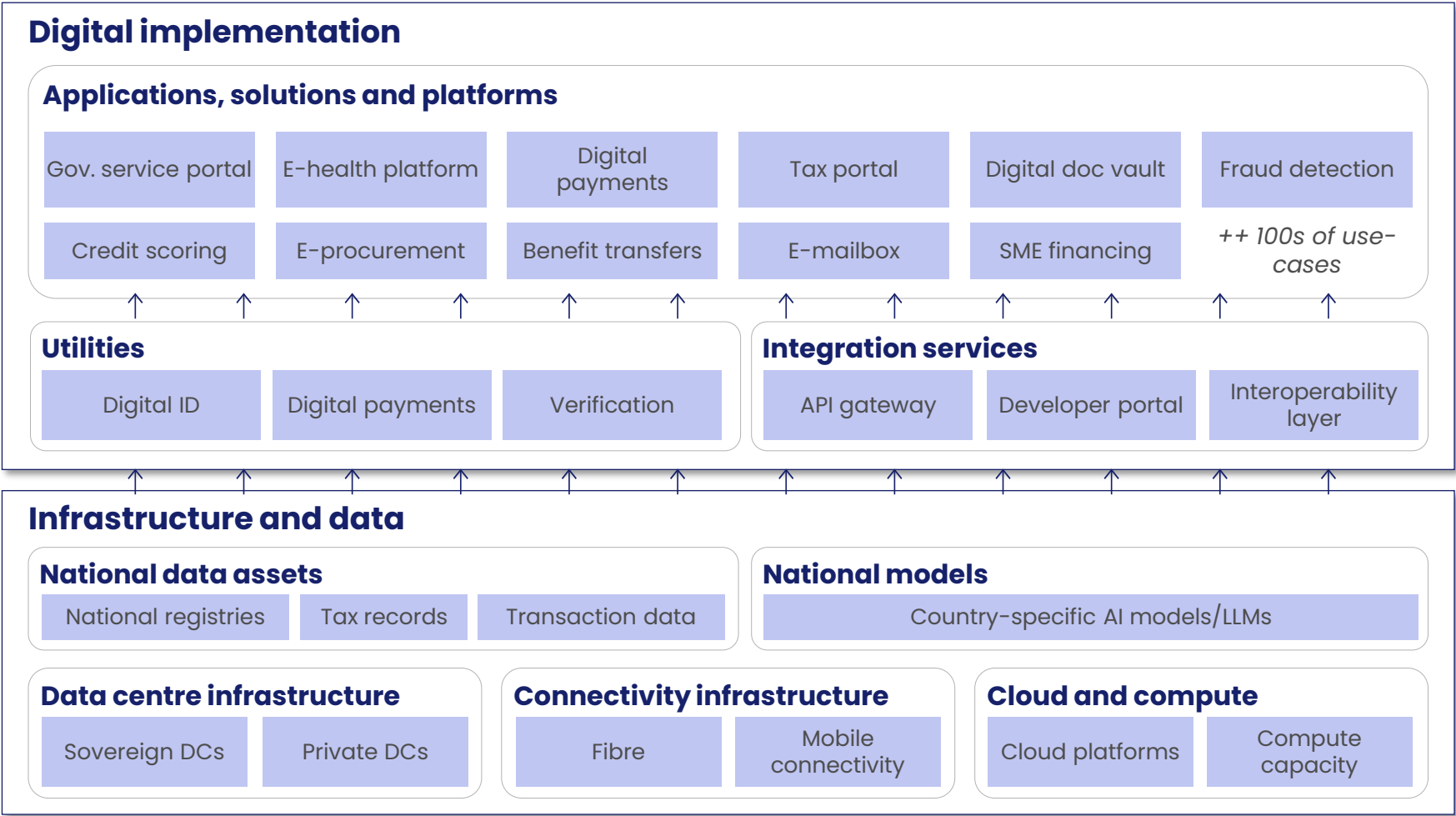
- **Kenya has some foundations in place:**
 - A documented digital strategy (National Digital Master Plan)
 - Foundational infrastructure
 - 25k+ digitised services through eCitizen and others through sector platforms with varying maturity (e.g., UI/UX)
 - A private sector payments rail (M-Pesa) with nationwide adoption
- There are a set of gaps preventing national value capture:
 - No **Kenya Stack** strategy and **clear, enforceable governance**, leading to fragmented efforts across MDAs and partner programmes
 - **Limited interoperability**, as mandatory standards and shared integration services are not yet in place, leading to duplicate builds & disjointed end-to-end user journeys
 - **Limited reusable national utilities**, so MDAs rebuild core capabilities and benefits do not compound at a Stack level

6 Typical components of a national stack

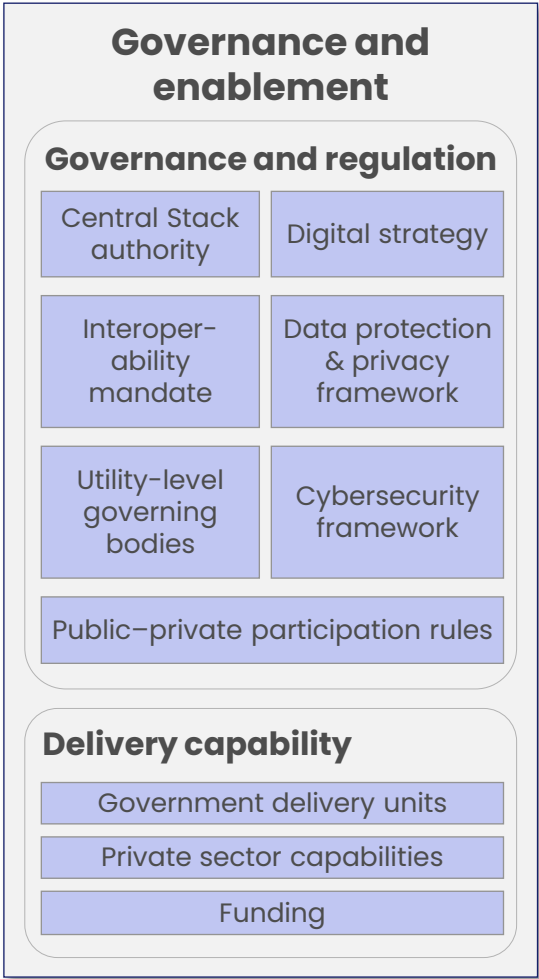
Non-exhaustive

xxx Non-exhaustive examples per component

Technical



Non-technical



Source: Expert input

6 Kenya has core building blocks, but utilities and interoperability mechanisms remain incomplete and unevenly reused

Preliminary – validation required

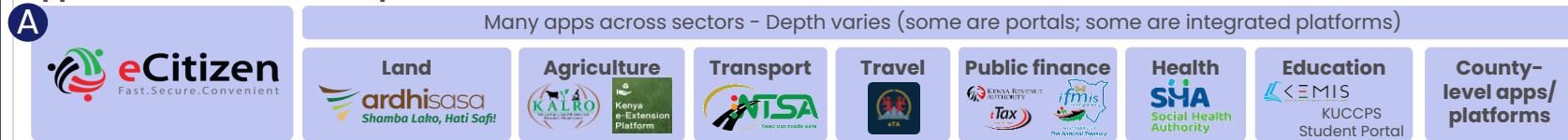
■ Baseline in place (at different levels of maturity) ■ Announced/in progress ■ Emerging/ Gap

Technical stack design – illustrative components for Kenya

Supporting details

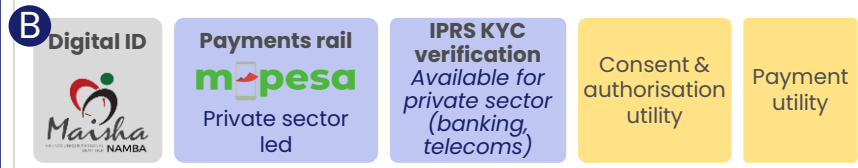
Digital implementation

Applications, solutions and platforms

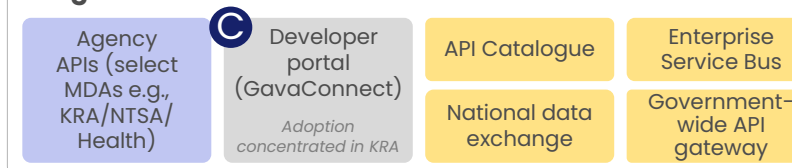


Quality of existing apps/platforms must be assessed to confirm they are future-proof and fit for the Kenya Stack target state

Utilities



Integration services



- A** • Kenya's primary access & payments gateway for gov services (~25k services listed, 100+ MDAs onboarded)
- GoK-owned and managed by ICT Authority managed with operations/maintenance delivered by ECS Africa
- Plan to re-engineer and design a modernised version of the platform

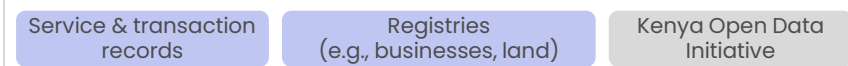
- B** • Established as default pathway for new IDs, with ~13m IDs issued
- Governed/owned by the Dept for Immigration & Citizen Services / National Registration Bureau
- Legal challenges around inclusion & data privacy remain unresolved, currently not fully rolled out

- C** • KRA-run API developer portal; not yet a whole-of-government API layer
- Owned/operated by KRA
- Use cases are concentrated in tax services (16 APIs; 1,000+ developers)

- D** • Commercial colocation is scaling (e.g., iXAfrica secured financing to add ~20MW additional capacity)
- Gov capacity emerging via Konza, offering cloud + colocation services

Infrastructure and data

National data assets



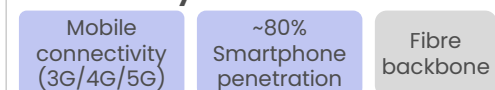
National models



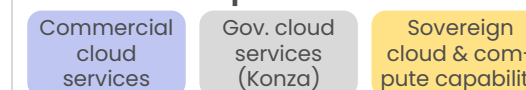
Data centre infrastructure



Connectivity

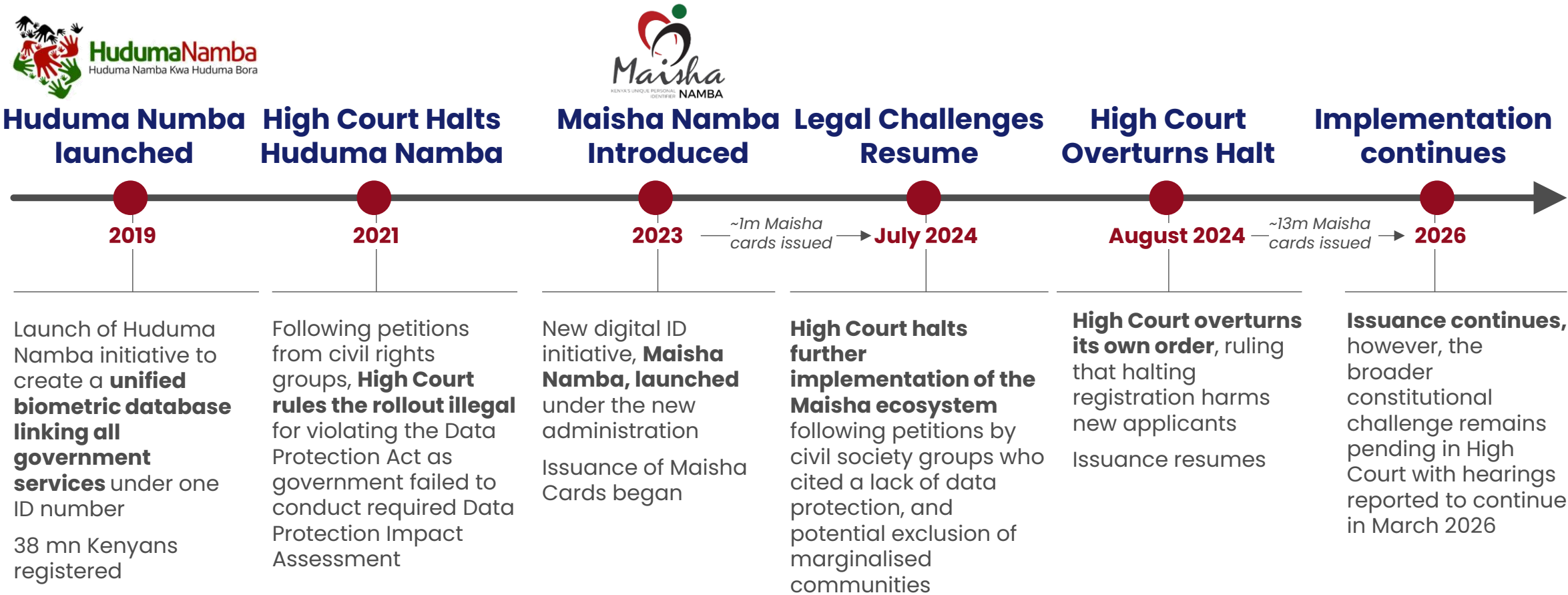


Cloud and compute



6 Utilities deep dive: Kenya has attempted to modernise national ID, but rollout has been slowed by legal challenges

Preliminary – validation required



Source: Press search

6 Kenya needs to address key design options to deploy national stack and capture value (1/2)

Global benchmarks show these choices are made differently depending on a country's context & priorities

NON-EXHAUSTIVE

 Near-term questions to answer

Type	Principle	Questions	Design option(s)		
Vision and strategy 	Unified national vision	What is the primary objective of the Kenya Stack ?	High sovereign control 	Partial sovereign control 	Strategic sovereign control only 
	Identified value pools	How should value pools be attacked ?	High-impact, Horizontal first 	High-impact, Vertical first 	High-impact, horizontal & vertical 
	Funding	What is the primary funding model (gov. budget, dev. partners, PPPs, etc) by component?	Majority govt. led 	Govt. & private capital (inc. dev. Agencies) 	
Governance & enablement 	Ownership	What will be the ownership model ? How will it cascade from federal to state/county level implementation ?	Federal ownership 	Federal and local ownership 	Federal ownership w/ local representation 
		What are the roles of different federal public entities ?	Single delivery agency model 	Specialised utility owners model 	Hybrid model (core rails central, sector platforms decentralised) 
	Legal & actionable mandate	How will owner(s) of the mandate be legally empowered ? How will it enforce its mandate ?	Existing govt. entity 	New entity under an existing govt. entity 	Newly established govt. entity 
	Roles and responsibilities	How centralised vs. decentralised is the ownership ? How are roles and responsibilities allocated ?	Fully under federal control 	Split between federal and state entities 	
	Regulations, policies & standards	How prescriptive or non-prescriptive will the regulatory, policy and standards environment be?	Prescriptive/outcome based regulations	Topical regulations (e.g., data, AI) 	Topical + sectoral regulations (e.g., AI in healthcare) 

6 Kenya needs to address key design options to deploy national stack and capture value (2/2)

Global benchmarks show these choices are made differently depending on a country's context & priorities

NON-EXHAUSTIVE

Type	Principle	Questions	Design option(s)	
Technical stack design 	Primary access layer	What is the role of eCitizen in the target state? ¹	One source of access 	Many sources of access 
	Utilities	Which utilities should be prioritised for national reuse?	Use an existing digital utility (e.g., Masha ID)	Establish a new digital utility
	Integration and interoperability	How integrated and interoperable should solutioning be across the government?	Prescribed standards 	Selectively prescribed standards  No prescribed standards 
	Data and models	How will public data be pooled? How will data standards be developed and managed?	Established data standards but no connectivity 	Established data standards linked via digital utility 
	Infrastructure	What is the sovereign posture to ownership and development of core infrastructure? (e.g., data centres, cloud, compute)	High sovereign control 	Partial sovereign control  Strategic sovereign control 
Ecosystem / partnerships 	Technical partnerships	What will be the nature of partnerships to deliver against the national vision and strategy?	Strategic local partnerships 	Strategic local and global partnerships 
	Funding partnerships	What are the different archetypes of funding partnerships that will be undertaken?	Institutional debt 	Development agencies  PPP 

Note

For additional work on Kenya Stack, please see separate document published

**10 prioritised
opportunity
areas to scale
Kenya's Tech
sector, each
with set of
initiatives
driven by
SteerCo sub-
committees**

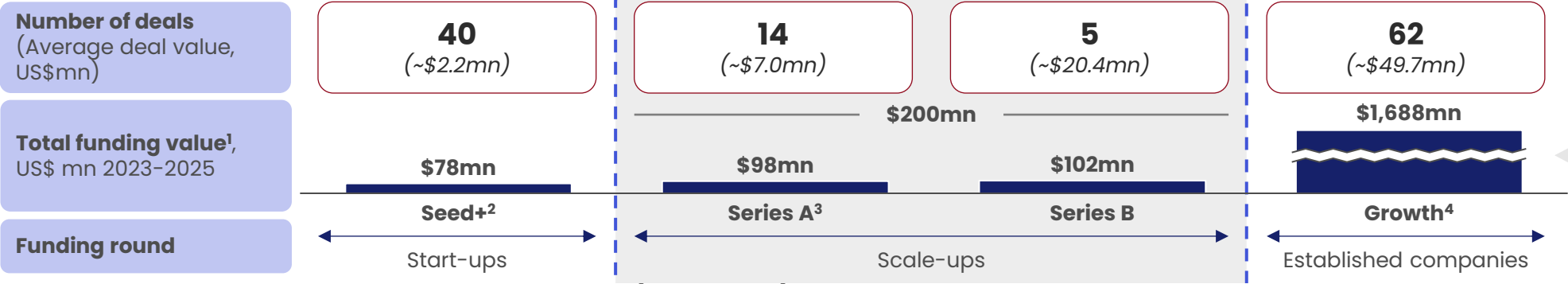
- ① 2–3 GW data centre region and AI Engine
- ② Global BPO and GCC destination
- ③ Electric / electronic devices assembly and components manufacturing leader
- ④ National AI and Digital Skills and Jobs Accelerator
- ⑤ Digital transformation of every Kenyan enterprise
- ⑥ Kenya Stack
- ⑦ Growth capital and incubator platform for x-Tech scaleups**
- ⑧ 80%+ broadband connectivity across Kenya
- ⑨ Enabling regulation
- ⑩ Tech-focused University Ecosystem

7 Kenya has built a multi-sector start-up ecosystem, but investment in Series A/B is limited

NON-EXHAUSTIVE

DEMONSTRATIVE

Seed+ deals generate volume and value, whereas Series A/B funding remains limited and sporadic



Example companies across different funding rounds (2023 - 2025)

Non-exhaustive

Fintech	HoneyCoin	-	-	
Enterprise & connectivity			-	
Digital commerce			-	-
Health technology		-	-	-
Clean energy and eco-friendly products	-	-	-	
E-mobility			-	
Agriculture technology				-
Other ⁵		-	-	-

1. Directional, triangulated from Africa: The Big Deal. Excludes undisclosed/unclassified venture rounds. 2. Includes pre-seed and seed funding, 3. Includes Pre-Series A investments, 4. Includes Series C+, and Debt financing, 5. Includes education technology, logistics technology, entertainment, insurance technology and hardware & electronics

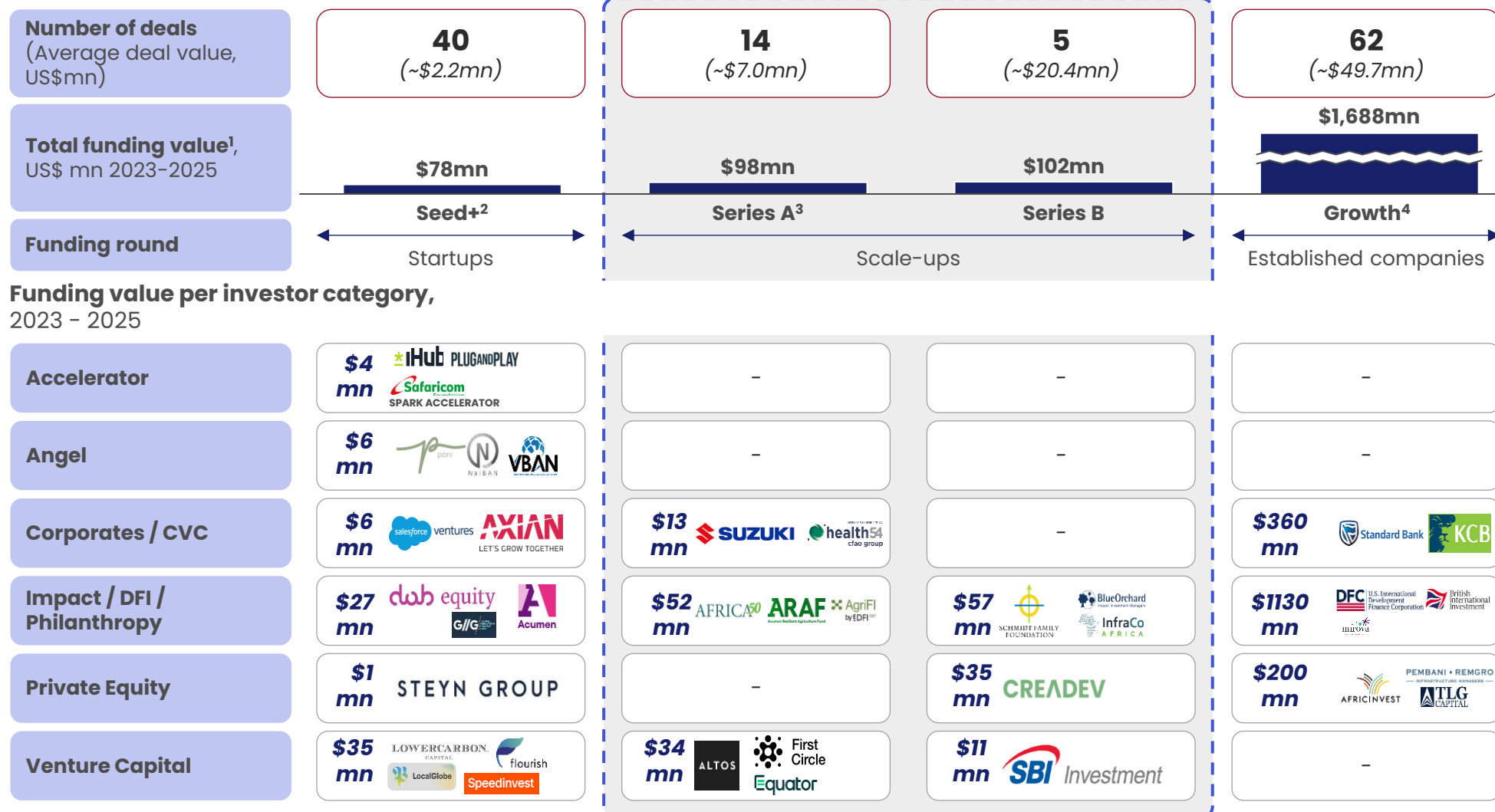
Source: Empower Africa, FundedIQ accessed February 2026, EDFI accessed February 2026, Mirova, March 2025, KFW accessed February 2026, Pitchbook accessed February 2026, Crunchbase accessed February 2026, Africa: The Big Deal, January 2026

7 Impact investors contribute most funding across Seed+ and Series A/B in Kenya

NON-EXHAUSTIVE

DEMONSTRATIVE

Seed+ deals generate volume and value, whereas Series A/B funding remains limited and sporadic



Key insights

Approximately **33% of Kenya's start-up funding and 55% of scale-up funding derive from impact-focused investors**, compared to 15-20% for India and 20-30% for South Africa

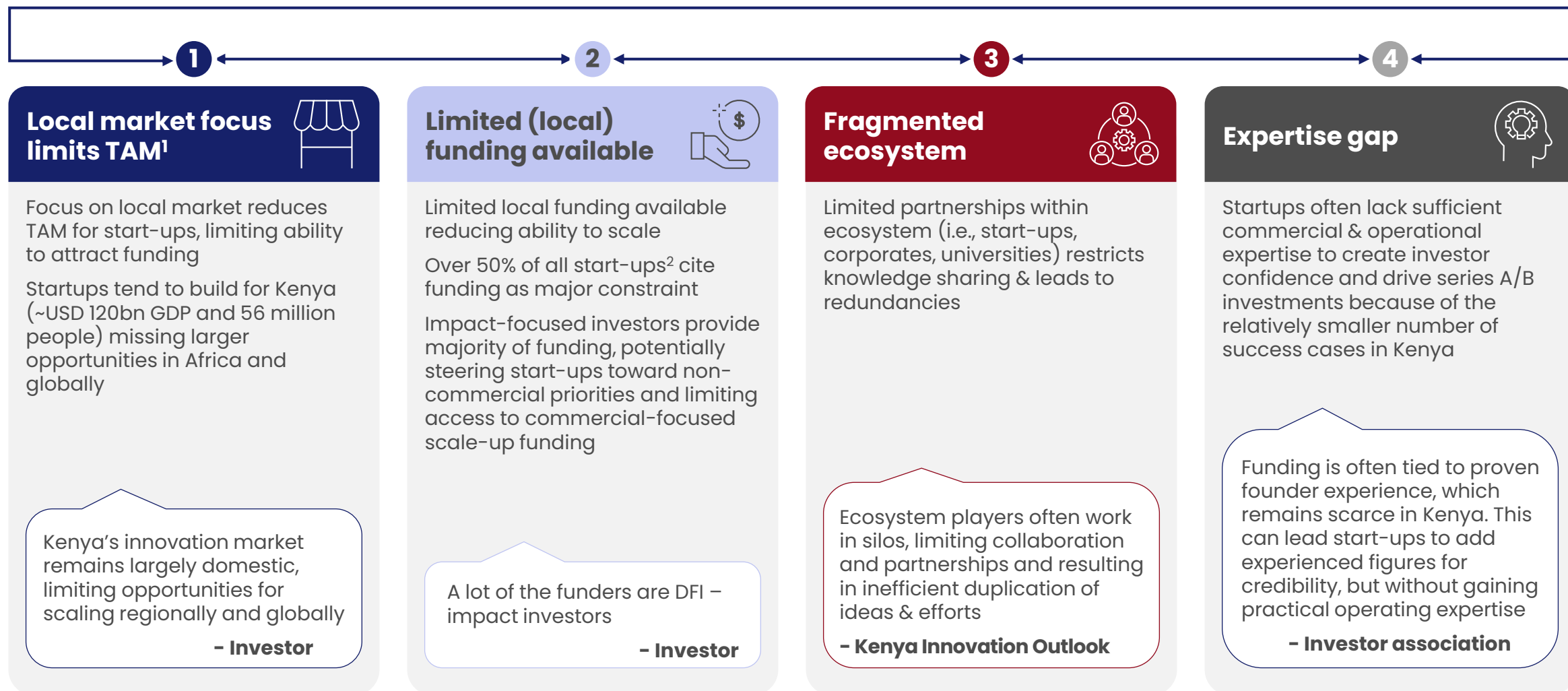
While impact funding supports Kenya's ecosystem, it might steer start-ups toward non-commercial priorities and limit access to commercial-focused scale-up funding

1. Directional, triangulated from Africa: The Big Deal. Excludes undisclosed/unclassified venture rounds. 2. Includes Pre Seed and Seed funding, 3. Includes Pre-Series A investments, 4. Includes Series C+, and Debt financing

Source: [Africa: The Big Deal, January 2026](#), Desktop research

7 The lack of Seed+ to Series A/B conversion stems from four issues

Based on interviews with start-ups, investors, associations



1. Total Addressable Market

2. Of surveyed & interviewed start-ups – n=15

7 Other countries are deploying a range of levers to support start-ups & scale-ups

Challenges: 1 Local market focus limits TAM 2 Limited (local) funding available 3 Fragmented ecosystem 4 Expertise gap

Example levers	Challenge addressed	Public sector examples	
a) International market access programme - Guides start-ups into key markets via immersion, roadshows, and partner introductions - Offers business case guidance for new market entry	1 4	 Germany's Accelerator provides structured support (e.g., market immersion programmes) to start-ups to enter international markets. (Kenya is one of the focus markets)	 Startupbootcamp's Beyond Borders accelerator programme helps start-ups enter new markets through coaching and partner introductions
b) Scale-up support platform - Connects start-ups with corporates and government buyers for pilots and adoption & deployment - Provides mentorship & technical support to scale-ups	1 3 4	 Singapore's Enterprise Singapore Scale-Up helps companies scale through capability-building and internationalisation pathways	 Angel Investor Network provides a network of angel investors that provide both financial support and mentoring to the founders
c) Blended scale-up finance facility Crowds in private capital through catalytic instruments	1 2 3	 Spain's CERSA ² system supports SMEs with a guarantee model facilitating access to credit via partner institutions	 SA SME Fund uses a blended finance to invest in SMEs, facilitating access to funding
d) Startup-corporate match-making platform Connects start-ups with corporates and government buyers via a digital platform	3	 Rwanda's Innovate Rwanda connects start-ups, investors, and support organizations via a digital platform	 Plug and Play connects scouted start-ups to corporates based on their specific needs, matchmaking in 1:1, demo days, POCs 
e) High-skill founder and expert mobility pathway¹ Uses start-up visas and targeted talent mobility to fill capability gaps	4	 Singapore's EntrePass and Tech.Pass complement general work passes by creating dedicated pathways for founders and high-skill tech talent	

1. Purely a country/ state-based initiative

2. Compañía Española de Reafianzamiento - State-owned re-guarantee company

Source: Desktop research of countries and private innovation agencies (e.g., German Accelerator website, Enterprise Singapore, Indian Angel Investor, Startupbootcamp, [Link](#) Founders Factory)

7 Opportunity to develop platforms that offer financing opportunities, technical assistance, and matching with corporates

NON-EXHAUSTIVE

DEMONSTRATIVE

● Focus areas for Kenya

Levers	What exists in Kenya (exemplary)		Solutions for Kenya
1A International market access programme	 	KeNIA Market Entry Support Tool: African market info, licensing, regulations Silicon Xchange × KeNIA: path to global capital for African founders	Stand up a platform that offers both a blended finance facility providing equity capital to scale-ups and hands-on technical assistance to improve commercial execution, investor readiness, etc. e.g., Forge Africa USD150–200mn platform/fund 
B Scale-up support platform	  	Endeavor Kenya ScaleUp: 28-month mentorship, no capital Safaricom Spark: 3-month, Safaricom market access GrowthAfrica: investment readiness, regional advisory	
C Blended scale-up finance facility	No facility targeting tech/digital scale-ups		Launch a market engagement programme connecting Kenyan scale-ups with local corporates, (e.g., on fintech, agritech, healthtech, further sectors) • Key corporate decision makers (e.g., business owner, CTO, etc) present to get their perspective and facilitate faster decision making • Pre-selected start-ups based on requirements of corporates e.g., Forge Africa cluster approach, in partnership with KeNIA  
D Startup – corporate match-making platform	No permanent sector-specific matching platform  Kenya Startup Festival Corporate Deal Room  AfricArena Nairobi — annual curated 1:1 meetings		
E High-skill founder and expert mobility pathway	General immigration pathways (e.g., class D ¹ , digital nomad permits) for foreign talent, but not designed for start-up founder attraction and rapid hiring		

1. For specific employment where the applicant has skills not available in Kenya

Thank you