REPUBLIC OF KENYA

MINISTRY OF INVESTMENT, TRADE AND INDUSTRY

STATE DEPARTMENT FOR INDUSTRY

Draft One

National Industrialization Policy

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Definition of Terms

For this Policy, the following terms shall have the meanings assigned below, unless the context requires otherwise:

Aftercare – Continuous support services provided to an investor after the initial investment decision or establishment in Kenya, including facilitation, problem-solving, regulatory support and reinvestment promotion, aimed at improving investor retention and expansion.

Anchor Sector / Anchor Firm – A sector or enterprise around which value chain development, industrial infrastructure or investment promotion activities are organised, on account of its scale, linkages or strategic importance to a priority sector or industrial corridor.

Bankable (Project) – An investment project structured with sufficient technical, financial, legal and risk-allocation certainty to attract commercial or concessional financing and reach financial close.

Blended Finance – The strategic use of development or concessional capital to mobilise additional private sector investment towards projects that would not otherwise attract commercial financing on their own.

Blue Economy – The sustainable use of ocean, lake and river resources for economic growth, improved livelihoods and employment, while preserving the health of aquatic ecosystems.

Circular Economy – An economic model that minimises waste and resource use by promoting the reduction, reuse, recycling, recovery and value-added regeneration of materials across production and consumption cycles.

Cluster (Industrial Cluster) – A geographic concentration of interconnected firms, suppliers, service providers and associated institutions in a related field, which compete but also cooperate to raise collective productivity and competitiveness.

Coordinating Institution – The institution designated under this Policy to lead, convene and oversee implementation coordination among the Ministries, Departments, Agencies and other stakeholders responsible for delivering the Policy's objectives; under this Policy, the National Industrial Coordination and Development Committee (NICDC).

Decarbonisation – The process of reducing carbon dioxide and other greenhouse gas emissions from industrial production, energy use and associated economic activity.

Emerging Sector – A new sector with potential for rapid growth, identified under this Policy for monitoring and future support as it matures and demonstrates its economic potential.

Export-Led Industrialization – An industrial development strategy that prioritises the growth of manufacturing and value-added output for external markets as the principal driver of economic transformation.

Formalization (MSMI Formalization) – The process by which informal micro, small and medium industries transition into recognised, registered and compliant business entities, gaining access to formal support, finance and markets.

Graduation (MSMI Graduation) – The progression of a micro, small or medium industry from one enterprise size or development category to the next, typically accompanied by increased productivity, formalisation, market access and reduced reliance on targeted support.

Green Industrialisation – An approach to industrial development that integrates environmental sustainability, resource efficiency and low-carbon practices into manufacturing and production processes.

Import Substitution – An industrial and trade strategy aimed at reducing dependency on imported goods by developing domestic production capacity for goods previously imported.

Industrial Corridor – A defined geographic zone or route linking industrial infrastructure, production sites, transport and logistics networks, and markets, designed to concentrate industrial investment and reduce the cost of doing business.

Industrial Policy – A deliberate government strategy and set of interventions aimed at influencing the structure, direction and performance of a country's industrial sector to achieve specific economic development objectives.

Industrialisation – The process of transforming an economy from one primarily based on agriculture or resource extraction to one dominated by manufacturing and industrial production, accompanied by structural changes in employment, productivity and output.

Industry Dispersal – The deliberate spatial distribution of industrial investment, infrastructure and activity across counties and regions, rather than its concentration in a limited number of established industrial centres.

Micro, Small and Medium Industry (MSMI) – An industrial enterprise classified as micro, small or medium based on criteria such as employee numbers, annual turnover or capital investment, as defined under applicable Kenyan law and policy.

Off-taker / Offtake Arrangement – A party, or the contractual arrangement with that party, that commits to purchase some or all of the output of a project, providing the revenue certainty that underpins the project's bankability.

Priority Sector – A sector identified under this Policy as warranting focused government support and resource allocation, on the basis of its current performance, growth potential, employment impact or strategic importance to industrial transformation.

Special Economic Zone (SEZ) – A geographically delimited area designated for specific economic activities, offering a distinct regulatory, fiscal and administrative regime intended to attract investment and promote exports.

Structural Transformation – The long-term shift of an economy's output, employment and productivity from lower-value activities, such as subsistence agriculture, towards higher-value, more productive sectors, particularly manufacturing and industry.

Supporting Sector – A sector that is key to the operation of other sectors within the economy, providing critical inputs, services or infrastructure that enable broader industrial activity.

Trade Facilitation – The simplification, modernisation and harmonisation of export and import processes, aimed at reducing the cost and time associated with moving goods across borders.

Value Addition – The process of increasing the economic value of a raw material or intermediate good through processing, transformation or the incorporation of additional inputs, before it reaches the final consumer or export market.

Value Chain – The full range of activities, from the design and production of a good or service through to its delivery to final consumers, including all the stages at which value is added.

Acronyms and Abbreviations

The following abbreviations and acronyms are used in this Policy:

Abbreviation	Full Meaning
ACA	Anti-Counterfeit Authority
AfCFTA	African Continental Free Trade Area
AFA	Agriculture and Food Authority
AGOA	African Growth and Opportunity Act
AI	Artificial Intelligence
AIDA	Action Plan for the Accelerated Industrial Development of Africa
BETA	Bottom-Up Economic Transformation Agenda
BMOs	Business Membership Organizations
BPO	Business Process Outsourcing
BRS	Business Registration Service
CAD	Computer-Aided Design
CAIP(s)	County Aggregation and Industrial Park(s)
CAK	Competition Authority of Kenya
CAM	Computer-Aided Manufacturing
CBAM	Carbon Border Adjustment Mechanism (European Union)
CBK	Central Bank of Kenya
CCEA	Cabinet Committee on Economic Affairs
CET	Common External Tariff
CIDPs	County Integrated Development Plans
CNC	Computer Numerical Control
CoG	Council of Governors
COMESA	Common Market for Eastern and Southern Africa
COVID-19	Coronavirus Disease 2019
CPPM	AfCFTA Centralized Pooled Procurement Mechanism
EAC	East African Community
EACJ	East African Court of Justice
EMCA	Environmental Management and Co-ordination Act
EPR	Extended Producer Responsibility
EPRA	Energy and Petroleum Regulatory Authority
EPZ(s)	Export Processing Zone(s)
EPZA	Export Processing Zones Authority
ESG	Environmental, Social and Governance
EU	European Union
EV	Electric Vehicle
FDI	Foreign Direct Investment
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GBS	Global Business Services
GDC	Geothermal Development Company
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GVC(s)	Global Value Chain(s)
ICT	Information and Communication Technology

IDF	Industrial Development Fund
IFPRI	International Food Policy Research Institute
IoT	Internet of Things
IP	Intellectual Property
IPR	Intellectual Property Rights
ISIMS	Integrated Industrial Skills Intelligence and Monitoring System
KAM	Kenya Association of Manufacturers
KDC	Kenya Development Corporation
KEBS	Kenya Bureau of Standards
KENAS	Kenya Accreditation Service
KenGen	Kenya Electricity Generating Company
KenTrade	Kenya Trade Network Agency
KEPROBA	Kenya Export Promotion and Branding Agency
KEPSA	Kenya Private Sector Alliance
KETRA	Kenya Trade Remedies Agency
KETRACO	Kenya Electricity Transmission Company
KICD	Kenya Institute of Curriculum Development
KIE	Kenya Industrial Estates
KIPI	Kenya Industrial Property Institute
KIPPRA	Kenya Institute for Public Policy Research and Analysis
KIRDI	Kenya Industrial Research and Development Institute
KNBS	Kenya National Bureau of Statistics
KNCCI	Kenya National Chamber of Commerce and Industry
KNQA	Kenya National Qualifications Authority
KNSWS	Kenya National Single Window System
KPA	Kenya Ports Authority
KPLC	Kenya Power and Lighting Company
KRA	Kenya Revenue Authority
LAPSSET	Lamu Port-South Sudan-Ethiopia Transport (Corridor)
MDA(s)	Ministries, Departments and Agencies
MECCF	Ministry of Environment, Climate Change and Forestry
MITI	Ministry of Investments, Trade and Industry
MoEP	Ministry of Energy and Petroleum
MOUs	Memoranda of Understanding
MSE(s)	Micro and Small Enterprise(s)
MSEA	Micro and Small Enterprises Authority
MSME(s)	Micro, Small and Medium Enterprise(s)
MSMI(s)	Micro, Small and Medium Industry / Industries
MTP(s)	Medium-Term Plan(s)
NACOSTI	National Commission for Science, Technology and Innovation
NEMA	National Environment Management Authority
NEQIP	National Export Quality Infrastructure Programme
NICDC	National Industrial Coordination and Development Committee
NITA	National Industrial Training Authority
NLC	National Land Commission
NRF	National Research Fund
NTBs	Non-Tariff Barriers
OAG	Office of the Attorney-General
PPA(s)	Power Purchase Agreement(s)

PPP(s)	Public-Private Partnership(s)
PPRA	Public Procurement Regulatory Authority
RCA	Revealed Comparative Advantage
RECs	Regional Economic Communities
REREC	Rural Electrification and Renewable Energy Corporation
RIA	Regulatory Impact Assessment
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SAM	Social Accounting Matrix
SDEACA	State Department for East African Community Affairs
SDG(s)	Sustainable Development Goal(s)
SDI	State Department for Industry
SDICT	State Department for ICT and the Digital Economy
SDMSME	State Department for Micro, Small and Medium Enterprises
SD-TVET	State Department for Technical and Vocational Education and Training
SEZ(s)	Special Economic Zone(s)
SEZA	Special Economic Zones Authority
SME(s)	Small and Medium Enterprise(s)
SOFA	Special Operating Framework Agreement(s)
STI	Science, Technology and Innovation
TFA	WTO Trade Facilitation Agreement
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
TTOs	Technology Transfer Offices
TVET	Technical and Vocational Education and Training
TVETA	Technical and Vocational Education and Training Authority
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNIDO	United Nations Industrial Development Organization
US	United States
USTR	United States Trade Representative
VAT	Value Added Tax
WASREB	Water Services Regulatory Board
WTO	World Trade Organization

CHAPTER 1: INTRODUCTION

1.1 Background Information

1.1.1 Overview

1. Kenya's industrialization challenge presents a structural paradox. The economy has sustained positive, and at times robust, growth, yet the manufacturing sector, the sector that development theory and Kenya's own policy framework identified as the principal engine of structural transformation, has failed to expand commensurately. Manufacturing's contribution to Gross Domestic Product (GDP) held at approximately 10% for the two decades preceding the adoption of the National Industrialization Policy Framework 2012–2030 (the 2012 NIP).

2. However, with four years left in the implementation of the Vision 2030, the manufacturing sector's contribution to GDP at 7.1% in 2025 is well below the 20% Vision 2030 target and below the 10% baseline of 2012. Annual manufacturing growth rates stagnated at 2-3% against the NIP target of 15% annual growth rate. Furthermore, Kenya is not on track to meet the SDG 9.2 target to "promote inclusive and sustainable industrialization by 2030 and significantly raise industry's share of employment and gross domestic product, in line with national circumstances".

1.1.2 Global Context

3. The global industrial landscape is undergoing its most consequential reconfiguration in a generation. Decades of trade liberalisation that favoured dispersed, cost-minimising global value chains are giving way to a more fragmented and strategically contested order. The COVID-19 pandemic exposed the fragility of long, thinly buffered supply chains. The war in Ukraine and conflicts in the Gulf that caused disruptions to energy and grain markets reinforced this lesson.

4. This has intensified geopolitical rivalry between major economic blocs and has elevated industrial policy, critical minerals, and technological sovereignty to matters of national security rather than purely commercial considerations. Firms and Governments alike are responding through nearshoring, friend-shoring, and the diversification of supplier bases, creating both risks and opportunities.

5. At the same time, the technological frontier of manufacturing is advancing rapidly. The convergence of automation, robotics, the Internet of Things (IoT), advanced data analytics and artificial intelligence, broadly termed Industry 4.0, is transforming how goods are designed, produced, financed, and distributed. A nascent Industry 5.0 agenda is emerging in parallel, foregrounding human-centric, resilient, and sustainable production rather than efficiency alone. These shifts simultaneously threaten and create opportunities for developing economies. The threat being the loss of labour-cost arbitrage as a basis for industrial competitiveness, as automation substitutes for low-skill labour. While the opportunity offered by digital and green technologies allows some industrial stages to be leapfrogged where the requisite skills, infrastructure, and financing can be assembled.

6. Climate change and the global net-zero transition constitute a second transformational force. Industrial policies worldwide are being reoriented around decarbonisation of production processes. These include:

    - the shift towards renewable energy-linked manufacturing;

- the rise of green industrial sectors such as electric mobility, green fertiliser, battery storage and climate-smart agro-processing; and
- growing scrutiny of the carbon content of traded goods through instruments such as carbon border adjustment mechanisms (CBAM).

7. Critical minerals and strategic manufacturing inputs, including rare earths, battery metals, and specialised industrial chemicals, have become focal points of industrial policy and geopolitical competition, as major economies seek to secure supply for advanced manufacturing and the energy transition. African countries endowed with such resources face both an opportunity to move up regional and global value chains through beneficiation and processing, and a risk of remaining locked into raw-material export if deliberate value-addition policies are not pursued.

8. Highly industrialised countries, as depicted in the figure below, provide a comparative benchmark for this Policy. The figure shows Kenya's performance under the MVA share of GDP (%) at 7% in 2025 compared against Ireland (33%), Republic of Korea (28%), China (25%), Viet Nam (25%) and Singapore (18%).

9. Ireland stands out with the highest manufacturing intensity, reflecting its role as a multinational corporation hub for US and EU seeking to access the EU market. It also has a competitive corporate tax regime with a highly skilled workforce. Likewise, Kenya can replicate the Irish experience by serving as the gateway to the AfCFTA.

10. Vietnam shows the strongest growth momentum at 8.5% annually, benefiting from FDI-driven electronics assembly such as Samsung and Intel alongside labour intensive textile footwear and furniture industries.[1] Introduction of US tariffs on Chinese goods in 2018 has pushed companies to diversify their manufacturing bases, a shift commonly referred to as the China+1 strategy.

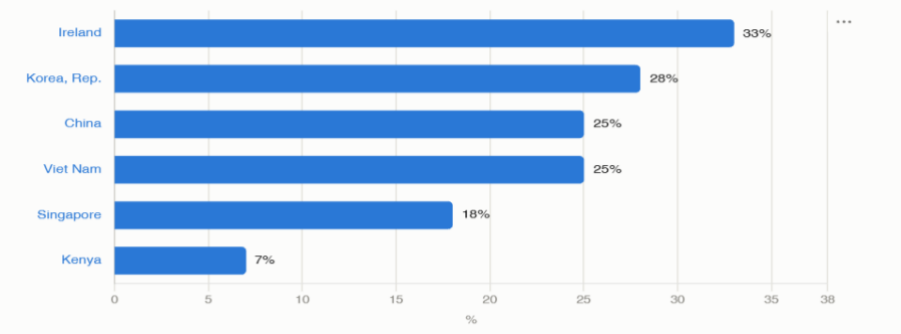

Figure 1: Manufacturing, value added (% of GDP) at 2025. Source: World Bank

11. Additionally, the architecture of global production is increasingly organised around regional rather than purely global value chains, as firms seek to shorten logistics distances, manage geopolitical risk, and respond to regional trade agreements. This regionalisation trend, combined with intensifying competition among developing countries for industrial investment, foreign direct investment, and special economic zone tenants, means that Kenya's industrial trajectory cannot be charted in isolation.

[1] Vietnam Briefing. "Vietnam's Electronics Industry 2026: A Guide to Emerging Opportunities." April 30, 2026. https://www.vietnam-briefing.com/news/vietnams-electronics-industry-guide-emerging-opportunties.html/.

The country must position itself deliberately within regional and global production networks or risk being bypassed altogether.

1.1.3 Regional Context

12. Africa's industrialisation agenda is anchored in the African Union's Agenda 2063, which envisions a structurally transformed continent powered by inclusive growth and sustainable development, with industrialisation and manufacturing value addition explicitly identified as central to the realisation of that vision. The Agenda is operationalised in part through the African Union's Action Plan for the Accelerated Industrial Development of Africa, which calls on member states to strengthen industrial policy capacity, deepen regional value chains, and build the infrastructure necessary to support manufacturing growth across the continent.

13. The African Continental Free Trade Area (AfCFTA), a flagship project of the Agenda 2063, fundamentally alters the strategic calculus for industrial policy in Kenya. By progressively eliminating tariffs on the overwhelming majority of intra-African trade and harmonising rules of origin, the AfCFTA expands the market for Kenyan manufacturers from a domestic population of roughly 55 million to a continental market exceeding 1.6 billion consumers. Realising this opportunity, however, requires that Kenyan industry achieve much more than cost competitiveness, quality standards, and logistics efficiency necessary to compete continentally.

14. The Africa Industrialization Index 2025, jointly produced by the African Development Bank, the African Union Commission and the United Nations Industrial Development Organization, situates this national experience within a wider continental pattern. The continent's manufacturing value-added has grown in absolute terms, yet remains below 2% of global output and 1.4% of global manufacturing exports.

15. Lessons from peer industrialising economies are instructive, for example:

- **Ethiopia's** industrial park-led strategy demonstrated the potential of coordinated state action to attract apparel and light manufacturing investment rapidly. However, its experience also illustrates the risks of overreliance on a narrow set of low-value-added activities and the vulnerability of such strategies to domestic political instability and external shocks, particularly the impact of their removal from the United States' Africa Growth Opportunities Act (AGOA) beneficiary status.
- **Rwanda's** deliberate ease-of-doing-business reforms and its emphasis on a small number of strategic sectors, including agro-processing and construction materials, demonstrate the value of policy focus and consistent implementation discipline.
- **Morocco's** integration into global automotive and aerospace value chains demonstrates that developing countries can move into sophisticated manufacturing segments with the right combination of FDI attraction, skills investment, and patient policy commitment. This was achieved through sustained investment in industrial infrastructure, technical skills, and supplier development programmes over more than two decades.
- **Mauritius's** transition from a textile-and-sugar economy to a more diversified, higher value-added manufacturing and services base illustrates the importance of continuous industrial upgrading rather than reliance on a single generation of competitive advantage.

- **South Africa's** experience underscores that even relatively sophisticated industrial bases remain vulnerable to infrastructure and policy implementation failures. Their success is premised on its established automotive and minerals-beneficiation sectors. However, this has been affected by energy insecurity and labour market complexities.
- **Egypt's** industrial zones and trade facilitation reforms, supported by significant infrastructure investment, similarly demonstrate the centrality of logistics and energy reliability to industrial competitiveness.

16. The consistent lesson Kenya can draw from these experiences is that successful industrialisation is rarely the product of any single intervention. It results from sustained, coordinated Government policy action across infrastructure, skills, financing, and trade facilitation, sequenced around a limited number of strategic sectors, sustained over multiple political cycles, and continuously adjusted in response to evidence of what is and is not working.

1.1.4 National Context

17. Kenya is a key regional hub with the Port of Mombasa serving as a gateway to a number of landlocked countries in East and Central Africa and Nairobi being a logistics centre. Additionally, Kenya has abundant renewable energy resources, such as geothermal, hydro, wind and solar endowments. This possesses a potential comparative advantage in green industrialisation that has not yet been systematically converted into manufacturing competitiveness.

18. Kenya is a developing small open economy that has achieved lower middle-income status. As an emerging market economy, Kenya is largely private sector driven. Marketwise, Kenya is highly integrated regionally principally through its membership of the EAC Customs Union, COMESA Free Trade Area and the AfCFTA. It is also integrated globally as an active participant in the multilateral trading system.

19. Furthermore, Kenya has a young population, of which 80% are 35 years and below[2], and has one of the highest literacy rates in Africa, with an 83% literacy rate of people aged 15 and above[3], therefore providing an agile workforce capable of operating complex manufacturing machinery.

20. Cumulatively, these national advantages have built Kenya's resilience in continuing to grow in absolute terms. However, repeated external shocks and a challenging domestic cost environment have limited prospects for structural transformation.

1.1.4.1. Government interventions

21. Kenya's pursuit of deliberate industrialisation policy stretches back to the early years of independence and over the intervening six decades. Successive Governments have articulated a series of policy frameworks intended to guide the structural transformation of the economy. The table below provides a chronological overview of these key policy documents, summarising their central objectives and the outcomes and limitations that characterised their implementation.

[2] Kenya National Bureau of Statistics, Kenya Population and Housing Census, 2019.
[3] Kenya National Bureau of Statistics, Economic Survey, 2026.

Table 1: Kenya's Industrialisation Policy Frameworks Chorological Overview, 1965-2012

Policy Document	Year	Key Focus / Vision	Key Outcomes / Limitations
Sessional Paper No. 10 — African Socialism and its Application to Planning in Kenya	1965	Foundational development philosophy combining private investment with active state participation; import-substitution industrialisation strategy	Early gains in food processing, textiles, and basic consumer goods; later associated with inefficiency, uncompetitive domestic markets, and limited export orientation
Sessional Paper No. 1 — Economic Management for Renewed Growth	1986	Structural adjustment and market liberalisation; reduction of state control over prices and trade; greater private sector role and export promotion	Marked a shift away from import-substitution toward market-driven growth. Partial privatisation, loss of competitiveness by local existing private sector and significant social costs.
Sessional Paper No. 2 — Industrial Transformation to the Year 2010	1992	First explicit long-term industrialisation vision; targeted newly industrialising country status	Shift towards private sector industrialisation, growth of export promotion institutions and greater emphasis on value addition. Implementation undermined by macroeconomic instability, governance challenges, and slow structural reform during the 1990s
Sessional Paper No. 2 — Industrial Transformation to the Year 2020	1996	Reiterated industrialised-country ambition with extended horizon; emphasised export-oriented growth, technology transfer, and human resource development	Despite analytical merit, Kenya's manufacturing sector stagnated as a share of GDP through the mid-2000s
Kenya Industrial Master Plan	2008	Granular, sector-by-sector strategy identifying priority value chains and proposing specific interventions	Overtaken in prominence by the concurrent launch of Kenya Vision 2030

Policy Document	Year	Key Focus / Vision	Key Outcomes / Limitations
Kenya Vision 2030	2008	Overarching long-term development blueprint; manufacturing designated a key pillar; target of raising manufacturing's GDP contribution from ~9% to 20% by 2030; vision of a newly industrialising, middle-income country	Implemented through successive five-year Medium-Term Plans; continuity at times disrupted by administration-driven shifts in emphasis and sequencing
Sessional Paper No. 9 — National Industrialization Policy Framework, 2012–2030	2012	Comprehensive industrial policy statement; structural transformation through value addition, agro-processing, light manufacturing, and SME development; proposed National Industrial Development Commission and strengthened Industrial Development Fund	Most comprehensive industrial policy statement of the preceding decade; institutional innovations proposed but implementation remained a challenge

1.2 Policy Issue

22. The central issue in this Policy is how to enable industrial-led structural transformation that moves the economy from low-productivity activity to a more productive and diversified industrial base. Despite more than six decades of deliberate industrial policy interventions, the structure of the Kenyan economy has not shifted in the direction that successive policies intended. Manufacturing's contribution to GDP has declined rather than risen, falling from over 11% in 2009 to 7.1% in 2025. This is not as a result of a single shock; it is a gradual, structural failure that has accumulated across successive policy cycles, administrations, and development planning frameworks, making it both deeply entrenched and correspondingly difficult to reverse without a fundamentally different policy approach.

23. Manufacturing value addition growth has remained persistently low, averaging 2% to 3% annually in recent years against overall GDP growth of between 4.5% and 5%, meaning the sector is growing slower than the economy as a whole and consequently declining as a share of national output even while expanding in absolute terms.

24. The severity of Kenya's structural transformation deficit manifests across four interconnected dimensions. First, industrial employment growth, particularly in the formal manufacturing sector capable of offering stable wages and contributing to skills accumulation, has been insufficient to absorb Kenya's rapidly growing youth labour force, a substantial share of whom continue to enter low-productivity informal activity. Over 80% of employed Kenyans work in the informal economy, with youth aged 15 to 34 disproportionately represented.

25. Second, export sophistication remains weak. As measured through the Harvard Atlas of Economic Complexity, Kenya's export basket continues to be dominated by primary commodities such as tea, coffee, and horticultural produce rather than manufactured or technologically sophisticated goods. This limits the country's capacity to earn foreign exchange, build industrial capability, and participate competitively in global value chains.

26. Third, industrial diversification has stagnated, leaving the economy concentrated in a narrow range of activities and correspondingly exposed to sector-specific and commodity-price shocks.

27. Fourth, the country remains acutely vulnerable to external shocks, as demonstrated by the compounding effects of the COVID-19 pandemic, elevated public debt service obligations, exchange rate volatility, and shifting geopolitical tensions, all of which have had disproportionate impact on an industrial base that lacks the diversification and resilience of more developed manufacturing sectors.

28. The consequences of structural transformation failure are not evenly distributed. Kenya's youth, who constitute the majority of the estimated one million new labour force entrants each year according to KNBS, bear the heaviest burden, as the formal manufacturing sector has been unable to generate employment at the pace or scale required to absorb them. Women are disproportionately concentrated in informal, low-value, and subsistence-linked economic activities, and the absence of a diversified and expanding formal industrial base perpetuates structural gender inequality in economic participation, earnings, and asset accumulation.

29. Small and Medium Enterprises (SMEs) operating in manufacturing and agro-processing face chronic constraints; including limited access to affordable finance, high input costs, and competition from cheaper imported goods, that prevent them from growing, formalising, and contributing to industrial employment creation.

30. Consumers, particularly lower-income households, are affected through the economy's dependence on imported manufactured goods, which exposes domestic prices to exchange rate volatility and import cost fluctuations. Future generations bear the long-run fiscal and economic consequences of a narrowly structured economy with lower tax revenues, persistent informality, reduced public investment capacity, and an industrial base unable to support the quality-of-life improvements that a higher-income Kenya would require.

31. The structural transformation deficit is also spatially concentrated in ways that compound Kenya's regional development inequalities. Industrial activity remains heavily clustered in Nairobi, Mombasa, Kiambu, and a small number of other urban counties, while the majority of Kenya's 47 counties, particularly those in the arid and semi-arid north and north-east, as well as many predominantly agricultural counties, have minimal formal industrial presence. The underdevelopment of county-level industrial ecosystems also means that devolution, while creating the governance architecture for more spatially inclusive development, has not yet translated into meaningful industrial decentralisation.

32. The cost of production inputs, particularly energy, logistics, and land, remains among the highest in the region, undermining the price competitiveness of Kenyan manufactured goods in both domestic and export markets. Access to long-term, affordable finance for industrial investment is severely limited, with commercial lending rates that are structurally inconsistent with the investment horizons required for manufacturing capacity building.

33. The skills produced by Kenya's education and training system remain misaligned with the technical and vocational demands of a modernising industrial sector, creating persistent skills gaps that constrain productivity and technological upgrading. Industrial linkages between large firms and SMEs, and between manufacturing and agriculture, remain weak, limiting the domestic multiplier effects of industrial activity and preventing the development of integrated value chains.

34. Infrastructure deficits, including unreliable power supply, inadequate industrial land, and high transport costs arising from road and port inefficiencies, raise the cost of doing business for manufacturers disproportionately relative to service sector operators.

35. Institutional weaknesses, including regulatory complexity, inconsistent policy implementation, and governance challenges in key sector agencies, have undermined investor confidence and created unpredictable operating environments. Finally, Kenya's industrial policy framework has historically been fragmented across multiple ministries and agencies without an integrated coordination architecture capable of managing the cross-cutting nature of industrial transformation.

36. The Government of Kenya has made sustained efforts over more than six decades to address the structural transformation challenge. Most of these efforts have been covered under section 1.1.4.1 above. Subsequent interventions, including the Industrial Development Policy of the 1980s and the Export Processing Zones programme established under the Export Processing Zones Act of 1990, sought to shift toward export-oriented manufacturing and attract foreign industrial investment. In addition, the Government has established industrial parks and Special Economic Zones, and invested in technical and vocational education and training through the TVET Authority.

37. Despite these interventions, manufacturing's share of GDP has continued to decline. The common thread running through prior policy failures is the absence of a coherent, well-resourced, and institutionally anchored implementation architecture capable of translating policy intent into sustained industrial investment and structural change. Policies have been formulated without adequate financing frameworks, implementation has been fragmented across agencies with overlapping mandates, and monitoring and accountability mechanisms have been insufficient to detect and correct underperformance in real time.

38. Deliberate, well-sequenced, and properly resourced policy intervention is urgently required for three reasons. First, the window for manufacturing-led development is narrowing globally, as automation, reshoring trends in advanced economies, and the restructuring of global value chains are progressively raising the barriers to late industrialisation. Kenya must act within this window or risk permanent exclusion from the industrial development pathways that transformed the economies of East Asia and, more recently, parts of South and Southeast Asia.

39. Second, Kenya's demographic dividend: the economic growth potential arising from a large and growing working-age population, is time-limited. Without a formal industrial sector capable of generating productive employment at scale, this demographic advantage will convert into a social and fiscal liability rather than a development asset. Third, failure to act now would foreclose one of the most reliable historical pathways to sustained productivity growth, quality job creation, and export diversification, and would leave Kenya more exposed to the volatility of commodity-dependent and informally structured growth, with consequences that would be felt across the remaining implementation period of Vision 2030 and beyond.

40. The failure to achieve industrial-led structural transformation carries significant legal, ethical, and moral dimensions. Constitutionally, Article 43 of the Constitution of Kenya, 2010 guarantees every citizen the right to work under satisfactory, safe, and fair conditions, and to the highest attainable standard of living. An economy in which the formal manufacturing sector has consistently failed to absorb the growing labour force, leaving a substantial proportion to subsist in low-productivity informal employment, represents a structural impediment to the progressive realisation of these rights. Article 10 on national values and principles of governance and the Fourth Schedule's distribution of functions between national and county governments mandate the State to pursue equitable development across regions.

41. Ethically, Kenya's youth bear a disproportionate burden of the structural transformation deficit through unemployment, underemployment, and confinement to the informal economy, constituting an intergenerational inequity that forecloses economic opportunities for a generation whose productive potential is the country's principal development asset. There is equally a gender dimension: women's disproportionate concentration in informal and low-value economic activities reflects and reinforces structural inequality.

42. The perspectives of key stakeholders on Kenya's structural transformation challenge reflect the different positions from which they experience the problem. The private sector, through industry associations, has consistently identified the structural failures mentioned above as the principal constraints on manufacturing investment and expansion. Labour organisations identify the insufficiency of formal employment creation in manufacturing and the erosion of wage employment as a pathway to economic security for ordinary Kenyans as their central concern.

43. County Governments, particularly those outside the main industrial corridors, identify the highly centralised character of industrial activity as a structural inequity that devolution has not yet corrected, and advocate for industrial decentralisation and the development of county-level value chains anchored in local agricultural and natural resource endowments.

44. Civil society and development organisations emphasise the environmental, social and governance (ESG) dimensions of industrialisation, urging that any renewed industrial policy incorporate green industrialisation principles and safeguards against environmental degradation.

45. Academic and research institutions point to the weak linkage between Kenya's education and training system, and the skills demands of a modernising industrial sector as a structural constraint that investment or fiscal incentives alone cannot resolve.

46. Development partners stress the importance of governance reforms, investment climate improvements, and deeper regional integration, particularly within the EAC and under the AfCFTA, as preconditions for sustainable industrial growth.

47. These perspectives, while reflecting different interests and priorities, collectively point toward the need for an industrial policy that is simultaneously productivity-driven, employment-generating, spatially inclusive, environmentally responsible, and institutionally effective.

1.3 Rationale

48. Government intervention through industrial development policy is premised on the recognition that private incentives alone cannot generate growth and, as such, the Government needs to correct market failures.[4] These market failures, and the corresponding case for public intervention, are summarised as follows:

- **Coordination failures:** industrial transformation typically requires complementary investments, in infrastructure, skills, finance, and firm-level capability, to occur simultaneously or in close sequence. No individual firm has the incentive or capacity to coordinate such complementary investment across an entire value chain or industrial ecosystem. This is the role of Government, acting as a coordinating agent on behalf of the wider economy. Green industry investors face a complex, sometimes contradictory rulebook and must spend time and money investigating rather than deploying capital.

- **Information asymmetries:** exporters, and in particular small and medium-sized enterprises, frequently lack reliable information regarding foreign market requirements, applicable technical and sanitary standards, and the precise specifications demanded by international buyers. Banks, insurance, and many industrial firms lack data and technical capacity on Measurement, Reporting and Verification (MRV) and certification pathways and, as a result, perceive green projects as riskier and more complex than they may actually be, leading to higher pricing or rejection. The Government has a legitimate role in reducing these information gaps through trade promotion, standards harmonisation, and market intelligence services that individual firms cannot efficiently produce for themselves.

- **Public goods deficits:** industrial infrastructure, including reliable electricity, efficient ports and logistics corridors, and industrial parks and special economic zones, possesses the characteristics of public or quasi-public goods whose provision the private sector alone has insufficient incentive to undertake at the scale required, owing to the difficulty of fully capturing the returns to such investment. Some green industrial pathways depend on shared infrastructure e.g., charging infrastructure for e-mobility, which requires public capital and de-risking instruments.

- **Externalities and spillovers:** investment in skills development, research and development, and the adoption of new technologies, including those related to climate transition requirements, through knowledge diffusion and demonstration effects, that extend beyond the investing firm to the wider economy. Green investments generate social benefits that firms cannot fully capture while polluting activities still face weak or no costs. Because firms cannot capture the full social return on such investment, they tend to under-invest relative to the socially optimal level, creating a clear rationale for an incentive structure.

- **Intermediation imperfections:** industrial investment, particularly in manufacturing plant and equipment, typically requires long-tenor financing at a risk-adjusted cost that Kenya's

[4] Fernandes, Ana Margarida and Tristan Reed. 2026. Industrial Policy for Development: Approaches in the 21st Century. Policy Research Reports. Washington, DC: World Bank.

predominantly short-term-oriented financial sector has not been well configured to supply, particularly for small and medium-sized enterprises lacking the collateral or track record demanded by conventional commercial lending. Viable green projects stall at the feasibility or pilot stage because they are capital intensive and cannot secure affordable long-term financing. This financing gap justifies the establishment of dedicated, appropriately capitalised industrial financing instruments.

49. This Policy is anchored in a robust constitutional, national, continental, and global policy framework. Domestically, it is mandated by the Constitution of Kenya, 2010 and aligned with Kenya Vision 2030, its successive Medium-Term Plans, and the Bottom-Up Economic Transformation Agenda. At the continental level, it gives effect to Kenya's commitments under Agenda 2063 and the African Continental Free Trade Area, while globally it is aligned with Sustainable Development Goal 9 and the frameworks of the United Nations Industrial Development Organization.

50. Structural transformation cannot, therefore, be left to market forces alone. The scale of complementary investment required, the presence of significant coordination and information failures, the long gestation period of industrial capability, and Kenya's explicit constitutional, regional, and global commitments to industrialisation collectively establish a clear and compelling rationale for sustained, well-designed Government intervention through this Policy.

1.4 Policy Goal

51. To enable Kenya's structural transformation into a globally competitive, diversified, export-oriented, inclusive and sustainable industrialised economy, raising manufacturing's annual growth rate to 15% while creating decent jobs.

1.5 Policy Objectives

1. Develop niche, high-value products in which Kenya can build competitive advantage while expanding and diversifying exports with a view to raising manufacturing's contribution to GDP to 24% by 2063.
2. Create an environment that rewards legitimate business practices and products and deters unfair trade practices as well as illicit trade in substandard and counterfeit products.
3. Attract quality domestic, diaspora and foreign direct investment into investible sectors.
4. Create a conducive business environment through reliable infrastructure and a harmonised regulatory framework.
5. Develop and deploy innovative and sustainable financing mechanisms to unlock capital for industrialization.
6. Advance resource efficiency, circular economy practices, cleaner production technologies, and renewable energy adoption.
7. Foster industrial innovation and strengthen Government-industry-academia collaboration and workforce skills alignment to drive technology adoption, commercialisation, and productivity.
8. Increase decent industrial employment and opportunities, with particular focus on women, youth, persons with disabilities (PWDs), and underserved regions.
9. Deepen participation of domestic industries and MSMIs in national, regional, and global value chains, and strengthen local sourcing.

10. An effective implementation architecture that promotes institutional coordination and adaptive management.

1.6 Guiding Principles

52. The policy is anchored on principles that align with national values and principles, regional commitments and sustainable development goals:

i) **Inclusive and sustainable industrialisation**: Industrial growth will create opportunities across enterprises, counties and communities while promoting resource efficiency, environmental sustainability, decent jobs and resilience.

ii) **Evidence-based, coordinated and accountable implementation**: The policy will be guided by evidence and measurable outcomes with coordinated action across county and national Governments, clear institutional responsibilities, regular monitoring and adaptive implementation.

iii) **Private sector led, Government enabled**: Government will create a predictable and enabling environment, address market failures and crowd in private investment while the private sector leads industry development, investment and innovation.

iv) **Competitiveness and value addition**: Industrial development will prioritise productivity, quality innovation and value addition to build globally competitive industries and move Kenya into higher-value products and markets.

v) **Market and demand driven**: Industrial investments will be guided by market opportunities, consumer demand, regional and global value chains and Kenya's comparative and competitive advantages.

1.7 Scope of the policy

53. This Policy applies to both the National and County Governments, as well as industries and the broader network of supporting institutions, including private-sector entities, development partners, and other non-state actors involved in industrial development. At the national level, the Policy guides overarching strategic planning, regulatory frameworks, and implementation to foster a supportive ecosystem for industries. At the county level, it guides policy development, localised implementation, capacity building, infrastructure development, and development of local supply ecosystems. Together, these efforts promote a coordinated, inclusive, and sustainable approach to industrial growth across all levels, ensuring cohesive support aligned with the unique socio-economic dynamics of each county.

1.8 Structure of the policy

54. This Policy is organised into six chapters that move from diagnosis to implementation:

Chapter One introduces the Policy, setting out the global, regional, and national context for Kenya's industrialisation, the policy issue and rationale, and the Policy Goal, raising manufacturing's growth rate to 15% per year while lifting its contribution to GDP to 24% by 2063, together with the ten objectives, guiding principles, and scope through which that goal will be pursued.

Chapter Two presents the situational analysis: current manufacturing performance, export sophistication, industrial employment, investment trends, digital readiness, and green industrialisation, alongside the global, regional, and national legal and institutional frameworks the Policy operates within, closing with a summary matrix of policy and institutional gaps.

Chapter Three carries the Policy Statement itself, structured around seven pillars: Institutions, Governance and Business Environment; Industrial Corridors, Infrastructure and Land; Human Capital, Technology and Innovation; MSMI Growth; Industrial Finance and Investment Facilitation; Trade and Integration; and Green Industrialisation and Sustainability, each translated into specific policy objectives and strategies.

Chapter Four identifies the seven priority sectors for industrial development: Agro-Processing; Textiles, Apparel and Leather; Pharmaceuticals and Health-Related Manufacturing; the Blue Economy; Minerals, Gemstones and Extractives; Green Energy and Manufacturing; and Emerging Sectors.

Chapter Five sets out the implementation matrix and the legal and regulatory instruments (including proposed legislation and the domestication of relevant international conventions) required to give the Policy legal effect.

Chapter Six closes with the Monitoring, Evaluation and Review framework. It establishes an M&E matrix that tracks each pillar's goals and outcomes against baselines, mid-term and end-term targets, coordinated by the National Industrial Coordination and Development Committee (NICDC) and the National Industrial Competitiveness Observatory, with the first mid-term review at six years and reviews every six years thereafter, and sets out how evaluation findings, reporting, and lessons learnt will feed back into implementation.

CHAPTER 2: SITUATIONAL ANALYSIS

2.1 Current Status, Trends and Patterns[5]

55. One of the key objectives of Kenya's Vision 2030 launched in 2008 is the achievement of a robust, diversified and competitive manufacturing sector with a key target of growing the manufacturing sector's share of GDP from an initial 9% to 20% by 2030. The Vision 2030 has since been implemented through a series of 5-year medium-term plans. Respective administrations have anchored their manifestos to the medium-term plans falling during their tenure.

56. With four years left in the implementation of the Vision 2030, the manufacturing sector's contribution to GDP at 7.1% in 2025 is well below the 20% target. Kenya is also not on track to meet the SDG 9.2 target to "promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances".

2.1.1 Manufacturing Performance Indicators

57. Manufacturing's share of GDP, after an increase from 7.4% in 2021 to 7.7% in 2022, has been at a steady decline to 7.1% by 2025, as depicted in Figure 2 below. However, in absolute terms, manufacturing gross value added (GVA) at current prices grew from Ksh. 885.6 billion in 2021 to Ksh 1,252.0 billion in 2025, an increase of about 41%.[6] As such, the decline of manufacturing's share of the GDP is attributed to the fact that overall GDP grew faster due to stronger growth in services such as accommodation/food and financial services.

58. After a strong post-COVID rebound in 2021, with 7.3% growth, manufacturing grew much more slowly between 2022 and 2025, with annual growth rates between 2% and 3%, with the slowest growth rate of 2% registered in 2025.

Figure 2: Manufacturing share of GDP at current prices vs. real GDP growth rate, 2021-2025

2.1.2 Export Performance and Product Sophistication

59. Four of the five top Kenyan exports are tea, cut flowers, horticultural products and coffee as shown in figure 3. This illustrates the continued reliance of Kenya on primary commodities.

[5] The data covering 2021-2025 with 2025 figures being provisional, are drawn from the Kenya National Bureau of Statistics (KNBS) "Economic Survey 2026: Facts and Figures" version.

[6] KNBS Economic Survey 2026

Under the Harvard Atlas Economic Complexity, Kenya ranked 92nd out of 145 countries in terms of the diversity of its export.

Figure 3: Top five exports in 2025 (KSh.) (Source: Kenya National Bureau of Statistics, Economic Survey 2026)

2.1.3 Trends in Manufactured Exports share of Total Exports

60. Exports of manufactured products as a share of total Kenya's rose from 56.4% in 2021 to 59.5% in 2025*. The absolute value of manufactured exports grew faster (+53% over 2021–2025) than total exports (+45%), indicating that the manufactured exports component of Kenya's export basket is gaining ground relative to raw primary exports.

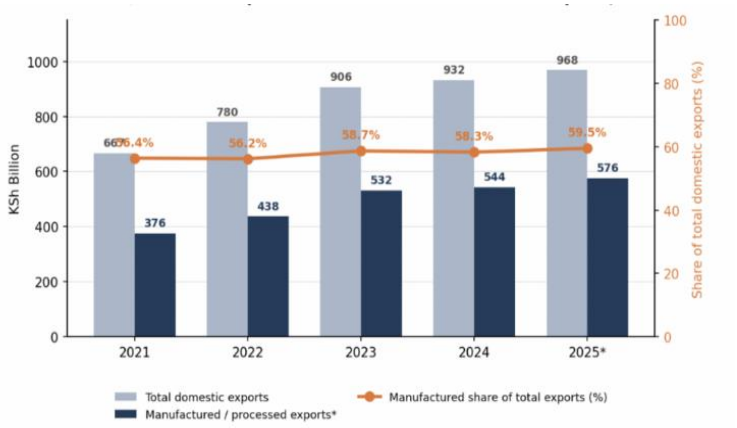

Figure 4: Total Domestic Exports vs. Manufactured Exports and their Share of Total Exports, 2021-2025

61. Among specific manufacturing exports, articles of apparel and clothing accessories (largely Export Processing Zone garment production under AGOA) are the standout performer, growing from Ksh. 42.7 billion in 2021 to Ksh. 63.3 billion in 2025*; a 48% increase, and now the single largest manufactured export line item. Iron and steel exports grew strongly to Ksh 32.3 billion in 2023 before retreating to Ksh 27.7 billion in 2025*. Pharmaceutical exports almost doubled between 2021 and 2024 (Ksh. 11.1bn →19.9bn) before falling back to Ksh. 16.7bn in 2025*, while plastics exports have been broadly flat, peaking around Ksh 12.0bn in 2023.

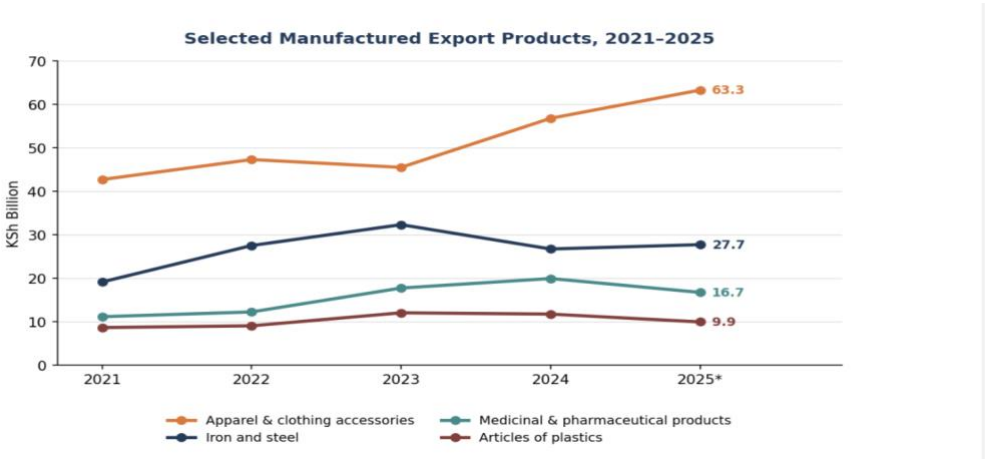

Figure 5: Selected Manufactured Export Products by Value, 2021-2025

62. In terms of the destination of Kenya's manufacturing exports, Africa accounts for the largest estimated share in the period 2021–2025, ranging between 38.3% (2024) and 43.1% (2023), and standing at 40.5% in 2025*. Asia's estimated share rose from 23.1% in 2021 to a peak of 28.5% in 2024 before easing to 24.6% in 2025*, driven by the surge in exports to the Middle East. Europe's estimated share gradually declined from 25.8% to 23.6% over the period, while America held a relatively stable 6.7% to 9.8% share. These trends are key in our subsequent analysis of Kenya's trade policy/negotiations posture and the implicit diversification strategy for Kenyan exports.

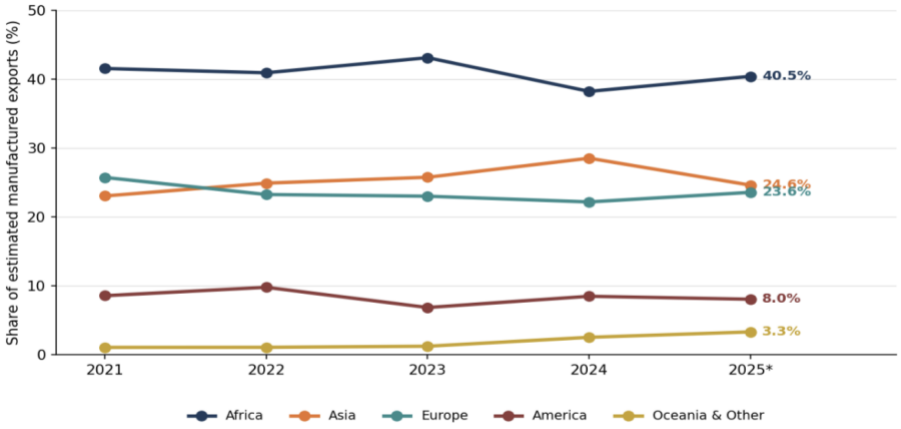

Figure 6: Destination of Kenya's Manufactured Exports by Region, 2021-2025 (% share)

63. Given the growing importance of the African market for Kenya's manufacturing exports and in light of vulnerability to external shocks in other key markets like the US and the EU, the opportunities offered by the AfCFTA gain greater significance. How to navigate recent challenges arising from the EACJ decision on the Kenya-EU EPA, the EU CBAM and uncertainty regarding the AGOA amidst turmoil in the wider US trade policy landscape, will be at the centre of Kenya's trade policy agenda. In addition to the AfCFTA, Kenya's recent agreements with China and the United Arab Emirates, expand the scope for our export diversification efforts.

64. Kenya's National AfCFTA Implementation Strategy (2022-2027) provides a comprehensive approach to industrialization by leveraging on the opportunities presented by the AfCFTA to expand trade.

Building on the market access success in the EAC and COMESA, Kenya will expand the reach of her exports to the other RECs whose markets are now available for Kenyan exporters as a result of the AfCFTA.

65. The multi-stakeholder National Implementation Committee on AfCFTA, comprising Government Ministries, Departments and Agencies, the private sector led by their respective Business Membership Organizations (BMOs), civil society, and academia, coordinates the implementation of the strategy. The Committee is also tasked with the objective of ensuring inclusive trade by promoting participation of women, youth, MSMEs, and persons with disabilities in the continental marketplace, as called for by the AfCFTA Protocol on Women and Youth in Trade.

66. What is required going forward is to align National industrialization policy and initiatives like the SEZS and the CAIPs to the requirements of a continental marketplace. For the counties bordering non-EAC countries like Ethiopia, it is imperative that CAIPs developed in these counties are tailored to attract investment that would enable them to reap the benefits of an integrated continental market.

2.1.4 Industrial Employment Trends: Formal vs. Informal Sector Dynamics and Productivity

67. Manufacturing's contribution to employment in Kenya has not kept pace with the country's demographic profile, characterised by a large and rapidly growing youth population entering the labour market each year. The Economic Survey 2026 reports that approximately 716,800 new jobs were created across the economy in 2025, but the overwhelming majority of these were generated in the informal sector rather than in formal employment, a pattern consistent with the structure of manufacturing job creation specifically. Formal manufacturing employment has grown only modestly, while a substantial share of manufacturing-related activity, particularly in food processing, garment-making, and light fabrication, occurs within informal micro and small enterprises characterised by low productivity, limited access to finance and technology, and minimal social protection coverage for workers.

68. This pattern has two significant implications for industrial policy. First, it indicates that the formal manufacturing sector is not yet generating employment opportunities at a scale commensurate with Kenya's labour force growth, leaving a structural employment gap that is currently being absorbed by lower-productivity informal activity rather than by the higher-productivity formal industrial jobs that this Policy seeks to promote.

69. Second, it suggests that a substantial share of Kenya’s existing manufacturing-related economic activity could potentially be formalised and upgraded, representing both a policy challenge, in terms of designing appropriate formalisation incentives and a significant latent opportunity for productivity and employment growth without requiring entirely new investment.

2.1.5 Investment Trends and Patterns

70. Foreign direct investment into Kenya is currently weighted toward services and extractive activities rather than manufacturing, a pattern that has persisted notwithstanding successive policy efforts to attract export-oriented and value-addition-focused manufacturing investment. Domestic investment in industrial capacity has similarly remained constrained, reflecting both the broader cost of capital challenges facing Kenyan firms and the specific financing gaps. Industrial credit uptake, that is, the volume of commercial bank lending directed toward manufacturing enterprises, has remained a

comparatively small share of total private sector credit, reflecting both demand-side constraints, including limited bankable project pipelines among MSMEs, and supply-side constraints, including the banking sector's preference for shorter-tenor, lower-risk lending relative to the financing profile that industrial investment typically requires.

71. Gross fixed capital formation in the Kenyan economy has continued to grow in nominal terms, but the share of this investment directed specifically toward manufacturing plant, machinery, and industrial infrastructure has not increased sufficiently to support the scale of capacity expansion required to meet Vision 2030 ambitions.

72. The UNCTAD April 2024 report entitled “Global economic fracturing and shifting economic patterns" revealed how geopolitical tensions, global pandemics and the adoption of increasingly inward looking economic policies by major economies introduced uncertainty and unpredictability into the global investment landscape leading to changing patterns in global FDI flows. Some of the key messages from the report are:

- growth in global value chains lagging GDP and trade growth;
- the widening gap between investments in manufacturing and services sector in favour of the latter; and
- investment between geographically distant countries decreasing with manufacturing sector particularly affected.

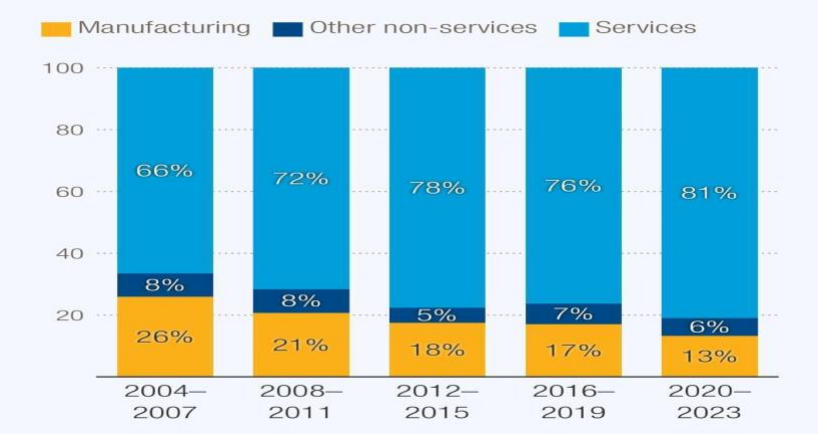

Figure 7: Global economic fracturing and shifting investment patterns. Source: UNCTAD, 2024

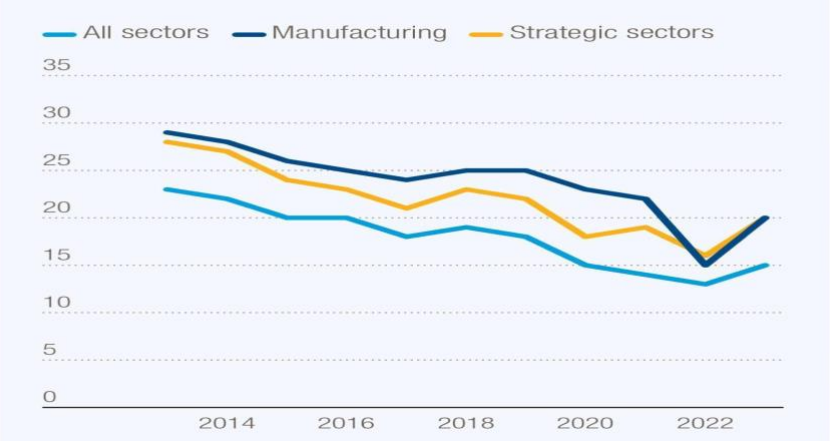

Figure 8: Percentage of global cross-border greenfield projects between countries that are "geopolitically distant". Source: UNCTAD

73. In this regard, it is imperative that appropriate responses to the emerging trends that mitigate the effects of the new geography of investments be put in place. Proactive measures responding to the emerging trends will enable Kenya to achieve her Vision 2030, Africa Agenda 2063 and indeed global Sustainable Development Goals (SDGs). In light of the geographical reality of the Investment landscape, emphasis will be on the development of regional value chains anchored on the AfCFTA Protocol.

74. Other global shocks leading to higher inflation, trade facilitation shortcomings, and food and energy security risks include: -

- climate change effects on agriculture;
- Russia-Ukraine war disrupting wheat imports;
- conflicts in the Gulf disrupting shipping routes;
- cybersecurity threats including supply chain attacks, ransomware, and APTs targeting logistics, cloud systems, and Government platforms;
- terror threats impacting the tourism sector;

75. The development of the new regional transport corridor, the LAPSSET linking Kenya, Ethiopia and South Sudan, is expected to lead to the opening up of Kenya's Northern regions and ultimately addressing intra-regional disparities in economic development since Kenya's independence. It also provides a new platform for advancing regional integration in Eastern and the Horn of Africa region.

76. Rural industrialisation has evolved from a predominantly infrastructure-led approach into a broader economic development model focused on transforming rural production systems, increasing local value addition, and connecting dispersed producers to domestic, regional and international markets. The concept recognises that rural areas require more than agricultural production: they also need processing, storage, packaging, logistics, services, technology and market-linkage capabilities that can generate employment and raise household incomes.

77. In Kenya, the rural industrialisation agenda has increasingly been implemented through a portfolio of instruments, including County Aggregation and Industrial Parks (CAIPs), special economic zones, industrial parks, satellite processing facilities, mobile and modular processing units, and linkages with

anchor industries. CAIPs represent an important instrument within this portfolio because they are intended to aggregate production, provide shared infrastructure and services, support local processing, and enable counties to participate more effectively in value-chain development.

78. However, the performance of rural industrialisation instruments depends on their fit with local production volumes, resource endowments, infrastructure conditions, institutional capacity and market access. A fixed industrial park may be appropriate where sufficient production volumes, reliable utilities and viable markets exist, but may be premature where aggregation is dispersed, demand is uncertain or the cost of infrastructure cannot yet be supported by local economic activity. This creates a need for a diversified rural industrialisation model in which CAIPs are complemented by mobile and modular processing units, satellite facilities, digital aggregation platforms and linkages to established industrial firms.

79. Stakeholder consultations have also identified implementation challenges affecting some CAIPs, including incomplete infrastructure, inadequate road, power and water connectivity, underutilised funds, low occupancy and the absence or non-functionality of common-user processing equipment. These observations point to the need to distinguish between parks that require targeted completion investment, parks that are stalled and parks whose operating or business models require redesign.

80. The Policy therefore provides for a structured performance diagnostic covering existing and planned industrial parks and zones. The diagnostic will support evidence-based sequencing of public investment by determining whether individual facilities are operational, require completion, or should be reconfigured to reflect local production and market conditions. Its findings will inform decisions on the completion, rehabilitation, redesign or further expansion of the rural industrialisation portfolio.

81. All these points to Kenya's quest to leverage regional integration to build resilience, including under the AfCFTA integration for regional value chain development.

2.1.6 Digital and Technology Readiness

82. Targeted public investments in infrastructure coupled with policies and regulations to boost broadband access have enabled Kenya to emerge as a key digital economy player in the African continent. A progressive regulatory environment has also facilitated the emergence of Kenya as a hub for digital financial services, helping Kenya achieve one of the highest levels of financial inclusion on the continent.

83. According to the 2020 UNCTAD B2C Commerce Index, Kenya was ranked 88th fastest-growing e-commerce economy worldwide and the 4th in Sub-Saharan Africa (behind Mauritius, South Africa and Nigeria).

84. In furtherance of the enabling role of ICT in Kenya's Vision 2030, the Government of Kenya developed the Digital Economy Blueprint (2019), a framework to transform Kenya into a digital economy and harness the benefits of a digitalized society. Together with the National Information, Communications and Technology Policy (2019) and the National Digital Masterplan (2022-2032), they provide the framework guiding Kenya's quest to become the Silicon Savannah. It is also investing in Digital and

Cyber Resilience initiatives like the National Cybersecurity Strategy (2022-2027) to address increasing cybersecurity threats.

85. Kenya's digital economy has developed considerable strength in financial technology, business process outsourcing, and mobile-enabled services, anchored by widespread mobile money penetration and a comparatively vibrant technology start-up ecosystem regionally. This digital strength has not yet, however, translated into widespread adoption of Industry 4.0 technologies, including industrial automation, robotics, the industrial internet of things, and artificial intelligence applications, within the manufacturing sector itself. Adoption of such technologies remains concentrated among a small number of larger, often multinational-affiliated, manufacturing firms, while the broad base of MSMI manufacturers continue to operate with comparatively basic production technology, limiting both productivity and the capacity to compete in increasingly automation-intensive global value chains.

86. This gap between Kenya's broader digital economy strength and its manufacturing technology readiness represents both a constraint and an opportunity. It is a constraint as low technology adoption directly limits manufacturing productivity and competitiveness. It is an opportunity as Kenya's existing digital skills base, software development capability, and technology entrepreneurship ecosystem could be more directly channelled toward the development and adaptation of Industry 4.0 and 5.0 solutions. This is appropriate to the Kenyan manufacturing context, potentially allowing the country to leapfrog certain stages of industrial technology adoption observed in earlier industrialising economies.

2.1.7 Green Industrialisation

87. Kenya has established one of Africa's strongest foundations for green industrialisation, anchored in Kenya Vision 2030, the Fourth Medium-Term Plan (2023–2027), the National Industrialisation Policy Framework (2012–2030), and a growing body of climate, energy, environmental and investment policies. The Africa Climate Summit (2023), the Nairobi Declaration and the Africa Green Industrialisation Initiative (AGII) reinforced Kenya's ambition to become a regional hub for renewable-energy-powered manufacturing and green value addition. Kenya's electricity system is among the cleanest globally, with more than 90% of electricity generation in 2024 coming from renewable sources, led by geothermal, hydro, wind and solar resources. This renewable resource base provides an important comparative advantage, but resource availability alone does not guarantee industrial competitiveness. Manufacturing decisions are ultimately determined by the delivered cost, reliability and predictability of electricity at the factory gate, together with carbon performance, power quality and security of supply.

88. **Energy Competitiveness as an Industrial Advantage**: Kenya's energy system possesses characteristics that few competing manufacturing destinations combine simultaneously. Geothermal power, concentrated around the Olkaria resource area, provides dependable baseload electricity that is largely insulated from international fossil fuel price volatility, while hydro, wind and solar broaden the renewable resource base and reduce long-term carbon exposure. However, this structural advantage has not consistently translated into lower industrial production costs. Manufacturers continue to face relatively high delivered electricity costs arising from tariff structures, demand charges, transmission and distribution constraints, foreign exchange pass-through associated with some Power Purchase Agreements (PPAs), and the cost of maintaining back-up generation where

power quality and reliability remain inconsistent. The National Energy Policy identifies foreign-currency-denominated PPAs, procurement inefficiencies and coordination gaps as key contributors to cost pressures, while recent Parliamentary recommendations have called for greater use of competitive renewable energy auctions and more balanced PPA structures to strengthen affordability and reduce consumer exposure to exchange-rate risk. The policy challenge is therefore not simply expanding renewable generation, but converting Kenya's clean electricity system into a measurable delivered-cost advantage for manufacturing.

89. **Emerging Green Industrial Opportunities:** The next phase of industrial transformation lies in leveraging Kenya's renewable electricity to create entirely new industrial capabilities rather than supplying existing industries alone. Emerging investments in green hydrogen, renewable-energy manufacturing, electric mobility, battery technologies, sustainable construction materials, waste-to-value industries and green fertiliser demonstrate significant potential for export-oriented industrialisation. Green hydrogen is particularly strategic because renewable-powered electrolysis can produce hydrogen for downstream ammonia, fertiliser and green steel production, creating opportunities for import substitution, export diversification and enhanced energy security.

90. Equally significant is the proposed Olkaria Green Energy Park and Special Economic Zone, whose proximity to geothermal resources creates the opportunity to offer manufacturers reliable low-carbon electricity, direct geothermal heat for industrial processes, and shared industrial infrastructure. Such integrated green industrial parks can reduce production costs, attract climate-conscious investment, support compliance with emerging market requirements such as the EU Carbon Border Adjustment Mechanism (CBAM), and position Kenya as a preferred location for low-carbon manufacturing.

91. **Green Energy and Decarbonisation**: Kenya's renewable energy profile should therefore be measured not only by its renewable share, but by its ability to deliver affordable, reliable and internationally competitive electricity to industry. The Least Cost Power Development Plan, National Energy Policy and Energy Transition and Investment Plan already provide the framework for expanding clean generation, strengthening transmission networks, improving grid reliability and integrating industrial demand into long-term energy planning. Building on these frameworks, industrial energy competitiveness should be pursued through coordinated action to strengthen transmission infrastructure serving industrial corridors, optimise PPA procurement through least-cost and auction-based approaches, expand opportunities for regulated captive generation and net metering, encourage direct geothermal use where technically feasible, and establish a dedicated industrial tariff benchmark against regional competitors. The success of Kenya's green industrialisation agenda should ultimately be judged by whether manufacturers experience lower delivered energy costs, fewer outages, reduced dependence on costly back-up generation, improved carbon competitiveness and stronger participation in regional and global green value chains, thereby transforming renewable electricity from an environmental asset into a durable industrial competitiveness advantage.

92. **Sustainable Manufacturing and Green Technologies:** The National Science, Technology and Innovation Policy (2013), Kenya Green Manufacturing Policy and Investment Guide (2023) and National Skills Development Policy (2020) provide a foundation for industrial innovation, technology adoption and workforce development. However, adoption of cleaner production, eco-design, energy-efficient machinery and green technologies remains uneven, particularly among MSMIs that face limited awareness, technical capacity and investment resources. At the same time, opportunities to

develop local value chains in renewable-energy components, batteries, electric mobility, green hydrogen and other clean technologies remain largely untapped. There is need to bridge the gap between innovation and industrial application, enabling firms to adopt appropriate technologies while supporting the emergence and scaling of competitive green industries.

93. **Circular Economy and Resource Efficiency:** The Sustainable Waste Management Act (2022) and Sustainable Waste Management (Extended Producer Responsibility) Regulations (2024) provide an important foundation for waste reduction, recovery, recycling, reuse and producer responsibility. However, substantial economic value continues to be lost through inadequate collection, sorting, processing and industrial utilisation of waste. Plastics, textiles, organic waste, e-waste and used oils present opportunities for waste-to-value enterprises, new industrial inputs and locally manufactured products, but industrial linkages and processing capacity remain limited. There is need to strengthen the industrial dimension of the circular economy by moving from waste management to resource recovery, reuse, recycling and commercially viable waste-to-value industries.

94. **Green Markets, Standards and Value Chains:** The National Trade Policy (2017), National Quality Policy (2019) and Kenya's AfCFTA implementation framework (2020) provide a basis for improving product quality, market access and export competitiveness. However, environmental sustainability, traceability, carbon performance and responsible production are increasingly influencing global procurement and market access. Kenyan firms, particularly MSMIs, face challenges in meeting evolving buyer requirements and emerging regulatory measures such as the EU's Carbon Border Adjustment Mechanism (CBAM). Therefore, this Policy should strengthen firms' ability to anticipate and respond to these requirements and integrate into competitive domestic, regional and global green value chains, turning environmental requirements into opportunities for market access and industrial upgrading.

95. **Green Financing, Innovation and Skills:** The National Investment Strategy (2026–2030), National Climate Finance Policy (2018), STI Policy (2013) and National Skills Development Policy (2020) provide a basis for mobilising capital, innovation and skills for the green transition. Nevertheless, firms continue to face high financing costs, limited patient capital, weak investment readiness and skills gaps that constrain the adoption and scaling of sustainable technologies. There needs to be a connection between finance, innovation, technology and industrial skills, ensuring that these resources are directed towards commercially viable industrial opportunities and enabling firms to adopt, develop and scale sustainable solutions.

96. **Green Manufacturing:** The Special Economic Zones Act (2015), EPZ framework, and National Industrialisation Policy Framework (2012–2030) provide platforms for investment attraction, industrial parks, specialised manufacturing and export-oriented production. However, Kenya's green industrial base remains relatively small and fragmented, with limited development of new products and industries arising from the green transition. Kenya should leverage SEZs, EPZs, CAIPs, industrial parks, investment-ready projects and local value chains to develop competitive green industries, strengthen domestic value addition, attract investment and create decent jobs.

97. **Green Industrial Inclusivity:** Kenya Vision 2030 (2008–2030), MTP IV (2023–2027), County Integrated Development Plans (CIDPs) 2023–2027 and the SEZ Framework (2015) provide a basis for geographically distributed and inclusive industrial development. However, industrial activity remains concentrated in particular regions, while MSMIs, women, communities and less-industrialised

counties do not always benefit proportionately from emerging green industrial opportunities. Infrastructure is also not always designed to respond adequately to gender and accessibility considerations. As such, this Policy should promote balanced regional industrial development, stronger local enterprise linkages, gender-responsive infrastructure and inclusive participation in green industrial value chains.

98. The overarching challenge is therefore not the absence of policies, strategies or green industrial opportunities, but the limited coherence, coordination and translation of these instruments into investable projects, firm-level adoption and measurable industrial outcomes. This Policy should provide the overarching industrial lens through which Kenya's energy, climate, environmental, investment, trade, technology and skills priorities are translated into productive industrial growth.

99. Consequently, this Policy should move Kenya from green compliance to green competitiveness; from renewable-energy potential to productive industrial use; from waste management to waste-to-value; from environmental requirements to market opportunities; and from fragmented green initiatives to competitive, resilient and inclusive green industries and value chains. This will position sustainability not merely as an environmental obligation, but as a driver of investment, productivity, value addition, decent jobs, export competitiveness and long-term industrial transformation.

2.2 Policy, Legal and Institutional Framework

100. This section highlights the policy, legal and institutional framework in Kenya's industrial landscape and their sufficiency in addressing the industrialisation efforts in Kenya and further highlights the gaps that exist.

2.2.1 Global Frameworks

2.2.1.1 World Trade Organisation (WTO)

101. This Policy operates within global frameworks that condition specific obligations on the Kenyan Government. This includes the World Trade Organization's (WTO) framework, which is the global multilateral system of legal agreements and institutional mechanisms that govern international trade. The core legal agreements within the WTO structure encompass the General Agreement on Tariffs and Trade (GATT), General Agreement on Trade in Services (GATS), and Trade-Related Aspects of Intellectual Property Rights (TRIPS). This system establishes the rules-based multilateral trading system within which Kenya's trading ecosystem must operate. Therefore, it circumscribes the policy space for undertaking this Policy in particular, through the non-discrimination principles of Most-Favoured Nation and National Treatment, which respectively require equal treatment between member States as well as between imports and domestic goods and services.

2.2.1.2 United Nations Frameworks

102. The United Nations (UN) has 17 Sustainable Development Goals (SDGs) which Kenya has adopted. In particular, SDG 9 is directly relevant to industrialisation, which aims to "build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation". It has 9 targets that this Policy should align with that cover sustainable infrastructure and industrialisation, small-scale industrial enterprises, scientific research, technology development and access to information and communication technology.

103. The specialised agency of the United Nations mandated to serve as the vehicle for transforming economies, generating shared prosperity and mitigating environmental impacts from industrial

development is the United Nations Industrial Development Organization (UNIDO).[7] Others include the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Environmental Programme (UNEP) which contribute to the issues covered in this Policy in fulfilment of the SDGs.

104. The United Nations Framework Convention on Climate Change (UNFCCC) has increasingly become centre stage in industrialisation conversations. It is the primary Treaty coordinating the global response to climate change whose ultimate goal is to stabilize greenhouse gas concentrations to prevent dangerous human interference with the climate system. As such, industrialisation efforts must be guided by the provisions in the UNFCCC and its enabling treaties such as the Paris Agreement, 2015 and the Kyoto Protocol of 1997. One of its main processes is the Nationally Determined Contributions (NDCs) where every member State must regularly update and submit their own commitments to reduce domestic emissions and adapt to climate impacts. Kenya has been periodically complying with this mandate and her last NDC was submitted in 2025.[8]

2.2.1.3 Bilateral Trade Agreements

105. Kenya has also engaged and signed mutually benefitting trade agreements that are significant to industrialisation in relation to other States. One of these is the Kenya-China Early Harvest Arrangements which is an interim, zero-tariff trade agreement that grants 98.2% of Kenya exports duty free access to the Chinese market.[9] Further to this, Kenya enjoys duty free access to the Chinese market on almost all imports that all other African countries enjoy, except Eswatini.[10]

106. Additionally, Kenya is among the beneficiaries of the African Growth and Opportunity Act (AGOA), which provides specific African countries with duty-free access to the United States' market.[11] However, due to the fact that our export basket is limited, out of the 1,800 eligible products in the AGOA, Kenya only leveraged 5.

107. Kenya also signed the European Union Economic Partnership Agreement that entered into force on 1st July 2024 to boost trade in goods and create new economic opportunities between the two parties.[12] The agreement foresees immediate full liberalisation of the EU market for Kenyan products; incentivises EU investment to Kenya; contains strong trade and sustainability commitments; and includes a dedicated chapter on economic and development cooperation.

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[7] United Nations General Assembly, *Industrial Development Cooperation*, A/RES/57/243 (December 20, 2002).

[8] Republic of Kenya, Kenya's Second Nationally Determined Contribution (2031-2035), Ministry of Environment, Climate Change and Forestry, 2025. https://unfccc.int/sites/default/files/2025-05/KENYAS%20SECOND%20NATIONALLY%20DETERMINED%20CONTRIBUTION%202031_2035.pdf.

[9] Ministry of Investment, Trade and Industry, 'Kenya Advances Export Growth as China Opens Market Through Zero –Tariff Access, 2026, State Department for Trade. https://www.trade.go.ke/kenya-advances-export-growth-china-opens-market-through-zero-tariff-access.

[10] Bonnie Girard, "Africa Gets Duty-free Access to China – But Chinese Companies Win on Both Sides", 2026, The Diplomat. https://thediplomat.com/2026/03/africa-gets-duty-free-access-to-china-but-chinese-companies-win-on-both-sides/.

[11] United States Trade Representative (USTR), "African Growth and Opportunity Act (AGOA)," accessed May 3, 2026, https://ustr.gov/issue-areas/trade-development/preference-programs/african-growth-and-opportunity-act-agoa.

[12] European Union, EU-Kenya Economic Partnership Agreement. https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/east-african-community-eac/eu-kenya-agreement_en.

108. In the middle East, Kenya entered into the Comprehensive Economic Partnership Agreement with United Arab Emirates to remove trade barriers, simplify customs rules and support digital trade and sustainability.

109. Further to the above, Kenya continues to engage in bilateral arrangements with other global trade partners including Korea, Japan and even the United States where the two Governments have been engaging on a post-AGOA arrangement.[13]

110. These bilateral agreements provide an opportunity for Kenya's industrialisation to access markets globally and also attract investment from investors in those countries. However, they also contain obligations that this Policy must remain alive to.

2.2.2 Regional Frameworks

111. This Policy is being formulated at a moment of significant regional and continental integration, where Kenya is actively implementing and making commitments with other African States. The implementation of most of the objectives under this Policy are directly conditioned by Kenya's obligations and rights under the regional frameworks to which it belongs.

2.2.2.1 African Union

112. The African Union's Agenda 2063, adopted in 2015 as the continent's long-term development blueprint, places structural transformation and industrialisation at the centre of Africa's development aspirations. Operationalised through the Action Plan for the Accelerated Industrial Development of Africa (AIDA), it calls on member States to strengthen industrial policy capacity, develop productive value chains, build industrial infrastructure, and promote technology transfer. Progress is tracked through the Africa Industrialisation Index, jointly produced by the African Development Bank, the African Union Commission and UNIDO, which benchmarks national industrial performance against continental targets.

2.2.2.2 African Continental Free Trade Area (AfCFTA)

113. The African Continental Free Trade Area (AfCFTA), a flagship instrument of Agenda 2063, carries the most direct implications for Kenya's industrialisation agenda. By progressively eliminating tariffs across 54 member States and harmonising rules of origin, it expands the addressable market for Kenyan manufacturers from a domestic population of approximately 55 million to a continental consumer base exceeding 1.6 billion.[14] Agenda 2063 envisions the AfCFTA not merely as a trade liberalisation instrument, but as a deliberate driver of industrial development, incentivising value addition over raw material exports and creating the economy of scale under which continental manufacturing value chains can deepen and diversify.

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[13] Ministry of Investment, Trade and Industry, 'Kenya and the United States Hold First Round of Talks on Reciprocal Trade Framework', State Department for Trade. https://www.trade.go.ke/index.php/kenya-and-united-states-hold-first-round-talks-reciprocal-trade-framework.

[14] United Nations Development Programme (UNDP), "AfCFTA — Supporting the African Continental Free Trade Area," UNDP Africa, accessed May 3, 2026, https://www.undp.org/africa/afcfta.

114. Kenya was the first member State, alongside Ghana, to place her instruments of ratification at the AU for the AfCFTA, representing a significant change in the external trade policy environment. She has also developed her National AfCFTA Implementation Strategy (2022-2027) which aims to increase manufacturing value addition by 5% annually by leveraging continental market access opportunities.[15] The Strategy focuses on the market beyond existing Regional Economic Communities (RECs) and seeks to position Kenya as an AfCFTA regional champion. This strategy prioritises key sectors such as textiles, leather, pharmaceuticals, and light engineering, while promoting inclusiveness by facilitating the participation of MSMEs, women, youth, and persons with disabilities. As such, this Policy must emphasise the importance of the AfCFTA and aim to position Kenya's industrialisation within the continental integration efforts provided for within the AfCFTA framework.

2.2.2.3 East African Community (EAC)

115. Kenya has been a member of the EAC Customs Union[16] since 2005 and the EAC Common Market Protocol[17] since 2010. The Common Market Protocol provides for four trade liberalisations which include free movement of goods, persons, labour, and capital. It also provides a framework for intra-EAC investment flows.[18] These instruments also govern the duty and VAT remission schemes in the Community thus enforcing the commitment to eliminate internal tariffs and other similar charges on trade in the Customs Union. Pursuant to this, they established a 4-band Common External Tariff (CET) with rates of 0%, 10%, 25% and 35%.

116. Kenya both benefits from preferential access to Partner State markets and faces the competitive challenge of a progressively integrated market in which better-capitalised regional investors and cheaper imports from outside the region circulate freely. Additionally, these obligations have come with certain constraints for the Kenyan Government and its national interests. This was seen in the East African Court of Justice's (EACJ) 2025 interim injunction suspending the Kenya-EU Economic Partnership Agreement, on grounds of inadequate consultation with EAC Partner States.[19] Further, the EACJ also ruled that the Kenya-US Free Trade Agreement was null and void.[20] These two cases demonstrated the need to operate Kenya's bilateral trade diplomacy within the legal parameters established by the EAC Treaty framework.

117. Other legally binding instruments with significance within the EAC framework include: EAC Competition Act (2006), the EAC Customs Management Act (2004) and the Duty Remission Regulations (2008). These instruments play a key role in the economic integration efforts in the Community and as such have significance to the Kenyan industrialisation context that this Policy should conform to.

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[15] *Policy brief: Kenya's National AfCFTA Implementation Strategy 2022 – 2027*, August 4, 2022, 4.

[16] Treaty for the Establishment of the East African Community, art. 75.

[17] The Protocol on the Establishment of the East African Community (EAC) Common Market.

[18] The Protocol on the Establishment of the East African Community (EAC) Common Market, arts. 6, 7, 10, 16 and 24.

[19] East African Court of Justice, "East African Court of Justice Halts Implementation of Kenya-EU Economic Partnership Agreement," November 24, 2025, accessed May 3, 2026, https://www.eacj.org/?news=east-african-court-of-justice-halts-implementation-of-kenya-eu-economic-partnership-agreement.

[20] *Christopher Ayieko & Another v Attorney General of the Republic of Kenya & Another*, Reference No. 5 of 2019. East African Court of Justice, 2022.

118. Furthermore, under the EAC, the Partner States commit to the EAC Industrialisation Policy and Strategy (2012-2032) which targets to diversify their manufacturing base and to increase the manufacturing industry's contribution to regional GDP from an average of 9.7% to 25% by 2032.[21] Lastly, they commit to an annual increase in employment by 10% in the manufacturing sector and growth of industrial production at a minimum of 10%-20% per year.

119. There is also the EAC Vision 2050 which identifies industrialisation as one of its six core pillars, operationalised through the EAC Industrialisation Policy and Strategy (2012–2032). Regional value chain development, particularly in agro-processing, pharmaceuticals, leather and textiles, and light engineering, is prioritised as the primary vehicle through which EAC member States can collectively build the productive capacity and market depth necessary to compete globally.

120. Despite these commitments being aspirational declarations, they provide a context for this Policy to align its aspirations with our regional partners.

121. The net assessment is that the EAC provides more opportunity than constraint, but capturing that opportunity requires deliberate policy alignment. This Policy should be explicitly designed to leverage EAC preferential access, deepen regional value chain participation, and engage constructively within EAC Treaty parameters rather than seeking to circumvent them.

2.2.2.4 Common Market for Eastern and Southern Africa (COMESA)

122. Kenya has been a member of the COMESA Free Trade Area since 2000. The COMESA framework provides complementary market access opportunities to the EAC, with a combined consumer base extending across 21 member States.[22] This Policy's export diversification and market access objectives depend significantly on Kenya's ability to leverage COMESA's preferential tariff arrangements for manufactured goods.

123. The COMESA Industrial Strategy focuses on nine priority areas: agro-processing, energy, textiles and garments, leather and leather products, mineral beneficiation, pharmaceuticals, chemicals and agro-chemicals, light engineering, and the blue economy. Its targets include diversifying the manufacturing base to reduce imports of value-added agricultural and resource-based commodities by at least 15%, and increasing value addition as a percentage of GDP by at least 20% by 2025.[23]

124. In practice, COMESA's free trade area gives Kenyan manufacturers preferential access to 16-member country markets. However, tension has arisen around protectionism, for example, Kenya was granted seven successive extensions of its COMESA safeguards on sugar imports, only recently dissolving those barriers after 24 years. This illustrates the challenge of balancing domestic industrial protection with regional trade obligations.

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[21] East African Community Secretariat, https://www.eac.int/industry/eac-and-industrialisation.

[22] Common Market for Eastern and Southern Africa (COMESA), "Overview of COMESA," accessed May 3, 2026, https://www.comesa.int/overview-of-comesa/.

[23] COMESA, 'Action Plan for the COMESA Industrialisation Strategy 2019-2026, 2019. https://www.comesa.int/wp-content/uploads/2020/10/Action-Plan-of-the-COMESA-Industrialisation-Strategy-Final-English-1.pdf.

2.2.3 National Frameworks

2.2.3.1 National Laws

a) The Constitutional Foundation

125. The Constitution of Kenya, 2010 functions as the supreme normative framework within which all legislations relevant to industrialisation are anchored. The Constitution is not merely a background document but the source of operative rights and governance obligations that directly condition industrial policy. As such, it is important for this Policy to align to constitutional provisions relating to governance, protection of investments, intellectual property rights (IPR), and environmental sustainability.

126. First, it provides for economic and social rights including the right to adequate housing, consumer rights, labour rights, access to justice and other rights that anchor the implementation of laws.[24] It also establishes the right to property and provides for the protection of investments from arbitrary deprivation, which is foundational to attracting and retaining industrial capital. Furthermore, its provisions on the right to a clean and healthy environment impose a constitutional parameter within which industrial activities may be conducted.

127. Secondly, it fundamentally restructures how industrial development must be planned and delivered through the introduction of devolution. The devolution architecture distributes certain economic and industrial development functions between the national and county Governments. The Constitution provides for the functions of the national Government which includes national economic policy and planning, energy policy, principles on land planning among others.[25] On the other hand, it creates the county Governments whose functions include agriculture, county transport, trade development and regulation, county planning and development among others.[26]

128. Another relevant provision is on access to justice through the Judiciary's enhanced independence.[27] This has had an immense positive effect in boosting investor confidence and protecting industry players from unfair or illegal interference with their investments. Coupled with access to justice, the provision of constitutional commissions such as the National Land Commission (NLC) and the enhanced legal system on land tenure in Kenya has made land access easy thus encouraging industrialisation.[28]

129. Lastly, the Constitution provides for public finance principles that guide economic stability and fiscal discipline which have been the basis for affirmative industrial procurement schemes favouring local manufacturers.[29] These principles provide a strict foundation for management of industry-related financing and the general economic health of the country. Therefore, the Constitution is not simply the highest law but the normative engine from which the industrial legal framework draws its legitimacy and its limits.

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[24] *Constitution of Kenya*, 2010, arts.42, 43 and 46.

[25] *Constitution of Kenya*, Fourth Schedule.

[26] *Constitution of Kenya*, arts. 183 and 184.

[27] *Constitution of Kenya,* art. 160.

[28] *Constitution of Kenya,* art. 67.

[29] *Constitution of Kenya*, art. 201.

b) National Legislations

130. Kenya's industrial development is underpinned by a broad framework of investment, trade, and fiscal legislation. This section highlights a few of the relevant Acts of Parliament that are instrumental to industrialisation in Kenya. These include:

- Investment Promotion Act (Cap. 485) establishes the Kenya Investment Authority (InvestKenya) as the primary gateway for investors.
- The Export Processing Zones Act and the Special Economic Zones Act together anchor geographically targeted industrial development, offering significant fiscal incentives. Despite their positive role, the undifferentiated incentive structures between the different sectors fail to reward alignment with higher-order industrial priorities such as advanced manufacturing and biotechnology.
- The Public Procurement and Asset Disposal Act (Cap. 412C) supports domestic market development through preference schemes for local manufacturers, but enforcement gaps significantly limit its practical effect.
- The principal fiscal statutes, the Income Tax Act, the Value Added Tax Act, and the Excise Duty Act, govern the Government's fiscal relationship with industry. However, their near-annual amendment through Finance Acts creates regulatory unpredictability that is fundamentally at odds with the long-term investment horizons that industrialisation demands.
- Quality infrastructure is governed by the Kenya Accreditation Service Act, Standards Act and the Anti-Counterfeit Act which establish KENAS, KEBS and the Anti-Counterfeit Authority respectively. However, their enforcement capacity remains inadequate relative to the scale of counterfeiting and illicit trade.
- The Industrial Property Act provides IP protection essential for innovation-led industrialisation, but low commercialisation rates reveal a gap between legal infrastructure and practical outcomes.
- In the environmental context, Environmental Management and Coordination Act and the Sustainable Waste Management Act impose necessary compliance obligations on manufacturers. However, NEMA's approval processes remain disconnected from InvestKenya's investment facilitation function, creating a structural bottleneck.
- The Occupational Safety and Health Act sets baseline workplace safety standards, while the Industrial Training Act and the TVET Act govern workforce development, though training outcomes remain insufficiently aligned with industrial sector needs.
- The County Governments Act devolves certain industrial development functions to county Governments, creating opportunities for location-specific industrial strategies but also risks of regulatory fragmentation that the national framework has not adequately resolved.
- Sector-specific statutes, including the Pharmacy and Poisons Act, the Food, Drugs and Chemical Substances Act, and the Pest Control Products Act, which regulate key manufacturing sub-sectors.
- Additional legislation, including the Micro and Small Enterprises Act, the Public-Private Partnerships Act, and the Affordable Housing Act, which further shape Kenya's industrial landscape by supporting MSMEs, enabling infrastructure financing, and stimulating demand for locally manufactured construction inputs respectively.

131. Cumulatively, Kenya's national legislative framework for industrialisation is comprehensive, with core laws substantively in place and actively maintained through amendment and revision. However, several persistent structural deficiencies limit its overall effectiveness:

- First, the industrial legal regime in Kenya is unable to cure the persistent political cycle vulnerability that the industrial master plans are susceptible to. Administration changes resulting in shift of Government goals and priorities, therefore disrupting set long-term industrial plans.
- Secondly, frequent amendment of tax statutes generates regulatory unpredictability hostile to long-term investment, and a more deliberate approach offering multi-year fiscal certainty would materially strengthen the investment climate.
- Third, the legal regime is characterised by many fragmented institutions that have duplicated roles. This has been especially apparent in the interface between national and county-level regulatory requirements which remain under-legislated, imposing a dual compliance burden on industrial investors that current frameworks do not adequately resolve.

132. Beyond these legislative gaps, there is also an enforcement deficit which is most acute in anti-counterfeiting, NEMA approvals integration, and local procurement preference compliance. This is also reinforced by lack of clear coordination mechanisms, policy incoherence and capacity constraints especially at the county level. Further to these, there is no comprehensive national industrial data inventory, as such, it is hard to track performance and regulate the industrialisation landscape in Kenya. These inefficiencies render key legal provisions insufficiently operational thus reflecting institutional capacity and coordination failures rather than legislative shortcomings *per se*.

133. Most significantly, the framework lacks a dedicated Industrialisation Act that would provide overarching statutory architecture for this Policy, which would clarify institutional mandates, establish financing mechanisms, and coordinate the multiple agencies whose functions bear on industrial development. Enacting such legislation would represent the single most consequential legislative contribution to the implementation of this Policy.

2.3 Policy and Strategic Frameworks

2.3.1 Vision 2030

134. The Kenya Vision 2030 (the Vision), which was launched in 2008 as Kenya's long-term development blueprint is built on the Economic, Social and Political pillars. A major achievement under the political pillar is the promulgation of the Constitution of Kenya, 2010 which has significantly transformed the governance landscape. The Vision identifies the manufacturing sector as one of six priority economic pillars and sets the foundational macro target against which this Policy should be calibrated.[30]

2.3.2 Medium-Term Plans (MTPs)

135. Vision 2030 has been operationalised through four successive five-year Medium-Term Plans (MTPs), each embedding an industrial development agenda aligned with the previous policy. The First MTP (2008–2012) predated the NIP 2012 and established the foundational enablers of manufacturing growth. The Second MTP (2013–2017) was the first period in which the NIP 2012 was operative, though its implementation was weakened by the absence of systematic cross-referencing

[30] Government of Kenya, *Vision 2030* (Popular Version), Nairobi: Government of Kenya, May 7, 2018, 14. https://vision2030.go.ke/publication/kenya-vision-2030-popular-version/.

between MTP targets and NIP milestones.[31] The Third MTP (2018–2022) represented a period of positive policy convergence, with manufacturing elevated as a national priority under the Big Four Agenda, though implementation gaps persisted.[32]

136. The Fourth MTP (2023–2027)[33], anchored on the current administration's manifesto Bottom-Up Economic Transformation Agenda (BETA), represents the current planning framework within which this Policy is being developed. BETA's emphasis on grassroots economic empowerment, county-level value chain development and the County Aggregation and Industrial Parks (CAIPs) [34] programme is broadly coherent with this Policy's objectives around MSMI development and industrial dispersal. This alignment presents a significant opportunity to embed this Policy within an active and politically prioritised planning framework, provided that the cross-referencing and monitoring gaps that weakened earlier MTP-NIP linkages are deliberately addressed in the design of this Policy's implementation framework.

2.4 Policy and Institutional Gaps

137. This section highlights the challenges and opportunities emerging from evidence-based research and extensive stakeholder engagements. They provide the basis for the 7 goals proposed in this Policy.

2.4.1. Institutions, Governance and Business Environment

138. First, Kenya's devolved system of Government provides an existing constitutional foundation for this Policy. Under Schedule 4 of the Constitution, counties hold a mandate for certain industrial functions, offering a platform for localised industrial planning once roles between national and county Government are clarified. In addition, oversight of public resources is robust with the Office of the Auditor-General, Parliament and the Office of the Controller of Budget playing key roles. Lastly, Kenya has a dynamic legal regime that covers key areas of industrialisation, as such, the bulk of the work is not to come up with new laws but to harmonise the existing ones.

Challenges

i. Investors face regulatory fragmentation, navigating numerous separate national and county licenses with no single register, which duplicates cost, causes delay and produces overlapping approvals.
ii. Licensing and approval procedures remain lengthy, deterring investment and adding to the compliance burden facing industry.
iii. Annual Finance Act amendments and a complicated incentive-claims process create fiscal and incentive unpredictability that undermines industrial planning.

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[31] Government of Kenya, *Second Medium Plan 2013 -2017*, Nairobi: Government of Kenya, January 18, 2019, 11. https://vision2030.go.ke/publication/second-medium-term-plan-2013-2017/.
[32] Government of Kenya, *Third Medium Plan 2018 -2022*, Nairobi: Government of Kenya, January 18, 2019, 48. https://vision2030.go.ke/publication/third-medium-term-plan-2018-2022/.
[33] Government of Kenya, *Fourth Medium Plan 2023 -2027*, Nairobi: Government of Kenya, March 21, 2024. https://vision2030.go.ke/publication/vision2030-go-ke-wp-content-uploads-2024-03-final-mtp-iv-2023-2027_240320_184046-pdf/.
[34] State Department for Industry, "County Aggregation and Industrial Parks (CAIPs)," Ministry of Investments, Trade and Industry, accessed May 3, 2025, https://www.industrialization.go.ke/county-aggregation-and-industrial-park-caips.

iv. Weak fiscal discipline and broader economic mismanagement continue to erode investor confidence.
v. Jurisdictional ambiguity between national and county Government produces inconsistent national-county policies that stall coordinated industrial development.
vi. Counties have limited technical and institutional capacity for industrial planning, constraining what the devolved governance structure can otherwise deliver.
vii. Kenya lacks a national industrial data system, leaving no comprehensive mapping of industries, idle factories or resource endowments, and no unified tracking of performance against national policy targets.
viii. Fear of consumer backlash leads Government to avoid necessary but politically unpopular interventions;
ix. Political cycle disruption, driven by changes in administration and shifting priorities, threatens the continuity of industrial master plans across electoral cycles.
x. Political incentives around revenue collection can conflict with sound industrial policy.
xi. Fiscal policy volatility, including unpredictable annual changes to tax and incentive frameworks, raises investment risk.

Opportunities

i. Licensing could be harmonised into a single national-county register, reducing cost and delay for investors if reform is prioritised.
ii. A national industrial data system could be built to close the current visibility gap and support evidence-based policymaking.
iii. Clarifying Schedule 4 functions and mineral-rights jurisdiction could unlock stronger national-county collaboration and cross-border value-chain integration.
iv. Institutionalising industrial master plans, including through legal entrenchment, could insulate long-term industrial strategy from electoral cycles.

2.4.2. Industrial Corridors, Infrastructure and Land

139. Kenya is an established regional logistics hub with the Port of Mombasa serving landlocked East and Central African markets, and Nairobi functioning as a regional logistics centre in its own right. The country already has a diversified light manufacturing base anchored in existing Special Economic Zones, Export Processing Zones and industrial parks, and it holds a favourable renewable energy endowment spanning geothermal, hydro, wind and solar resources; the Olkaria green industrial park is under development, and Kenya is set to host the World Geothermal Congress in 2029. Development of the LAPSSET corridor is also underway, opening up the northern regions and creating a new platform for regional integration.

Challenges

i. Industrial electricity tariffs remain higher than those of several regional competitors despite Kenya's favourable generation mix, driven by PPA cost structures, transmission and distribution losses, and cross-subsidisation.
ii. Ageing transmission and distribution infrastructure causes voltage fluctuations and unplanned outages, forcing manufacturers into costly backup generation.

iii. Chronic congestion at the Port of Mombasa, alongside limited hinterland infrastructure, has not kept pace with cargo growth.
iv. Adoption of automation and trade-facilitation technologies in port and logistics operations remains slow.
v. Access to industrial land is constrained by unregistered or unclear land tenure, and county-level industrial ecosystems remain underdeveloped.
vi. Industrial activity is heavily concentrated in Nairobi, Mombasa and Kiambu; most of Kenya's 47 counties have minimal formal industrial presence.
vii. There is no dedicated industrial power tariff structure, and industrial demand is not yet integrated into national energy infrastructure planning.
viii. Global supply chains are increasingly fragmented through nearshoring and friend-shoring, and countries not embedded in manufacturing networks risk exclusion.
ix. Disruptions in the Red Sea and Suez Canal have already forced rerouting via the Cape of Good Hope, raising freight costs on roughly 15% of Kenya's trade and hitting perishable exports hardest.
x. Kenya's near-total dependence on a single shipping corridor and a narrow set of trade routes leaves it exposed to further geopolitical or environmental shocks.
xi. Regional competitors, Egypt, Morocco and Ethiopia, are investing heavily and consistently in state-led industrial-zone and port infrastructure, widening the competitiveness gap.
xii. Elevated public debt service is constraining the fiscal space needed for the infrastructure investment that industrial competitiveness requires.

Opportunities

i. Kenya's hydrological and geographic landscape, combined with the AfCFTA agreement, expands the addressable market from roughly 55 million to over 1 billion consumers, creating a strong rationale for regional value-chain-oriented corridors.
ii. Rollout of the LAPSSET and CAIP corridors can convert county-level agricultural and mineral endowments into industrial value addition, helping correct the current regional concentration of industry.
iii. Kenya's comparative advantage in renewable energy could be converted into green industrial competitiveness, electric mobility, battery materials, climate-smart agro-processing, if bundled with supporting infrastructure.
iv. Modernisation of regional trade facilitation, including single window systems and One-Stop Border Posts, offers a template for addressing logistics bottlenecks.
v. Devolution provides a governance architecture for county-anchored industrial dispersal that has not yet been fully exploited.

2.4.3. Human Capital, Technology and Innovation for Industrial Transformation

140. Kenya has a skilled, technology-enabled industrial workforce and a functioning innovation ecosystem that translates research and intellectual property into commercially viable industrial products, processes and firms. It also has a growing human capital base that provides an important foundation for industrial transformation. This is supported by an established and relatively extensive network of universities, TVET institutions, research organisations and technical training institutions, which collectively provide the infrastructure for developing and upgrading industrial skills.

141. Kenya also has a strong digital economy foundation, with significant capabilities in mobile money, fintech, ICT, software development, strong digital services and technology entrepreneurship. These are complemented by a relatively research and innovation ecosystem comprising universities, research institutions, innovation hubs, technology enterprises and other institutions supporting science, technology and innovation (STI) development. The country further benefits from an existing STI policy and institutional framework, with institutions such as NACOSTI, KIPI, universities and research organisations providing a foundation for research, innovation, intellectual property development and commercialisation.

142. These strengths are complemented by emerging industrial and digital infrastructure, including industrial parks, SEZs, innovation hubs and digital networks, providing a platform for strengthening local industrial capabilities and accelerating technology-driven industrialisation.

Challenges

i. **Industry–skills mismatch:** Training curricula and delivery are not sufficiently aligned with current and emerging industrial requirements, contributing to skills gaps and low absorption of graduates.
ii. **Limited practical and advanced technical competencies:** Many training institutions lack modern equipment and adequate exposure to advanced industrial technologies, while instructor competencies require continuous upgrading.
iii. **Low adoption of advanced industrial technologies:** Industry 4.0/5.0 technologies, including automation, robotics, AI, IoT and digital manufacturing, remain concentrated in a limited number of firms.
iv. **Weak research-to-market linkages:** Research outputs, patents and innovations are not consistently translated into commercially viable products, technologies and enterprises.
v. **High dependence on imported technologies and expertise:** Kenya remains heavily reliant on imported machinery, equipment, components, advanced technologies and foreign technical expertise, limiting domestic technology capabilities, learning and value retention.
vi. **Weak industry–academia–research linkages:** Collaboration remains fragmented, with limited joint R&D, technology transfer, industrial problem-solving and co-development of technologies.
vii. **Limited financing for applied R&D and technology upgrading:** Access to finance for prototyping, commercialisation, technology acquisition and industrial technology upgrading remains inadequate.
viii. **Uneven geographical distribution of capabilities:** Advanced skills, research infrastructure, innovation support and technology services remain concentrated in Nairobi and other major urban centres.
ix. **Rapid technological obsolescence:** The pace of technological change risks leaving firms, training institutions and workers behind where continuous upgrading, reskilling and technology adaptation are not institutionalised.
x. **Widening technology divide**: Larger firms are better positioned to adopt advanced technologies, while MSMIs risk being left behind, widening productivity and competitiveness gaps across the industrial sector.
xi. **Brain drain:** Migration of highly skilled technical, scientific and engineering professionals weakens domestic capabilities and reduces the returns on investments in human capital.

Opportunities

i. **Industry 4.0 and 5.0:** Digitalisation, AI, automation, robotics and smart manufacturing provide opportunities to increase productivity and enable firms to leapfrog traditional stages of technological development.
ii. **AfCFTA and regional markets:** Expanded African markets create opportunities for Kenyan firms to scale locally developed technologies, products and industrial solutions.
iii. **Industry–academia partnerships:** Greater collaboration among industry, universities, TVETs and research institutions can make skills and research more demand-driven and commercially relevant.
iv. **Public procurement as a market-creation tool:** Strategic procurement can create demand for locally developed technologies, products and innovations, helping enterprises move from prototypes to commercial scale.
v. **County-level industrial ecosystems:** Linking industrial parks, SEZs, TVET institutions, universities and innovation hubs can decentralise industrial capabilities and support inclusive industrialisation.
vi. **Diaspora and international knowledge partnerships:** Global partnerships can provide access to advanced technologies, expertise, investment, research networks and technology-transfer opportunities.
vii. **Growing demand for African solutions:** Local and regional challenges create markets for technologies designed specifically for African production, climate and infrastructure conditions.

2.4.4. Micro, Small and Medium Industry (MSMI) Growth

143. MSMIs contribute over 30% to GDP and are a major source of employment and new job creation. Government support for the sector is evidenced through a State Department for Micro, Small and Medium Enterprises, and supportive legislation including MSEA Act of 2012 Cap. 499C and MSME Policy 2026. MSMIs are engaged in diverse sectors and utilize an extensive natural resource base of land, water and minerals. Several factors contribute to their growth, including widespread use of mobile banking and digital platforms, multi-modal transportation infrastructure, institutions and regulations that support industries and existing *Jua Kali* clusters.

Challenges

i. Limited access to affordable finance due to high interest rates, collateral requirements, short repayment periods and limited working capital;
ii. High levels of informality which limit access to supply chains, business support and other growth incentives;
iii. Limited market access due to weak integration into value chains and export markets;
iv. High cost of doing business for MSMIs including costs of utilities, financing, operations, and inputs;
v. Competition with regional and global industries, both MSMIs and large industries;
vi. Late payment of suppliers by government ministries and state parastatals;
vii. Industrial compliance burden which limits access to export markets and integration into value chains; and
viii. Vulnerability of value chains caused by climate change disruptions.

Opportunities

i. Regional markets such as EAC, COMESA and the AfCFTA;
ii. MSMI integration into regional and global value chains through sub-contracting;
iii. Increased survival rates through incubation, industrial clusters and cooperatives, and industrial dispersion in the counties;
iv. Transition from low to high value addition through technology adoption, skills acquisition and access to finance; and
v. High youthful population that can be effectively engaged and contribute to MSMI growth.

2.4.5. Industrial Finance & Investment Facilitation

144. Kenya is a recognised hub for digital financial services, with among the highest levels of financial inclusion on the continent, built on deep mobile-money penetration. This sits alongside existing institutional foundations to build on, the Industrial Development Fund (IDF) concept, the Kenya Development Corporation (KDC), a vibrant technology start-up and fintech ecosystem, and a demonstrated track record of policy commitment to industrial financing. The manufactured-exports share of total exports has grown from 56.4% to 59.5% between 2021 and 2025, signalling underlying investable capacity in priority sub-sectors.

Challenges

i. The IDF has never been adequately or sustainably capitalised;
ii. Kenya's financial sector is structurally weighted toward shorter-tenor, lower-risk lending that is inconsistent with industrial investment horizons;
iii. Micro, small and medium industries (MSMIs), the overwhelming majority of registered manufacturing enterprises, lack the collateral or credit history that commercial lenders demand;
iv. Risk-sharing mechanisms such as credit guarantee schemes remain limited, and capital markets instruments for long-term industrial finance, including manufacturing-focused corporate bonds, are underdeveloped;
v. FDI has historically been weighted toward services and extractives rather than manufacturing, despite repeated policy efforts;
vi. Gross fixed capital formation directed to manufacturing plant, machinery and infrastructure has not grown enough to support Vision 2030 ambitions;
vii. Limited bankable project pipelines among MSMEs constrain the demand side even where finance is available;
viii. Elevated public debt service obligations constrain the fiscal space available to capitalise the IDF or other public financing instruments;
ix. Global FDI flows have become more volatile amid geopolitical tensions, and growing "distance" between geopolitically distant investment partners disadvantages economies not embedded in preferred blocs;
x. Global capital is flowing disproportionately toward services rather than manufacturing, per UNCTAD's 2024 findings, a structural headwind to attracting industrial FDI;
xi. Exchange rate volatility raises the cost of imported capital equipment, undermining the economics of industrial investment;

xii. Persistent political-economy and implementation-discipline weaknesses, including the never-established National Industrial Development Commission, create policy discontinuity risk that undermines investor confidence in long-horizon financing commitments.

Opportunities

i. A global shift toward the "mobilisation of finance and blended capital," identified as an explicit lever in the Africa Industrialisation Report 2025, applies directly to regional industrial ecosystems.
ii. AfCFTA-anchored regional value chains create a larger, more bankable investment case capable of attracting diaspora capital, private equity and green investment.
iii. Kenya's digital and fintech strength could be channelled directly into industrial credit-scoring, asset-based lending platforms and other alternative financing mechanisms.
iv. Growing global interest in green and climate-aligned investment could be captured through dedicated green industrial financing windows.
v. Diaspora capital represents an underutilised pool that structured platforms could connect to verified industrial opportunities.

2.4.6. Trade & Integration

145. Kenya has been an active participant in the multilateral trading system and in the regional and continental integration arena. Bilateral, regional and multilateral trade agreements that Kenya has entered into have opened up opportunities for Kenyan enterprises and industries. These agreements also accord Kenya rights to shield domestic industries from unfair trade practices and illicit trade in substandard and counterfeit products.

146. Most noteworthy is the tremendous achievements in African regional integration exemplified by the launch of the AfCFTA on 21 March 2018 in Kigali, Rwanda and the subsequent commencement of trading under the AfCFTA on 1 January 2021. No doubt, an integrated African market of over 1.6 billion people growing to 2.5 billion by 2050 with an estimated GDP of $3.4 trillion will be a game changer.

147. As Kenya's manufactured exports grow in volume and sophistication enabling domestic enterprises to participate more deeply in regional and global value chains as a result of the market access resulting from these agreements, Kenya must also avail herself of legitimate trade policy defense instruments, at her disposal that promote fair competition and trade practices.

148. Protection of Intellectual Property(IP) rights and the effective enforcement of those rights are considered as key determinants in locational decisions by investors. In an era of knowledge-based economy, they assume even greater significance. The IP laws and regulations in place thus give comfort to both innovators and investors.

Challenges

i. Kenya's export basket remains dominated by low-value-added primary products, limiting the country's ability to capture higher returns from regional and global trade.
ii. Existing market-access opportunities under regional and international trade arrangements are not being fully utilised.

iii. Non-tariff barriers continue to erode the gains available from regional integration.
iv. Kenya's trade negotiations lack coherence, weakening its bargaining position across multiple regional and continental frameworks.
v. Manufacturers lack access to reliable market intelligence and standards information needed to compete in export markets.
vi. Research, innovation and intellectual property are weakly translated into commercially viable products and technologies.
vii. Limited technical capacity constrains delivery across trade and industrial property functions.
viii. Awareness and utilisation of intellectual property rights, alongside Industry 4.0 technologies, remain low among manufacturers and innovators.
ix. Institutional mandates relevant to trade and industrial property are fragmented across agencies, with limited information-sharing between them.
x. Implementation coordination across trade- and IP-related institutions remains weak.
xi. Kenya's near-total dependence on a single shipping corridor exposes trade flows to disruption.
xii. Congestion at the Port of Mombasa, combined with costly last-mile road freight, raises the cost and time of moving goods to market.
xiii. Weak border controls and inadequate market surveillance allow substandard and counterfeit products — both imported and locally produced — to reach the market unchecked.
xiv. Enforcement of intellectual property rights remains weak, compounded by a shortage of IP skills and expertise.
xv. Institutions responsible for export promotion and standards compliance face their own capacity constraints.
xvi. Compliance with standards required in export markets imposes high costs on exporters.
xvii. Emerging climate-transition requirements in export markets present a new and evolving compliance burden.
xviii. High energy costs undermine the price competitiveness of Kenyan exports.

Opportunities

i. Optimal utilisation of market access available under the EAC, AfCFTA, Economic Partnership Agreements and AGOA could expand Kenya's addressable export markets.
ii. County Aggregation and Industrial Parks (CAIPs) can be leveraged to strengthen the trade functions of county Governments.
iii. Climate-transition requirements, if anticipated early, can be converted into a source of competitive advantage rather than a compliance burden.
iv. Investment in product development and adaptation can help Kenyan goods meet the requirements of diverse export markets.
v. A National IP Commercialisation Framework could improve the translation of intellectual property into commercial value.
vi. Strengthening Technology Transfer Offices could improve the flow of research and innovation into industrial application.
vii. Patent commercialisation and licensing support could unlock greater value from Kenya's existing IP portfolio.
viii. Industrial patent landscaping and technology intelligence could better inform R&D and investment decisions.

ix. Innovation voucher programmes could lower the cost of accessing technical and IP support for firms and innovators.
x. Strengthening protection against counterfeiting and IP infringement could improve returns to legitimate manufacturers and innovators.
xi. Investment in standards and quality infrastructure could improve export competitiveness and reduce compliance costs.
xii. A statutory industrial coordination mechanism could resolve the fragmentation and weak coordination currently affecting trade and IP institutions.
xiii. Deliberate branding of Kenyan products could build market recognition and support premium positioning in export markets.

2.4.7. Green Industrialisation and Sustainability

149. Industry increasingly adopts resource-efficient, low-carbon and circular production practices, and Kenya converts its renewable-energy endowment into demonstrable green industrial competitiveness.

150. Kenya has a strong foundation for green industrialisation, anchored by its high share of renewable electricity, particularly geothermal, hydro, wind and solar, and significant geothermal potential for both power generation and direct industrial process heat. This is supported by established climate, energy and green-growth policy frameworks, as well as an emerging circular economy framework that promotes recycling, reuse, recovery and waste-to-value activities. Building on these foundations, emerging opportunities in green hydrogen, electric mobility, batteries, renewable energy components, sustainable construction, waste-to-value, and green agro-processing offer potential for new industries, jobs, and value chains.

151. Furthermore, Kenya's integration into the EAC and AfCFTA, a growing climate-finance ecosystem, and international partnerships create opportunities to access green investment, technology, and regional markets. These opportunities are reinforced by SEZs, EPZs, industrial parks and emerging green industrial parks, alongside a strong research, innovation and skills ecosystem. Overall, growing Government commitment to green growth, reinforced by initiatives such as the Africa Green Industrialisation Initiative, provides further momentum for Kenya's transition towards a competitive, low-carbon and resource-efficient industrial economy.

Challenges

i. **Renewable energy is not yet fully translated into industrial competitiveness:** High electricity costs, reliability concerns and industrial tariffs continue to constrain manufacturing competitiveness despite the favourable generation mix
ii. **Low adoption of cleaner production and green technologies**: Many MSMIs operate with ageing machinery, inefficient production systems and limited capacity to adopt cleaner technologies.
iii. **Fragmented implementation and institutional coordination:** Green industrial initiatives are spread across different institutions and policy frameworks, with limited coordination, monitoring and accountability for industrial outcomes.
iv. **Weak waste collection, aggregation and processing systems:** Inadequate segregation, collection, sorting and reliable supply of recovered materials limit the development of viable circular industries.

v. **Limited industrial green project pipeline:** Many promising green opportunities are yet to be translated into well-prepared, bankable projects capable of attracting investment and climate finance.

vi. **Limited readiness for evolving green market requirements:** Many firms, particularly MSMIs, have limited capacity in traceability, carbon accounting, ESG compliance, eco-labelling and emerging requirements such as CBAM.

vii. **Limited access to finance and skills:** High financing costs, weak financial records, limited patient capital and shortages of specialised green and technical skills constrain the transition, particularly among MSMIs

viii. **Green industrial development remains relatively small and fragmented**: There is limited scale in green manufacturing and insufficient linkages between research, technology providers, investors and industry.

ix. **Limited technology commercialisation:** Research and innovation are not consistently translated into commercially viable industrial technologies and products.

x. **Uneven regional participation:** Industrial activity and infrastructure remain concentrated in particular regions, limiting participation by counties and communities with green industrial potential.

xi. **High energy costs could undermine competitiveness:** Unless renewable energy translates into affordable and reliable industrial power, Kenya may struggle to compete with other manufacturing locations.

xii. **High capital requirements for emerging technologies:** Green hydrogen, battery manufacturing and other advanced technologies require substantial upfront investment and may face technology and market risks.

xiii. **Increasing environmental requirements could become trade barriers:** CBAM, product traceability and other sustainability requirements may disadvantage Kenyan exporters that cannot demonstrate compliance.

xiv. **Climate change threatens industrial supply chains**: Droughts, floods and other climate shocks can disrupt agricultural raw materials, water availability, logistics and industrial production

xv. **Policy and regulatory uncertainty:** Frequent changes or lack of alignment between energy, environmental, investment and industrial regulations could discourage long-term investment

xvi. **Green transition costs may disproportionately affect MSMIs:** Compliance and technology-transition costs could result in business closures or reduced competitiveness if the transition is not appropriately phased

xvii. **Limited availability of green feedstock:** Weak waste segregation and collection systems may make it difficult for circular industries to obtain consistent quantities and quality of recovered materials.

xviii. **Skills shortages:** Rapid technological change may outpace Kenya's ability to develop the specialised technical, digital and green skills required by emerging industries.

xix. **Greenwashing and weak accountability:** Poor monitoring, verification and reporting could undermine investor confidence and the credibility of Kenya's green industrialization agenda

xx. **Unequal distribution of benefits:** Without deliberate inclusion, green investment could remain concentrated in established industrial centres, limiting employment and enterprise opportunities in other regions

xxi. **Global competition for green investment:** Kenya competes with countries offering lower-cost power, stronger industrial infrastructure, incentives and established green manufacturing ecosystems

Opportunities

i. **Leverage Kenya's renewable-energy advantage:** Use geothermal, wind, solar and other renewable resources to attract energy-intensive green industries and reduce the carbon intensity of manufacturing.
ii. **Green hydrogen development:** Develop domestic green hydrogen value chains for fertiliser, ammonia, steel and other industrial applications, reducing imports and creating new export opportunities.
iii. **Regional green value chains**: Use AfCFTA and EAC markets to develop regional value chains in electric mobility, batteries, textiles, construction materials, agro-processing and renewable-energy equipment.
iv. **Waste-to-value industries:** Convert plastics, organic waste, textiles, leather, e-waste and other waste streams into industrial inputs and marketable products.
v. **Green industrial parks and renewable-energy hubs**: Develop specialised industrial zones around geothermal and other renewable-energy resources to attract green manufacturing investment.
vi. **Climate finance and blended investment**: Develop bankable projects and connect them to climate funds, development finance institutions, private investors and international partners.
vii. **Green public procurement:** Use Government purchasing power to create demand for sustainable locally manufactured products and technologies
viii. **Technology transfer and local manufacturing:** Leverage international partnerships to develop local capabilities in renewable-energy technologies, batteries, electric mobility and green industrial equipment.
ix. **Carbon markets and climate investment:** Develop credible industrial carbon projects and carbon-accounting systems that can attract climate investment while supporting emissions reduction.
x. **Inclusive regional industrialisation:** Use county resources, infrastructure and comparative advantages to develop distributed green industries and strengthen local economic participation.
xi. **Africa Green Industrialisation Initiative:** Position Kenya as a regional demonstration hub for renewable-energy-powered industrialisation and green value chains.

CHAPTER 3: POLICY STATEMENT

3.1. Pillar 1: Institutions, Governance and Business Environment

152. This Policy adopts an approach that entails an integrated framework for institutional and governance reform, anchored on legally safeguarded policy continuity, harmonised licensing, predictable fiscal administration and coordinated national-county mandates necessary to restore investor confidence and make Kenya's industrial environment credible and competitive with regional and global peers. It recognises that a stable, transparent and well-coordinated governance architecture is a precondition, not a by-product, of industrialisation, and commits national and county Governments to close Kenya's institutional and business environment gap through the effective application of the following policy objectives and strategies.

3.1.1. Policy and legal continuity

153. A continuous, institutionally safeguarded industrial policy environment shielded from political disruption.

154. To achieve the continuity of the industrial policy beyond successive political cycles, the Government will:

i. anchor the National Industrialisation Policy in a statutory instrument to legally protect long-term industrial policy implementation plans;
ii. ring-fence the Industrial Development Fund through statutory appropriation to protect it from discretionary reallocation during budget cycles or leadership transitions; and
iii. develop an industrial policy handover protocol that requires outgoing and incoming administrations to formally transfer implementation status, commitments and pipeline projects at each change of Government.

3.1.2. Licensing and regulatory harmonisation

155. A streamlined, harmonised licensing and regulatory system responsive to investor needs.

156. To ensure that there is a streamlined and harmonised licensing and industrial regulatory system, the Government will:

i) amalgamate all the duplicated licenses both at the national level and the county level;
ii) operationalise a licensing register and one-stop-shop for all licenses and industrial certifications;
iii) mandate the conduction of Regulatory Impact Assessment of existing business licenses imposed on business and any new licenses to be introduced;
iv) digitise and automate all licensing, monitoring and data management services;
v) enforce the single business permit requirements under the County Licensing (Uniform Procedures) Act, No. 8 of 2024; and
vi) establish a framework for regulatory sandboxes.

3.1.3. Fiscal policy stability

157. A stable investor–predictable fiscal and tax policy environment.

158. To ensure that the fiscal and tax policy environment is stable and predictable to investors, the Government will:

i) phase out annual amendments to the Finance Act;
ii) streamline the Value Added Tax (VAT) refund procedures;
iii) develop a sound and responsive incentive framework for industrial investors including clarity on Special Operating Framework Agreements (SOFA);
iv) enforce a strict due diligence framework for incentive claims such as the Duty Remission Scheme; and
v) gradually align customs procedures at the border with regional trading partners under the East African Community Customs Union and the AfCFTA and fully operationalise single-window and one-stop border post systems.

3.1.4. Coordinated intergovernmental mandates

159. A coherent and seamless national-county and inter-agency coordination with well-defined mandates.

160. To ensure there is a seamless national-county and inter-agency coordination with clearly defined mandates, the Government will:

i) create an industrial coordination body to be known as the National Industrial Coordination and Development Committee (NICDC) with well-defined functions and mandates that stem across all levels of governance;
ii) support county Governments through targeted capacity building in industrial planning and investor engagement;
iii) facilitate the harmonisation of county (including inter-county) and national industrial policies;
iv) provide an incentive framework to reward counties for industrial promotion and investment facilitation; and
v) establish a joint national-county industrial forum (within the NICDC) to coordinate investment engagement, policy and industrial resource allocation.

3.1.5. Data, monitoring and intergovernmental accountability observatory

161. A comprehensive, real-time industrial data and performance monitoring across national and county Governments.

162. To ensure that there is comprehensive, real–time industrial data and performance monitoring across national and county Government, the Government will:

i) establish an observatory to collect, manage and disseminate data on industrial performance;
ii) commission annual industrial mapping exercise in partnership with county Governments to create an inventory of existing industries, idle factories and resource endowments;
iii) develop a unified system to track industrial performance against the policy goals and other relevant national policies or visions;
iv) establish a National Industrial Competitiveness Observatory with dashboards periodically tracking industrial performance against the policy goals and other relevant national policies or visions;

v) conduct a ten-year retrospective industrial mortality study and institute annual mapping thereafter, to identify closed industries and the specific reasons for their closure; and

vi) create county-based mini-labs in collaboration with other partners to coordinate collection of data on industries.

3.2. Pillar 2: Industrial Corridors, Infrastructure and Land

163. This Policy adopts an approach that entails an integrated framework for industrial infrastructure development, anchored on deliberate, sequenced investment in energy, land, industrial parks and logistics necessary to make Kenyan manufacturing cost-competitive with regional and global peers. It recognises that reliable, affordable and well-planned infrastructure is a precondition, not a by-product of industrialisation, and commits national and county Governments to close Kenya's infrastructure competitiveness gap through the effective application of the following policy objectives and strategies.

3.2.1. Energy cost competitiveness

164. A reliable, affordable and stable electricity supply, with tariffs competitive with regional peers, positioning Kenya as a location of choice for energy-intensive manufacturing investment. Industrial demand is fully integrated into national energy infrastructure planning and consistent voltage and supply free manufacturers from dependence on costly back-up generation, allowing them to compete on cost with regional and global peers.

165. To ensure competitive and reliable industrial energy, the Government will:

i) align industrial development planning with long-term electricity, petroleum, transport, water and ICT infrastructure plans, embedding industrial demand within national energy planning frameworks;

ii) accelerate investment in transmission networks, substations and utility infrastructure serving designated industrial zones, eliminating low-voltage distribution constraints affecting industrial users in the counties;

iii) institute a dedicated industrial power tariff structure, informed by benchmarking against comparator economies, closing the tariff gap with regional competitors to within 10% by 2032; and

iv) strengthen grid reliability and reduce the frequency of unplanned outages affecting industrial users, reducing dependence on costly back-up generation.

3.2.2. Bundled incentives and industrial infrastructure corridors

166. Fully serviced industrial parks, zones and clusters in Kenya ahead of investor occupation, so that fiscal incentives translate directly into productive investment. Infrastructure and incentive planning are bundled and sequenced as a single, coherent offer, making Kenya's industrial corridors genuinely competitive investment destinations.

167. To ensure industrial zones are underpinned by adequate infrastructure, the Government will:

i) align the designation and development of Special Economic Zones, Export Processing Zones, industrial parks and clusters with long-term national energy, infrastructure and utilities plans;

ii) bundle fiscal incentives with committed infrastructure investment plans for each designated industrial corridor, disclosed to investors at the point of designation; and

iii) sequence infrastructure investment ahead of, or concurrent with, industrial zone commissioning, ensuring all designated zones have fully bundled power, water, transport and digital infrastructure in place by 2035.

3.2.3. Rural industrialisation

168. County-level industrialisation delivered through a diversified portfolio of rural industrialisation instruments matched to local scale, resource endowment and market access conditions.

169. To ensure fully diversified and investment-ready rural industrialisation portfolio, the Government will:

i. complete last-mile power, water and road connectivity works for all constructed and planned CAIPs;

ii. deploy mobile and modular processing units in counties and value chains where fixed-park capital costs are not yet justified by aggregation volumes;

iii. establish satellite processing units linked to existing anchor industries and larger industrial parks;

iv. develop digital aggregation and market-linkage platforms connecting dispersed rural producers directly to processors;

v. commission and periodically update a structured performance diagnostic scoring each existing and planned industrial park and zone, with the findings used to prioritise completion, rehabilitation, redesign, conversion or further development and to guide future public capital commitments;

vi. harmonise operations and financing responsibilities between national and county Governments across all rural industrialisation instruments including CAIPS.

vii. prioritise the completion, rehabilitation and operationalisation of existing industrial parks and zones before approving additional public investment in new facilities, except where a documented market, spatial or strategic justification demonstrates that a new facility is necessary.

3.2.4. Access to industrial land

170. Industrial investors and enterprises in every county have ready access to secure, registered, investment-ready industrial land through a functioning national land bank, supported by streamlined administration procedures enabling equitable, county-anchored industrial dispersal across the whole country rather than concentration in a few established counties.

171. To ensure adequate access to industrial land nationwide, the Government will:

i. support the registration of land in all counties to unlock land for industrial siting;

ii. identify, map and assess public and institutional land held by various public institutions for industrial development, industrial parks, logistics facilities and large-scale production of strategic raw materials;
iii. create and Idle Public Asset Register covering underused, incomplete or non-operational industrial assets;
iv. streamline land administration procedures applicable to the identification, acquisition and registration of industrial land; and
v. establish and maintain a national industrial land bank of registered, investment-ready land in every county.

3.2.5. Logistics and port inefficiencies

172. Kenya operates as an efficient, cost-competitive regional logistics hub, with the Port of Mombasa and Nairobi's logistics infrastructure supporting rapid, low-cost movement of goods through modern, automated systems and well-integrated multimodal transport, securing Kenya's position as the gateway of choice for regional and international trade

173. To ensure efficient, cost-competitive logistics and port operations, the Government will:

i. invest in port and hinterland infrastructure commensurate with projected cargo throughput growth at Kenyan ports;

ii. accelerate adoption of automation and trade-facilitation technologies, including automated single-window systems, across port and logistics operations;

iii. develop logistics hubs, warehousing and digital-trade infrastructure to support industrial supply chains; and

iv. strengthen multimodal transport integration across road, rail, port and air networks to reduce dependency on a single shipping corridor.

3.3. Pillar 3: Human Capital, Technology and Innovation for Industrial Transformation

174. This policy adopts an approach that builds a future-ready industrial workforce and innovation ecosystem by aligning skills development with current and emerging industry needs, strengthening industry–training–research linkages, accelerating technology and knowledge transfer, and integrating emerging technology capabilities to enhance industrial productivity, innovation, competitiveness and transformation.

3.3.1. Industry responsive skills development

175. A responsive and future-ready industrial skills ecosystem aligned with current and emerging industry needs.

176. To achieve industry-responsive skills development, the Government will:

i. harmonise and align industrial skills curricula with current and emerging industry needs and priority sectors;

ii. establish an Industrial skills intelligence and monitoring system to forecast and address industrial skills demand;

iii. strengthen industry-training-research partnerships for apprenticeships, industrial attachments, applied research, innovation and continuous skills development;

iv. develop and integrate emerging technology skills into industrial training and workforce development programmes;

v. promote manufacturing and technical careers through early industry exposure, mentorship and career awareness programmes; and

vi. strengthen technology and technical talent development and transfer partnerships to build, attract and retain advanced industrial skills and expertise.

3.3.2. Industrial technology development, adoption and production

177. A technology-driven industrial sector with strong domestic capabilities in emerging technologies, advanced manufacturing, industrial R&D, technology transfer and commercialisation.

178. To accelerate the transformation of Kenya into a technology-driven industrial economy, the Government will:

i. implement a National Industrial Technology Upgrading Programme to support firms, particularly manufacturers, to adopt Industry 4.0/5.0, automation, AI, smart manufacturing and other emerging technologies;

ii. strengthen domestic production of industrial machinery and capital equipment through support for design, prototyping, precision engineering, fabrication, reverse engineering and commercialisation;

iii. develop advanced engineering and precision manufacturing capabilities, including CNC, CAD/CAM, robotics, automation and other advanced production technologies;

iv. strengthen industrial research, simulation and modelling infrastructure, including high-performance computing and data infrastructure to support technology development and industrial R&D;

v. strengthen industry–research–academia technology transfers and commercialisation, ensuring that research outputs move from laboratories into industrial applications; and

vi. establish technology adoption financing and incentives to address the high cost of machinery, technology and digital transformation, particularly for SMEs and firms in priority industrial sectors.

3.3.3. Research commercialisation and industrial uptake

179. A strong industrial research and innovation ecosystem that effectively translates research outputs into commercially viable technologies, products and services for industrial uptake and scale.

180. To translate research, innovation and intellectual property into commercially viable, industry-ready products and technologies, the Government will:

i. strengthen NACOSTI's coordination of industrial research, innovation and commercialisation, including integrated STI data, monitoring and evaluation systems through a National Industrial STI Observatory;

ii. strengthen intellectual property, technology transfer and commercialisation systems, including Technology Transfer Offices, patent and licensing support, commercialisation frameworks and equitable benefit-sharing mechanisms;

iii. expand financing and incentives for industrial research, innovation and commercialisation;

iv. align research with industry needs through co-creation, testing, demonstration and commercialisation of technologies;

v. develop inclusive industrial innovation infrastructure and capabilities, including innovation hubs, industrial testbeds, technology demonstration centres and modern shared equipment, co-located with industrial parks and supported by skilled instructors and technical personnel, particularly in underserved counties; and

vi. create markets for locally developed technologies and innovations through public procurement, standards and other market-development mechanisms to support adoption and scaling, particularly among MSMIs and youth- and women-led enterprises.

3.4. Pillar 4: MSMIs Growth

181. This Policy adopts an approach that supports the formalization, growth and graduation of MSMIs, with a focus on equipping MSMIs for value chain integration across multiple sectors. The Policy recognises the significant contribution of micro, small and medium industries (MSMIs) in Kenya's development and the need for industry dispersal to ensure growth across all 47 counties. This necessitates the leveraging of county resources, the clustering of industries and the strengthening of industrial cooperatives to harness economies of scale and common user facilities.

3.4.1. MSMI formalization

182. MSMIs operating in the formal sector and accessing the associated benefits including industry incentives, access to finance, worker protection and integration into regional and global value chains.

183. To ensure the formalization of MSMIs, the Government will:

i. streamline the regulations associated with business registration and operation, including high taxation, multiple licenses, fees and compliance requirements;

ii. reduce the costs of production including high energy and utility costs; and

iii. facilitate awareness of rights and obligations of MSMIs embodied in key regulations.

3.4.2. MSMI graduation

184. MSMIs graduating from micro to small, and from small to medium industries, with medium industries graduating to large industries.

185. To ensure the graduation of MSMIs, the Government will:

i. anchor MSMI graduation through an incubation policy to facilitate the engagement of MSMIs in industrial processes;

ii. strengthen and de-risk incubation, particularly of start-ups through a pipeline that includes TVETs, CAIPS and EPZs/SEZs;

iii. facilitate branding and marketing of local products to shift consumers' mind-set from a preference of foreign brands to an awareness and appreciation of Kenyan products;

iv. upgrade *Jua Kali* clusters through equipping industries with shared machines, market linkages, technical support and capacity building including through supplier development programs; and

v. facilitate awareness of resources embodied in key regulations and institutions while supporting the development of tailored financial solutions for MSMIs.

3.4.3. Value chain development

186. MSMIs profitably integrated into national, regional and global value chains across multiple sectors.

187. To support value chain development that integrates MSMIs, the Government will:

i. facilitate coordination between state departments and agencies that are key to the value chain development such as those related to agriculture, mining and the blue economy, and county Governments where the resources are located;

ii. support MSMIs in awareness, qualification and compliance with sustainability standards, product traceability and standards verification requirements including those related to agriculture and mining;

iii. develop industrial infrastructure such as aggregation parks, common user facilities, cold storage and utilities; and

iv. facilitate the integration of MSMIs into global value chains through implementation of a Subcontracting Policy.

3.4.4. Industry dispersal

188. Coordinated industrialization across all 47 counties, leveraging on resource availability and comparative advantage.

189. To ensure industry dispersal, the Government will:

i. ensure infrastructural connectivity and logistics support from raw material sources to point of consumption and export;

ii. facilitate resource mapping and vertical integration of supply chains to facilitate mineral beneficiation and agro-processing closer to the point of origin; and

iii. coordinate investor support and facilitation between the national and county Government through the relevant institutions.

3.5. Pillar 5: Industrial Finance & Investment Facilitation

190. This Policy adopts an approach that builds an inclusive industrial financing ecosystem, mobilising domestic, diaspora and private capital alongside a ring-fenced public Industrial Development Fund. The anticipated resources are expected to close the financing gap that currently prevents micro, small, medium and large industrial enterprises from investing in productive capacity. It responds to the diverse financing constraints facing Kenyan industry. The Policy commits Government and encourages financial institutions and development partners to address them through the effective application of the following policy objectives and strategies.

3.5.1. Capitalisation & access to finance

191. A well-capitalised industrial sector with access to diverse, affordable and appropriate financing that enables firms to invest, expand production, modernise operations and compete effectively.

192. To facilitate access to affordable and appropriate financing to support industrial investment, expansion, modernisation and competitiveness, the Government will:

i. facilitate longer-term and appropriately structured financing products aligned with industrial investment and production cycles;

ii. strengthen credit guarantees and risk-sharing mechanisms to enable viable industrial enterprises, particularly MSMIs, to access finance;

iii. promote asset-based lending, equipment leasing, receivables financing and other alternative mechanisms to reduce reliance on conventional collateral;

iv. facilitate financial literacy, record-keeping and credit-readiness programmes to improve MSMIs' ability to access industrial finance; and

v. facilitate development of long-term financing instruments and bankable industrial projects to support productive capacity expansion.

3.5.2. Capital mobilisation

193. Increased domestic, diaspora and international private investment in Kenya's industrial sector, supporting productive capacity, industry growth and industrial transformation.

194. To facilitate and promote domestic, diaspora and international private investment in the industrial sector to expand productive capacity, drive industry growth and accelerate industrial transformation, the Government will:

i. facilitate preparation and promotion of bankable industrial investment projects and PPPs to connect investors with viable opportunities;

ii. facilitate productive use and private participation in underutilised public and county industrial assets to expand productive capacity;

iii. facilitate counties to develop investment frameworks and investor-ready industrial project portfolios based on their comparative advantages;

iv. facilitate platforms that connect diaspora investors with verified industrial investment opportunities and local investment partners; and

v. facilitate private investment vehicles, including private equity, venture capital and green investment platforms, to channel capital into industrial development.

3.5.3. Industrial development fund

195. A responsive and sustainable Industrial Development Fund that effectively finances strategic industrial investments, supports industrial growth and accelerates the expansion and modernisation of Kenya's productive capacity.

196. To establish, strengthen and sustain the Industrial Development Fund in financing strategic industrial investments and supporting the growth and modernisation of productive capacity, the Government will:

i. strengthen and sustainably capitalise the IDF to provide predictable financing for priority industrial investments;

ii. prioritise IDF financing for productive assets, industrial infrastructure, machinery, equipment and value addition in strategic sectors;

iii. establish an IDF window to finance productive equipment and viable industries within the County Aggregation and Industrial Parks (CAIPs) and designated industrial parks;

iv. facilitate IDF financing for commercially viable county-based industrial projects with demonstrated value addition and employment potential; and

v. establish IDF windows for commercially viable industrial innovation, technology commercialisation and enterprise scale-up.

3.5.4. Investor on-boarding & aftercare protocol

197. A single, seamless on-boarding and aftercare journey with quality FDI and productive joint ventures between foreign and domestic enterprises, and with clearly defined roles for county Governments.

198. To ensure effective investor on-boarding and aftercare, the Government will:

i. institute a single, formal investor on-boarding and aftercare protocol spanning promotion through post-establishment support;

ii. prioritise quality FDI that delivers technology transfer, innovation, skills development and productivity improvements;

iii. promote joint ventures and strategic partnerships between foreign investors and domestic enterprises; and

iv. define a clear, formal role for county Governments within the investor on-boarding and aftercare protocol.

3.6. Pillar 6: Trade &Integration

199. The Policy adopts an approach that places the deepening regional and continental integration, at the heart of Kenya's export diversification, industrialization and structural transformation drive. The policy also delineates the contours of legal and institutional reforms that will promote a fair trading

environment for local manufacturers whilst deterring the trade in illicit, sub-standard and counterfeit goods.

3.6.1. Export-led industrialization

200. Increase exports of diversified, value-added products and Kenya's participation in regional and global value chains is strengthened.

201. To promote competitive manufacturing, value addition, packaging, branding and product diversification for regional, continental and global markets, the Government will:

i. develop National Export Market Intelligence Platform that will provide real -time trade information system;

ii. develop MSMI export readiness programme;

iii. promote branding of Kenya products with adoption of geographical indications as a key element of the branding process;

iv. align export promotion with the emerging climate transition requirements heralding new opportunities under the trade-environment nexus;

v. ensure that non-tariff barriers negating gains from regional integration are addressed;

vi. rollout trade infrastructure that will support agro-processing and light manufacturing in the Counties in line with the devolved trade functions;

vii. promote coherence and synergy in Kenya's trade negotiations, through the National Trade Negotiations Council, by ensuring that Kenya's obligations arising from her membership of the EAC Customs Union and the AfCFTA, serve as the fulcrum of Kenya's trade policy posture;

viii. establish the National Export Quality Infrastructure Programme (NEQIP);

ix. implement the National Quality Infrastructure Investment Plan;

x. establish a dedicated KEBS Export Standards Advisory Unit;

xi. establish early warning systems for detecting new Industrial Standards in exports markets to prevent export rejections;

xii. launch MSMI Standards Compliance Programme;

xiii. implement EAC/AfCFTA Standards Harmonization Roadmap; and

xiv. create an Al-powered Export Readiness Tool that analyses a manufacturer's product against the standards requirements of their target export market and generates an automated compliance gap report with recommended corrective actions.

3.6.2. Fair trading environment for the manufacturing sector

202. A manufacturing environment that rewards legitimate business practices and products and deters unfair trade practices as well as illicit trade in substandard and counterfeit goods.

203. To promote fair trading environment and facilitate a level playing field for the manufacturing sector, the Government will:

i. declare illicit trade a national priority requiring a coordinated, zero-tolerance response, and fast-track a dedicated national anti-illicit-trade policy;

ii. establish and operationalise a standing multi-agency coordination mechanism with a dedicated secretariat;

iii. deploy national digital traceability and product-authentication systems;

iv. pursue legal reforms that will entail fast-track prosecution and specialised adjudication for counterfeit offences; and

v. build the capacity of the Kenya Trade Remedies Agency (KETRA) to enforce trade remedial measures and thus play its critical role in Kenya's industrialization journey.

3.6.3. Protection of intellectual property rights

204. An Effective institutional architecture underpinning protection and enforcement of IP rights

205. To promote an intellectual property rights regime that will foster entrepreneurship and innovation, the Government will:

i) develop National Intellectual Property commercialisation framework.

ii) strengthen Technology Transfer Offices(TTOs);

iii) support Patent commercialization and licensing;

iv) undertake legal reforms that will lead to specialized adjudication for IPR offenses;

v) promote an IPR culture through dissemination of IPR knowledge and awareness; and

vi) utilize the flexibilities provided by Article 31 bis of WTO TRIPS Agreement and the opportunities arising from the AfCFTA Centralized Pooled Procurement Mechanism(CPPM) to enable local pharmaceutical manufacturing growth that can meet the public health needs of AfCFTA Members.

3.6.4. Trade facilitation

206. A resilient trade facilitation and logistics infrastructure responsive to fast evolving supply chain disruptions

207. To build a resilient trade facilitation and logistics infrastructure, the Government will:

i. implement the WTO Trade Facilitation Agreement and engage trading partners on Kenya’s rights under the agreement;

ii. implement the AfCFTA Annex 4 on Trade Facilitation critical for the development of regional value chains through expedited movement, release and clearance of goods across African borders;

iii. address infrastructure gaps, congestion at the Port of Mombasa and costly last-mile road freight;

iv. pursue measures to reduce dependency on single corridor shipping;

v. integrate digital trade facilitation into the National Single Window System (KNSWS); and

vi. integrate KEBS certification data into the Kenya National Single Window System (KNSWS) for seamless digital customs clearance.

3.7. Pillar 7: Green Industrialisation and Sustainability

208. The policy adopts an approach that positions green industrialisation and sustainability as drivers of Kenya's competitiveness, productivity and long-term industrial growth. It will leverage Kenya's renewable energy advantage while promoting cleaner production, resource efficiency, green technologies, sustainable value chains and access to emerging green markets. The approach will be progressive, supporting industries particularly MSMIs to transition at a feasible pace while creating jobs, attracting investment and ensuring that the benefits of green industrialisation reach enterprises, communities and regions.

3.7.1. Green energy and decarbonisation

209. Accelerate the transition to green energy and low-carbon industrialization

210. To accelerate transition of green energy and low carbon industrialization the Government will:

i. align industrial, energy, investment and environmental policies, regulations and incentives, and integrate low-carbon infrastructure into industrial parks and zones;

ii. facilitate the uptake of geothermal direct-use and other renewable-energy applications, including commercially viable fuel switching and electrification of industrial processes;

iii. develop and progressively implement sector-specific decarbonisation pathways with clear targets, timelines and monitoring arrangements;

iv. establish a coordinated programme to improve industrial energy efficiency, strengthen energy management and increase uptake of renewable energy solutions;

v. establish systems for measuring, reporting and monitoring industrial energy use and greenhouse-gas emissions to track decarbonisation progress and inform policy.

3.7.2. Sustainable manufacturing and green technologies

211. A transformed Kenyan manufacturing sector characterised by widespread adoption and local development of environmentally sustainable technologies and production processes.

212. To promote and facilitate sustainable manufacturing and green technologies, the Government will:

i. accelerate adoption of cleaner production technologies and practices across industrial sectors, with targeted support for MSMIs;

ii. support replacement and upgrading of obsolete machinery and production systems with modern, productive and environmentally sustainable technologies;

iii. support the integration of eco-designs into products and processes while maintaining affordability, quality and competitiveness;

iv. promote adoption of digital, automated and smart manufacturing technologies alongside sustainable production systems; and

v. provide linkages to practical technical assistance, demonstration facilities and industrial extension services that enable MSMIs to assess, adopt and effectively use sustainable technologies.

3.7.3. Circular economy and resource efficiency

213. A resource-efficient industrial sector that minimises waste and maximises value from materials and production inputs.

214. To promote resource-efficient and circular industrial practices, the Government will:

i. facilitate investment in industries that convert plastics, organic waste, e-waste, textiles, leather and other waste streams into marketable products and industrial inputs;

ii. develop facilities to collect, sort, aggregate and process recyclable materials into reliable feedstock for industry;

iii. promote the repair, refurbishment, reuse and repurposing of products and materials, including used textiles and industrial equipment;

iv. develop commercially viable waste processing clusters in major urban centres, linking waste streams to industries such as plastics, construction materials, compost and e-waste processing; and

v. strengthen local sourcing, recovery, storage and diversification of industrial raw materials to reduce vulnerability to droughts and other disruptions to agro-based supply chains.

3.7.4. Green markets, standards and value chains

215. Industries are integrated into competitive green value chains and are able to meet evolving environmental requirements, strengthening their access to domestic, regional and global markets.

216. To enable industries meet evolving environmental requirements and compete effectively in domestic, regional and global green value chains, the Government will:

i. strengthen and progressively align standards and certification systems with evolving domestic, regional and international environmental requirements;

ii. develop affordable traceability systems that enable firms to demonstrate product origin, composition and environmental performance;

iii. strengthen industry-led Extended Producer Responsibility (EPR) systems with clear responsibilities and practical compliance mechanisms for priority product categories;

iv. introduce progressive sustainability criteria in public procurement to create predictable demand for compliant and environmentally responsible products; and

v. facilitate linkages between firms, particularly MSMIs, and domestic, regional and global buyers and green value chains, supported by access to relevant market information and opportunities.

3.7.5. Green financing, innovation and skills

217. A manufacturing sector equipped with the finance, innovation capacity and skilled workforce required to develop and scale sustainable industrial solutions and remain competitive in a changing global economy.

218. To access appropriate finance, strengthen industrial innovation and support the development of skills required for sustainable and competitive manufacturing, the Government will:

i. mobilise appropriate finance for investments that improve the sustainability and competitiveness of manufacturing;

ii. establish targeted, predictable and performance-based incentives to attract private investment in sustainable industrial solutions and innovation;

iii. through bankable industrial project pipelines and investor linkages, catalyse access to domestic and international climate finance and green investment; and

iv. provide industry linkages with technology providers, research institutions and investors to accelerate technology transfer, adaptation and commercialisation.

3.7.6. Green manufacturing & circular economy

219. A globally competitive green manufacturing sector that creates new products and employment opportunities while meeting evolving environmental commitments.

220. To facilitate the growth of competitive green industries, the Government will:

i. promote investment in commercially viable green industries and products;

ii. progressively integrate eco-industrial design principles into new and upgraded Government-supported industrial parks and facilities;

iii. promote the development of industries that convert priority waste streams and recovered materials into commercially viable products and industrial inputs;

iv. establish mechanisms to anticipate and respond to climate transition requirements affecting Kenyan products and international markets;

v. promote the development of green industrial parks and clusters with infrastructure that supports the growth of green industries; and

vi. designate renewable energy industrial hubs.

3.7.7. Green industrial inclusivity

221. Kenya's green industrial growth creates inclusive opportunities for industries, communities and regions to participate and benefit.

222. To promote inclusive participation in green industrial development, ensuring opportunities and benefits reach enterprises, communities and regions, the Government will:

i. facilitate the equitable distribution of green industrial investments across counties based on local resources, infrastructure and comparative advantage;

ii. integrate gender-responsive, safe and accessible infrastructure into the planning and development of industrial parks and zones;

iii. strengthen national–county coordination to identify and facilitate green industrial opportunities based on local economic potential;

iv. facilitate linkages between green industries, local enterprises and communities to increase local economic participation and benefits; and

v. establish a dedicated Government coordination mechanism to guide, monitor and report on implementation of the green industrialisation agenda.

CHAPTER 4: PRIORITY SECTORS

4.1. Sector Prioritisation Methodology and Theory of Change

223. This section sets out the methodology used to move from the sector longlist herein to a ranked set of priorities, and the unified theory of change through which this Policy expects sector-level results to aggregate into the national industrialisation goal set out in Chapter 1.

224. Priority sectors refer to those selected by the Government for preferential support and incentives. The sectors were classified using a combination of Revealed Comparative Advantage (RCA), Economic Complexity, Value Chain Mapping, Resource Mapping and Market Demand Analysis.

225. The sectors below are categorized into anchor, priority, supporting, and emerging sectors. Anchor sectors comprise the backbone of the national economy and have high domestic demand and/or high employment, supporting sectors are those that are key in the operation of other sectors, emerging sectors are new sectors with potential for rapid growth, and priority sectors are those that have been identified as requiring special focus and support by the Government due to their potential for economic and social contribution to national development goals.

4.2. Agro-Processing

Value Chain / Product	Notes	Status	MDA
Coffee	Traditional export focus Low value addition	Anchor sector	Coffee Directorate, AFA
Tea	Traditional export focus Low value addition	Anchor sector	Tea Directorate, AFA
Food Crops	Primarily for domestic production Includes cereals, legumes, roots and tuber crops Rice is the focus crop for irrigation investment Low value addition	Anchor sector	Food Crops Directorate, AFA
Non-food crops	Cotton is majorly used in local textile production for domestic consumption Sisal is majorly produced for export; Exports are in raw and semi-processed forms. Cotton and sisal are the key fibre crops with nascent crops listed.	Anchor sector	Miraa, Pyrethrum, Fibre and Other Industrial Crops Directorate, AFA

Value Chain / Product	Notes	Status	MDA
Dairy	Domestic and Regional market focus Nascent products include camel dairy Strong dairy cooperatives Low value addition	Anchor sector	Kenya Dairy Board, State Department for Livestock Development
Sugarcane	Domestic consumption focus Sugar mills operating below capacity	Anchor sector	Kenya Sugar Board, MoALD
Meat and Meat Products	Domestic consumption focus with exports to regional and Middle East markets Low value addition	Anchor sector	Kenya Meat Commission State Department for Livestock Development
Livestock feed production	Domestic demand	Anchor sector	State Department for Livestock Development State Department for Fisheries
Horticulture	Includes avocado, mangoes, citrus fruits Focus on export markets including EU and China High Revealed Comparative Advantage (RCA) Low value addition	Anchor sector	Horticultural Crops Directorate, AFA
Nuts and Oil Crops	Domestic and foreign markets Includes 13 products with macadamia as the top performer	Emerging sector	Nuts and Oil Crops Directorate, AFA

4.3. Textiles, Apparel & Leather

Value Chain / Product	Notes	Status	MDA
Textiles & Apparel	Increased cotton production Nascent use of plant-based inputs such as linen, jute and bamboo and animal-based inputs such as silk and wool	Priority sector	State Department for Industry

Value Chain / Product	Notes	Status	MDA
	Underutilized use of natural dyes and starches from plants and insects Underutilised uptake of accessories from products such as horns, hooves and wood Textile mills operating below capacity US market focus under AGOA Lack of vertical integration with over 90% of fabrics imported		
Leather & Leather Products	Export of semi-processed products (wet blue) High Revealed Comparative Advantage (RCA) Low value addition	Priority sector	State Department for Livestock Development; State Department for Industry

4.4. Pharmaceuticals & Health-Related Manufacturing

Value Chain / Product	Notes	Status	MDA
Herbal medicine	Traditional / natural products	Emerging sector	Ministry of Health
Medical Equipment and Supplies	Diagnostic and monitoring apparatus and surgical instruments	Emerging sector	Ministry of Health
Pharmaceuticals	Domestic and regional markets Active and excipient ingredients majorly imported	Priority sector	Ministry of Health

4.5. Blue Economy

Value Chain / Product	Notes	Status	MDA
Fisheries	Domestic market Inland fisheries, marine fisheries and aquaculture Underutilized Exclusive Economic Zone Low value addition	Anchor sector	State Department for Blue Economy and Fisheries

Value Chain / Product	Notes	Status	MDA
Shipbuilding	Focus on the domestic sector On-going in Mombasa and Kisumu	Anchor sector	Kenya Shipyards Limited, Ministry of Defense
Logistics	Marine Transport, Port logistics	Enabling sector	State Department for Shipping and Maritime Affairs
Seaweed processing	Nascent stage	Emerging sector	State Department for Blue Economy and Fisheries

4.6. Metals, Minerals, Gemstones & Extractives

Value Chain / Product	Notes	Status	MDA
Construction and Building	Steel, Cement, Timber	Anchor sector	State Department for Industry State Department for Public Works; State Department of Forestry
Metals and minerals	Iron ore, Soda ash, Titanium, Gold, Limestone, Riversand	Emerging sector	State Department for Mining
Gemstones	Include Tsavorite, Ruby and Sapphire Low value addition	Emerging sector	State Department for Mining

4.7. Green Energy and Manufacturing (Green Industrialisation)

Value Chain / Product	Notes	Status	MDA
Renewable Energy Generation	Includes: Geothermal comprises the bulk of Kenya's energy followed by Wind and Solar power. Nascent industry in biofuels including biodiesel, bioethanol, and biogas Planned Nuclear energy overseen by the Nuclear Power and Energy Agency (NuPEA)	Anchor sector	State Department for Energy
Electric mobility and batteries	Green manufacturing	Emerging sector	State Department for Transport State Department for Energy
Circular economy	Green manufacturing	Emerging sector	State Department for Environment and Climate Change

4.8. Potential-Growth Sectors

Value Chain / Product	Notes	Status	MDA
Aerospace and defense related industries	On-going assembly and maintenance Includes manufacture of arms, drones and aircraft	Anchor sector / Emerging sector	Ministry of Defense
ICT / Digital manufacturing	Innovation & technology	Emerging sector	State Department for ICT and the Digital Economy
Machinery and equipment	Local assembly and component fabrication	Anchor sector	State Department for Industry
Automation and Robotics	Innovation & technology	Emerging sector	State Department for ICT and the Digital Economy
Green Building Technologies	Construction Materials	Emerging sector	State Department for Public Works
Creative economy	Includes Design and Fashion supporting the textile and apparel industry, and other manufacturers	Supporting sector	State Department for Youth Affairs and Creative Economy

Value Chain / Product	Notes	Status	MDA
	Arts and Media supporting marketing and awareness raising across multiple sectors Technology supporting efficient operations		
Lubricants	Petroleum Industry	Supporting sector	State Department for Petroleum
Automotive & EV Components	Multiplier effect through integration of other value chains Local assembly and component fabrication	Priority sector	State Department for Industry

4.8 Unified Sector Selection Criteria

226. This section operationalises that combination into a single, scored methodology, so that classification translates into a defensible ranking rather than a broad category. The methodology draws on eight criteria grounded in structural transformation theory and adds two empirical criteria, Revealed Comparative Advantage and Social Accounting Matrix (SAM) multiplier strength. The purpose of combining all these methodologies is to ensure the theory-grounded criteria are anchored in Kenya's own trade and economy-wide data.

Table 2: Unified Sector Selection Criteria

	Criterion	Theoretical basis / data source	Question asked
A	Latent comparative advantage	New Structural Economics (Lin)	Does the sector align with Kenya's actual factor endowments, rather than defy them?
B	Product-space proximity and complexity	Economic Complexity (Hausmann & Hidalgo); Harvard Growth Lab Atlas of Economic Complexity – Distance, Product Complexity Index and Complexity Outlook Gain	Is the sector close enough to Kenya's existing capabilities to be reachable (low Distance), but complex and well-connected enough in the product space to open further diversification (high Complexity / Opportunity Gain)?
C	Linkage density	Linkage Theory (Hirschman)	Does growth in the sector pull demand through many backward/forward domestic industries?
D	Learning and absorptive capacity	Capability Theory (Lall, Sabel)	Can domestic firms and institutions actually absorb the technology and know-how required?
E	GVC entry point and upgrading path	Global Value Chains (Gereffi)	Is there a credible trajectory from low-value entry to higher-value functions over time?

	Criterion	Theoretical basis / data source	Question asked
F	Market access and demand growth	Trade and market theory	Is there a large, growing, accessible market (regional/global) for the sector's output?
G	Discipline and reciprocity feasibility	Developmental State Theory (Amsden, Wade)	Can support be made conditional and time-bound (export targets, sunset clauses), rather than open-ended protection?
H	Political economy and implementation feasibility	Institutional / political economy analysis	Do anchor investors, institutional vehicles and budget commitments already exist or look buildable?
I	Revealed Comparative Advantage (RCA)	Balassa Index; Kenya trade data already cited per value chain in this chapter	Does Kenya already hold a demonstrated, current export advantage in this product, distinct from the latent advantage assessed under Criterion A?
J	Economy-wide multiplier strength	Social Accounting Matrix analysis (Kenya SAM 2021, KIPPRA/KNBS/IFPRI)	What is the estimated output, employment and income multiplier of this value chain across the rest of the economy, providing a quantified check on Criterion C?

227. Each candidate value chain is scored 1–5 against each criterion, yielding a composite score out of 50. Criteria A–H apply a theory-grounded, expert-informed scale following the approach above in the sector-selection note; Criteria I and J are scored from Kenya's existing trade statistics and Kenya's SAM 2021 multiplier estimates where robust value-chain-specific data exists, and by qualitative proxy elsewhere pending full data-matching.

4.8.1 Applied Scoring and Priority Results

228. The methodology was applied to fifteen representative value chains spanning all seven sector groups in this chapter, using the notes and status already recorded against each value chain above (for example, the High RCA already flagged for Horticulture and for Leather & Leather Products) as inputs to Criteria I and A respectively.

Table 3: Applied Sector Scoring (illustrative first pass)

Candidate	A	B	C	D	E	F	G	H	I	J	Total /50
Horticulture	5	3	4	4	4	5	3	4	5	4	**41**
Leather & Leather Products	5	3	5	3	3	4	4	4	5	4	**40**
Construction & Building Materials	4	3	5	3	2	4	3	4	2	5	**35**
BPO / Global Business Services*	5	4	2	4	4	5	3	4	2	2	**35**

Candidate	A	B	C	D	E	F	G	H	I	J	Total /50
Tea	5	2	3	3	2	4	3	3	5	3	**33**
Dairy	4	2	4	3	2	3	3	4	2	4	**31**
Automotive & EV Components	3	3	4	3	3	3	3	3	1	4	**30**
Green Energy Equipment Manufacturing	4	4	3	3	3	4	3	3	1	2	**30**
Textiles & Apparel	3	3	3	3	2	3	4	3	3	2	**29**
Coffee	4	2	3	2	2	3	3	2	4	3	**28**
Electric Mobility and Batteries	3	4	3	2	3	4	3	3	1	2	**28**
Gemstones	3	3	2	2	3	3	3	2	3	2	**26**
Fisheries	3	2	3	2	2	3	3	2	2	3	**25**
ICT / Digital Manufacturing	2	3	2	3	3	3	3	2	1	2	**24**
Pharmaceuticals (generics)	2	2	2	2	2	2	3	2	2	2	**21**

4.8.2 Priority Value Chains

229. Applying the composite score in Table 3 yields the following priority ordering. Where scores are tied, Criteria I and J, the two criteria most directly anchored in Kenya-specific data, are used as the tie-break.

230. **Top 5 priority value chains/sectors overall, in order of attractiveness:**

i. Horticulture (41/50).

ii. Leather & Leather Products (40/50).

iii. Construction & Building Materials (35/50, ahead of BPO/GBS on the Criteria I+J tie-break).

iv. BPO / Global Business Services (35/50).

v. Tea (33/50).

231. Horticulture and Tea's presence in the overall top five reflects Kenya's genuine agro-processing strengths and should not be read as a departure from this Policy's separate emphasis, addressed in Chapter 2 and the pillar strategies in Chapter 3, on moving these value chains up from primary production and semi-processing toward higher value addition. Because agro-processing candidates dominate when all value chains compete on a single list, this Policy also identifies a non-agricultural priority list, responding directly to the brief for transformative sectors outside agro-processing.

232. **Top 5 non-agricultural priority value chains/sectors:**

i. Leather & Leather Products (40/50).

ii. Construction & Building Materials (35/50).

iii. BPO / Global Business Services (35/50).

iv. Automotive & EV Components (30/50).

v. Green Energy Equipment Manufacturing (30/50).

4.8.3 The Transformative Sector Bet: Leather and Leather Goods

233. Beyond the broader ranking above, this Policy also considered a narrower and more consequential question: whether Kenya should identify one or two sectors, outside agro-processing, for the kind of concentrated, Taiwan-style state backing that has, in other economies, driven economy-wide structural transformation from a single strategic bet. Leather & Leather Products and BPO/Global Business Services tie on the composite score above (35/50), but for structurally different reasons, and that difference should determine which sector receives this concentrated backing.

234. BPO/GBS is already scaling on private-sector momentum, with sector growth of 18–30% annually, a national BPO policy recently launched, and industry-led job targets in six figures. Under developmental-state logic, a concentrated state bet is best justified where a coordination failure is blocking a sector the fundamentals otherwise favour, not where private actors are already moving under their own momentum. Kenya's role in BPO/GBS is therefore better framed as facilitative, through skills pipelines, transfer-pricing clarity and digital infrastructure under Pillar 3, than as a targeted industrial-policy pick.

235. Leather is the sector that fits the classical structural-transformation logic. Kenya holds a genuine endowment advantage, the world's eleventh-largest livestock herd, and the highest linkage density of any candidate assessed, pulling directly through the rural pastoralist economy on the backward side and into footwear and leather-goods manufacturing on the forward side; this is structural transformation in the classical sense, moving low-productivity rural labour into higher-productivity manufacturing. Crucially, the sector exhibits a documented coordination failure rather than a fundamentals problem: Kenya has built supply chains for raw hides and wet-blue exports rather than value chains for finished goods, precisely the kind of market failure that a disciplined, time-bound state intervention (Criterion G) is designed to correct.

236. This Policy therefore designates Leather & Leather Products as its primary transformative sector bet with export incentives explicitly weighted toward crust and finished leather over raw hide and wet-blue exports. BPO/Global Business Services is carried forward as a second priority track under a facilitative rather than interventionist state role, consistent with Pillar 3 and the Digital Superhighway agenda.

237. A specific risk applies to the leather designation. Kenya's leather strategy has historically prioritised movement of product over transformation of product, a sequencing fallacy that assumes value addition can be built in later once volumes are secured. Any support package for leather under this Policy must build in binding value-addition ratios and sunset-linked performance conditions from the outset, consistent with Criterion G, rather than as a later-phase amendment.

4.8.4 Unified Theory of Change

238. The sector prioritisation above is the point at which this Policy's seven pillars (Chapter 3) are expected to translate into measurable results. The theory of change below sets out that logic explicitly, connecting the Policy's inputs and activities through to its ultimate impact.

Table 4: Unified Theory of Change

Level	Description	Primary linkage
Inputs	Statutory Industrial Development Fund financing, the NICDC institutional architecture, and the seven pillar strategies in the Implementation Matrix (Annex 2)	Chapter 5 (financing and governance); Chapter 3 (pillar strategies)
Activities	Delivery of the pillar-level strategies against the binding constraints identified in Chapter 2's Policy and Institutional Gaps, sequenced by the Anchor/Priority/Supporting/Emerging classification and the composite scoring in §4.1.2	Chapter 2 (§2.4 gaps); Chapter 4 (4.1.1– 4.1.3 sector sequencing)
Outputs	Sector-specific constraint removal(pillar 1): rural industrialisation infrastructure delivered (Pillar 2), industrial finance disbursed to priority value chains (Pillar 5), skills and technology gaps closed for priority sectors (Pillar 3)and enhanced Market access(Pillar 6)	Chapter 3 pillar-level indicators; Annex 2 Implementation Matrix
Outcomes	Measurable improvement in priority value chains' performance: value addition, export sophistication, employment and productivity in the top-ranked sectors identified in 4.1.3, led by the Leather flagship designation	Chapter 6 Goal-level indicators (Table 8); sector-level indicators in 4.1.6 below
Impact	Manufacturing growth rate raised to 15% per year and manufacturing's contribution to GDP raised to 24% by 2063 (Policy Goal, Chapter 1)	Chapter 1 Policy Goal; tracked via the NICDC and National Industrial Competitiveness Observatory (Chapter 6)

239. This chain makes explicit what the proposed insertion at the start of this chapter (paragraph 224) anticipated: sector-level results are not a separate track from the seven pillars, but the mechanism through which pillar-level activity is expected to aggregate into the national Policy Goal. The Results Matrix below operationalises the Outcomes level of this chain for the priority sectors identified in section 4.1.3, in a form that feeds directly into the Goal-level M&E Matrix in Chapter 6 (Table 8).

4.8.5 Results Matrix (Sector Level)

Table 5: Sector-Level Results Matrix

Priority Sector	Outcome Indicator	Baseline	Mid-Term Target (6 yrs)	End-Term Target	Primary Pillar Linkage
Leather & Leather Products (flagship)	Share of leather exports in crust/finished form (vs. raw hide / wet-blue)	Year 0 baseline assessment	40% of leather exports in crust/finished form	80% of leather exports in crust/finished form; Kenanie Leather Industrial Park at full occupancy	Pillar 2 (industrial parks); Pillar 5 (finance); Pillar 6 (trade/export incentives)
Construction & Building Materials	Domestic value-addition share in cement, steel and timber inputs to the national construction programme	Year 0 baseline assessment	+15 percentage points	+30 percentage points	Pillar 2 (infrastructure); Pillar 4 (MSMI integration)
BPO / Global Business Services	Formal-sector jobs created in BPO/GBS	Current sector baseline (national BPO policy figures)	50% of industry-led job target achieved	Industry-led job target achieved	Pillar 3 (skills/digital); facilitative role only
Horticulture	Share of horticultural exports in processed form (vs. fresh)	Year 0 baseline assessment	+10 percentage points	+25 percentage points	Pillar 2 (cold-chain/logistics); Pillar 6 (trade)
Automotive & EV Components	Local content ratio in assembled vehicles/components	Year 0 baseline assessment	+15 percentage points	+30 percentage points	Pillar 2; Pillar 7 (green industrialisation/e-mobility)

240. Baselines for each indicator will be established during the first year of implementation by the NICDC Secretariat, consistent with the baseline-setting process already committed to for the Goal-level M&E Matrix in Chapter 6, and reported through the same annual cycle.

CHAPTER 5: FRAMEWORK FOR IMPLEMENTING NATIONAL INDUSTRIALISATION POLICY

241. This section provides coordination and administration mechanisms that specifies all institutions and their respective functions in the implementation of this Policy. It also highlights the institutions, legal and regulatory reforms that will be undertaken for successful implementation of the Policy. Furthermore, it provides a framework for integrating non-state stakeholders into implementation plans. Lastly, it describes the sources of funds to cater for the Policy activities and actions.

5.1. Coordination Framework and Administrative Mechanisms

242. The implementation of this Policy will adopt a coordinated approach with multiple agencies involved in its implementation at national, sectoral and county levels. This section sets out the hierarchy of institutions and their composition, clarifies the roles of the multiple agencies involved in implementation, prescribes coordination mechanisms at national, sectoral and county levels and provides a framework for integrating non-state stakeholders in implementation.

5.1.1. Multi-agency roles and the coordinating institution

243. Implementation of this Policy is multi-agency in nature. To prevent fragmented or contradictory action, NICDC is designated the Coordinating Institution. Coordination of the Policy is organised as a five-tier structure running from apex political oversight to grassroots delivery, so that decisions taken at the top are transmitted efficiently downward, and implementation challenges are escalated upward without bypassing intermediate levels:

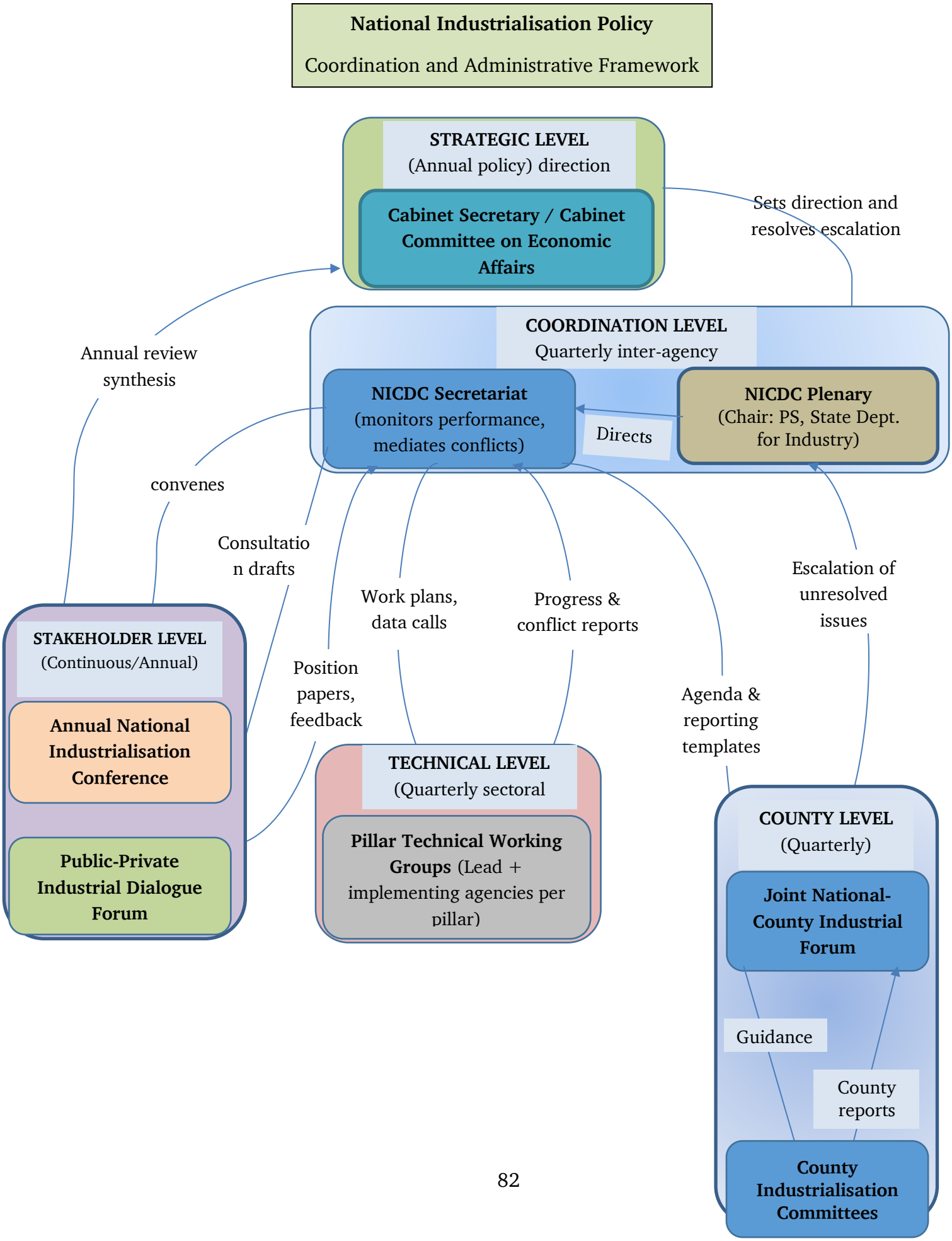
National Industrialisation Policy
Coordination and Administrative Framework
STRATEGIC LEVEL
(Annual policy) direction
Cabinet Secretary / Cabinet Committee on Economic Affairs
Sets direction and resolves escalation
Annual review synthesis
COORDINATION LEVEL
Quarterly inter-agency
NICDC Secretariat (monitors performance, mediates conflicts)
Directs
NICDC Plenary (Chair: PS, State Dept. for Industry)
convenes
Consultation drafts
Work plans, data calls
Progress & conflict reports
Escalation of unresolved issues
STAKEHOLDER LEVEL
(Continuous/Annual)
Annual National Industrialisation Conference
Public-Private Industrial Dialogue Forum
Position papers, feedback
TECHNICAL LEVEL
(Quarterly sectoral
Pillar Technical Working Groups (Lead + implementing agencies per pillar)
Agenda & reporting templates
COUNTY LEVEL
(Quarterly)
Joint National-County Industrial Forum
Guidance
County reports
County Industrialisation Committees

Table 6: Roles of Implementing Agencies and the Coordinating Institution

Agency	Role in Implementation	Designation
Ministry of Investments, Trade and Industry (MITI)	Lead policy owner and Coordinating Institution; convenes the NICDC Plenary; consolidates agency reports; escalates unresolved conflicts to the NIC	Overall Coordinator
National Treasury & Economic Planning	Fiscal policy alignment, budgetary appropriation for the Industrial Development Fund, incentive framework design	Implementing Agency
Kenya Revenue Authority (KRA)	Tax administration, VAT refund processing, enforcement of fiscal incentives	Implementing Agency
Business Registration Service (BRS)	Business registration, licensing register and one-stop-shop administration	Implementing Agency
ICT Authority, MSEA	Digitisation of licensing, monitoring and data management systems and MSMI support	Implementing Agency
Central Bank of Kenya (CBK)	Regulatory sandbox oversight, financial-sector coordination	Implementing Agency
Office of the Attorney-General & State Law Office	Legal review, statutory anchoring of the Policy, Regulatory Impact Assessment sign-off, conflict-of-law resolution	Legal Advisory Agency
Council of Governors / County Governments	Domestication of the Policy at county level; harmonisation of county and national licensing regimes	Implementing Agency
InvestKenya, EPZA/SEZA, KEBS, TVET Authority, NEMA	Sector-specific implementation of investment facilitation, SEZ/EPZ administration, standards, environment sustainability and skills development	Implementing Agencies
National Commission for Science, Technology and Innovation (NACOSTI), State Dept. for Higher Education, State Department for TVET, State Dept. for Science and Innovation, KIPPRA	Coordinates industrial research, innovation and commercialisation; oversees the National Industrial STI Observatory and integrated STI data and M&E systems	Implementing Agency
Kenya Trade Remedies Agency (KETRA), Anti-Counterfeit Authority, Competition Authority, National Police Service	Enforce trade remedial measures and leads response to illicit, sub-standard and counterfeit goods and unfair trade practices	Implementing Agencies

Agency	Role in Implementation	Designation
National Trade Negotiations Council	Coordinates coherence and synergy across Kenya's trade negotiations, anchoring EAC Customs Union and AfCFTA obligations within Kenya's trade policy posture	Implementing Agency
KEPROBA	Export promotion	Implementing Agency
KAM, KEPSEA, KJFA, KNCCI	Business Membership Organisations	Supporting Agencies

5.1.2. Composition and mandates of coordination organs

244. Each tier of the institutional hierarchy is constituted and mandated as follows:

- **Strategic Level –** the Cabinet Secretary responsible for Trade and Industry, sitting with the Cabinet Committee on Economic Affairs (CCEA), provides annual policy direction, ratifies the Policy's strategic priorities, and resolves matters escalated from the NICDC Plenary that require Cabinet-level decision.
- **NICDC Plenary –** chaired by the Principal Secretary, State Department for Industry, and drawing membership from the Principal Secretaries and heads of the implementing agencies listed in the table above. It meets quarterly to review consolidated performance reports, approve work plans and adjudicate cross-agency conflicts referred to it.
- **NICDC Secretariat –** housed within the Ministry responsible for industry, it serves as the standing secretariat to the NICDC Plenary. It monitors implementation performance against agreed targets, mediates operational disputes between agencies ahead of escalation, consolidates quarterly progress and conflict reports, and prepares the agenda and papers for Plenary sittings. Its establishment, alongside that of the **National Industrial Competitiveness Observatory,** is proposed for statutory anchoring under the forthcoming National Industrialisation Act, and it maintains a running learning log that feeds the annual Industrialisation Policy Implementation Report.
- **National Industrial Competitiveness Observatory –** a data and performance-monitoring institution operating alongside the coordination organs rather than within the reporting hierarchy itself. It collects, manages and disseminates industrial performance data, maintains real-time and quarterly dashboards for indicators requiring closer tracking, and works jointly with the NICDC Secretariat to set indicator baselines, conduct the annual industrial mapping exercise with county Governments, and consolidate the annual Implementation Report.
- **Sectoral Technical Working Groups –** one per policy goal, each convened by a designated lead agency together with the implementing agencies holding a mandate under that goal. Technical Working Groups deliver quarterly sectoral coordination, translating quarterly work plans into operational tasks and reporting progress and emerging conflicts to the NICDC Secretariat.

5.1.3. County-level coordination structures

245. A significant share of licensing, land and infrastructure decisions affecting industrial investment lies within county jurisdiction. This Policy therefore establishes a dedicated county coordination arm, operating on a quarterly cycle and anchored in the cooperative-governance principles of Articles 6 and 189 of the Constitution:

- **Joint National-County Industrial Forum –** brings together the national coordination organs and County Governments, represented through the Council of Governors. This forum is to harmonise county and national licensing regimes, agree joint work programmes and receive issues escalated from County Industrialisation Committees for onward transmission to the NICDC Plenary where they cannot be resolved at county level.
- **County Industrialisation Committees –** established in each county and chaired by the County Executive Committee Member responsible for trade and industry, these committees domesticate the Policy at county level, coordinate county-level licensing and investment facilitation. They also submit quarterly county reports to the Joint National-County Industrial Forum against the agenda and reporting templates for the Forum issues.
- **County capacity-building and incentives –** the NICDC supports county Governments through targeted capacity building in industrial planning and investor engagement, facilitates harmonisation of county and inter-county industrial policies. It also administers an incentive framework rewarding counties for industrial promotion and investment facilitation. County-based mini-labs, established in collaboration with partners, coordinate the collection of industrial data feeding into the National Industrial Competitiveness Observatory.

5.1.4. Coordination mechanisms

246. The following mechanisms operate concurrently at national, sectoral and county levels to guard against duplication of mandates and conflicting implementation actions:

Table 7: Coordination Mechanisms and Information Flows Across Levels

Mechanism	Flow	Frequency	Purpose
Annual review synthesis	Stakeholder Level → Strategic Level	Annual	Outcomes of the Annual National Industrialisation Conference and the Public-Private Industrial Dialogue Forum are consolidated into a synthesis for Cabinet-level review of policy direction.
Convening of stakeholder platforms	Strategic Level / NICDC Secretariat → Stakeholder Level	Annual / Continuous	The NICDC Secretariat convenes the Annual National Industrialisation Conference and the Public-Private Industrial Dialogue Forum on behalf of the Strategic Level.

Mechanism	Flow	Frequency	Purpose
Consultation drafts	NICDC Secretariat ↔ Stakeholder Level	Continuous	Policy and regulatory drafts arising from implementation are circulated to non-state stakeholders for input before finalisation.
Position papers and feedback	Stakeholder Level → NICDC Secretariat	Continuous	Formal input generated through the stakeholder platforms is channelled back to the Secretariat for consolidation and incorporation into work plans.
Work plans and data calls	NICDC Secretariat → Technical Level	Quarterly, operationalised monthly	The Secretariat issues implementation work plans and data requirements to the Pillar Technical Working Groups.
Progress and conflict reports	Technical Level → NICDC Secretariat	Monthly	Technical Working Groups report delivery progress against work plans and flag inter-agency conflicts for mediation.
Escalation of unresolved issues	County Level → NICDC Plenary	Quarterly / as needed	Issues that cannot be resolved at the Joint National-County Industrial Forum are escalated directly to the NICDC Plenary.
Agenda and reporting templates	NICDC Plenary / Secretariat → County Level	Quarterly	Standard agenda and reporting templates are issued to align county-level reporting cycles with national reporting cycles.
Guidance	Joint National-County Industrial Forum → County Industrialisation Committees	Quarterly	Implementation guidance, informed by national work plans and Plenary decisions, is cascaded to County Industrialisation Committees.
County reports	County Industrialisation Committees → Joint National-County Industrial Forum	Quarterly	County-level implementation status, including licensing and investment facilitation data, is reported upward for consolidation.
Quarterly progress returns	Implementing Agencies / Technical Level → NICDC Secretariat	Quarterly	Lead and supporting institutions submit progress returns on their indicators, covering activity status, Industrial Development Fund and other budget expenditure, and emerging implementation issues.

Mechanism	Flow	Frequency	Purpose
Annual Implementation Report	NICDC Secretariat / MITI + Observatory → NICDC, Strategic Level, National Treasury, Council of Governors	Annual	Consolidated progress against the M&E Matrix by goal, highlighting achievements, delays, risks and corrective actions; published on the Observatory's public dashboard.
Mid-term and end-term evaluation reports	NICDC Secretariat → Strategic Level, National Treasury, Council of Governors, Parliament	Every 6 years / end of policy horizon	Combines quantitative results against the M&E Matrix with qualitative findings from stakeholder consultations to assess relevance, coherence, impact and sustainability.
Escalation of unintended effects	Technical Level / County Level → NICDC	As needed	Significant unintended effects identified through monitoring or evaluation are escalated to the NICDC for review and, where warranted, revision of the affected intervention.

247. Taken together, these mechanisms operate as a closed reporting loop rather than a set of isolated meetings. The implementation data flows upward from the Technical and County Levels for consolidation and, where necessary, escalation. On the other hand, guidance and consolidated feedback flow back down from the Strategic and Coordination Levels. Therefore, no level acts on implementation matters in isolation from the others, which is the safeguard the five-tier structure is designed to provide.

5.1.5. Framework for integrating other stakeholders

248. Consistent with the public-participation principles in Articles 10 and 232 of the Constitution, the framework provides for structured, continuous engagement of non-state actors through:

- **Annual National Industrialisation Conference –** a flagship annual gathering of the private sector, industry associations, development partners and county Governments to review implementation progress and set the following year's priorities. The resolutions developed from this conference feed directly into the annual review synthesis presented to the Strategic Level.
- **Public-Private Industrial Dialogue Forum –** a continuous engagement platform through which the private sector raises operational bottlenecks, contributes position papers, and receives consultation drafts of policy and regulatory instruments ahead of their finalisation.
- **Structured consultation on policy and regulatory drafts –** the NICDC Secretariat circulates draft instruments arising from implementation to stakeholder platforms for review and comment before they are adopted.
- **Position papers and feedback channels –** stakeholders submit formal position papers and feedback, which the Secretariat consolidates and factors into work plans and subsequent policy revisions.

- **County-level participation –** through the Joint National-County Industrial Forum and County Industrialisation Committees, county Governments and county-based private sector actors are integrated into implementation, consistent with the cooperative-governance principles of Articles 6 and 189 of the Constitution.
- **Structured stakeholder consultations for evaluation –** county Governments, industry associations, MSMIs, labour and civil society are consulted as part of the mid-term and end-term evaluations, probing for distributional, gender, environmental and other effects beyond the stated indicators.

5.1.6. Continuity and handover arrangements

249. Political cycle disruption is one of the principal risks to consistent implementation of this Policy. The coordination architecture is therefore reinforced by dedicated continuity safeguards operating at the Strategic Level:

- **Statutory anchoring –** the Policy and its successor master plans, together with the NICDC and the National Industrial Competitiveness Observatory, are proposed for anchoring in a National Industrialisation Act, ending their vulnerability to political and administrative cycles.
- **Ring-fenced financing –** the Industrial Development Fund is proposed for statutory appropriation, protecting it from discretionary reallocation during budget cycles or leadership transitions.
- **Industrial policy handover protocol –** at each change of Government, outgoing and incoming administrations are required to formally transfer implementation status, commitments and pipeline projects, coordinated by the NICDC Secretariat and tracked as a standing indicator in the M&E Matrix.

5.2. Legal and Regulatory Framework

250. This section sets out the legal and institutional framework within which this Policy is anchored. It identifies the existing laws that the Policy must align with and the ones that already support implementation of this Policy. It further specifies how relevant international conventions and treaties have been domesticated and how they will supplement implementation of this Policy. Lastly, it outlines the legislative proposals required to establish the structures, powers and functions necessary for effective implementation.

251. The list of the existing laws and regulations that already support implementation of this Policy are highlighted at Annex 1. The Annex also contains the list of institutions relevant to this Policy and their roles.

5.2.1. Legislative proposals

252. The most significant legislative gap in Kenya's industrial legal architecture is the absence of a dedicated Industrialisation Act providing overarching statutory authority for this Policy. Enacting such legislation, together with the further legislative interventions identified below, is required to establish the structures, powers and functions necessary for effective implementation. These proposals should be sequenced and championed by the State Department for Industry in the first two years of implementation, in line with the priority order indicated.

Legislative Proposal	Purpose / Rationale	Key Provisions to Address	Lead Agency & Approving Body
National Industrialisation Act (Bill for introduction to the National Assembly)	To anchor this Policy in a statutory instrument, ending its vulnerability to political and administrative cycles.	Establish the legal status and binding effect of the National Industrialisation Policy and its successor master plans; establish the National Industrial Coordination and Development Committee (NICDC) with defined national-county functions; provide the statutory basis for the National Industrial Competitiveness Observatory; and set out a mandatory handover protocol for industrial policy commitments between administrations.	State Department for Industry, in consultation with the Office of the Attorney General and Department of Justice
Public Finance Management (Industrial Development Fund) Regulations	To ring-fence the Industrial Development Fund through statutory appropriation, protecting it from discretionary reallocation during budget cycles or leadership transitions.	Provide for a dedicated statutory fund with defined sources of revenue, appropriation-in-aid status, a governance board, and safeguards against mid-year reallocation.	The National Treasury and Economic Planning, State Department for Industry
County Industrial Development Bills (model legislation for County Assemblies)	To clarify the exercise of Schedule 4 industrial functions devolved to county governments and to anchor county industrial parks, one-stop-shops and local incentive frameworks, addressing the jurisdictional ambiguity.	County-level industrial park and land-bank management; alignment of county licensing with the County Licensing (Uniform Procedures) Act, 2024; county industrial promotion and investor facilitation functions; and reporting obligations to the NICDC.	Council of Governors, County Assemblies Forum, State Department for Industry
Statute Law (Miscellaneous Amendments) Bill on Licensing Harmonisation	To streamline national and county business licences into a single register and one-stop-shop.	Consequential amendments to sector-licensing statutes to eliminate duplicated licences and mandate Regulatory Impact Assessment for new licences.	State Law Office, State Department for Industry, Micro and Small

Legislative Proposal	Purpose / Rationale	Key Provisions to Address	Lead Agency & Approving Body
			Enterprises Authority
Special Economic Zones Act (Amendment) Bill and Export Processing Zones Act (Amendment) Bill	To differentiate incentive structures by industrial priority (e.g., advanced manufacturing, biotechnology, green industry) and to correct the current undifferentiated incentive regime shared with the Export Processing Zones Act.	Tiered fiscal and non-fiscal incentives linked to value-addition depth, technology intensity and green industrial criteria; co-financing mechanisms for horizontal SEZ/EPZ infrastructure.	Special Economic Zones Authority, Export Processing Zones Authority, National Treasury and Economic Planning
Industrial Property Act (Amendment) Bill	To strengthen intellectual property commercialisation pathways and close the gap between Kenya's IP legal infrastructure and low patent/utility-model uptake.	Streamlined utility-model and patent examination timelines; university/research-institute technology transfer and licensing provisions; and stronger linkage with the Science, Technology and Innovation Act framework.	Kenya Industrial Property Institute, State Department for Industry
Public Procurement and Asset Disposal Act (Amendment) Bill	To close enforcement gaps in local-content preference and reservation schemes that currently limit the practical effect of the Act on domestic manufacturers.	Mandatory verification and reporting of local-content compliance by procuring entities; sanctions for non-compliance; and a certification mechanism administered jointly with the Kenya Bureau of Standards.	Public Procurement Regulatory Authority, State Department for Industry

253. Proposals directed at devolved functions (the County Industrial Development Bills) will require processing before the respective County Assemblies, in accordance with Article 185 of the Constitution and the County Governments Act (Cap. 265). They should be developed as model legislation by the Council of Governors in partnership with the State Department for Industry to promote consistency across counties while preserving county legislative autonomy. All other proposals above fall within the legislative competence of the National Assembly under the Fourth Schedule to the Constitution

and, where they touch on revenue-raising or county allocations, may additionally require concurrence of the Senate under Article 110 of the Constitution.

254. The State Department for Industry, in coordination with the Office of the Attorney General and Department of Justice, should develop a legislative drafting roadmap within the first year of implementation of this Policy, prioritising the National Industrialisation Act as the foundational instrument, given that it establishes the institutional architecture (the NICDC and the National Industrial Competitiveness Observatory).

5.2.2. Domestication of international conventions and treaties

255. Article 2(5) and 2(6) of the Constitution of Kenya, 2010 provide that the general rules of international law, and any treaty or convention ratified by Kenya, form part of the law of Kenya. Ratification and domestication of treaties is governed procedurally by the Treaty Making and Ratification Act, CAP. 4D. The Act requires Cabinet and Parliamentary approval before ratification and, in most cases, subsequent implementing legislation or regulations for full domestic effect. This constitutional and statutory architecture is the entry point through which the international and regional frameworks below apply to, and will supplement, implementation of this Policy.

- **World Trade Organization (WTO) Agreements —** Kenya's WTO obligations under the General Agreement on Tariffs and Trade (GATT), the General Agreement on Trade in Services (GATS) and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) are domesticated principally through the Industrial Property Act (Cap. 509) (TRIPS), the Standards Act (Cap. 496) and the Kenya Trade Remedies Act (Cap. 524). These instruments will continue to condition the tariff, subsidy and IPR design choices available under this Policy's incentive framework.
- **United Nations Sustainable Development Goals —** SDG 9 and its targets are not a treaty obligation but have been domesticated through Kenya's national planning architecture, principally Vision 2030 and successive Medium-Term Plans, and will continue to be tracked through this Policy's monitoring and evaluation framework in Chapter 6.
- **UN Framework Convention on Climate Change (UNFCCC), the Paris Agreement and the Kyoto Protocol —** domesticated through the Climate Change Act, No. 8 of 2016, which establishes Kenya's national GHG emission targets, mandatory climate risk reporting and the institutional framework for climate response, and operationalised through Kenya's Nationally Determined Contributions, last submitted in 2025. These will supplement the Policy's objectives on green energy and decarbonisation.
- **African Union Agenda 2063 and the Action Plan for the Accelerated Industrial Development of Africa (AIDA) —** aspirational continental frameworks rather than binding treaties, domesticated in Kenya through alignment of national planning instruments, including this Policy, and tracked through the Africa Industrialisation Index.
- **African Continental Free Trade Area (AfCFTA) Agreement —** ratified by Kenya in 2018, with domestication substantially advanced through the National AfCFTA Implementation Strategy (2022–2027). Despite being indirect, the provisions under the AfCFTA framework are given further legal effect through the East African Community Customs Management Act, 2004, and the Kenya Trade Remedies Act (Cap. 524). Operational aspects, including rules-of-origin certification procedures and a formal linkage between AfCFTA preferences and local value-addition incentives, remain to be fully domesticated.

- **East African Community (EAC) Treaty instruments —** the EAC Customs Union and Common Market Protocols are domesticated through the East African Community Customs Management Act, 2004, the EAC Competition Act, 2006, and the Duty Remission Regulations, 2008, which together give effect to the Common External Tariff and the free movement of goods, persons, labour and capital within the Community. These instruments will continue to supplement the Policy's customs-alignment and regional value-chain objectives.
- **Common Market for Eastern and Southern Africa (COMESA) Treaty —** domesticated through Kenya's participation in the COMESA Free Trade Area since 2000 and given effect through national customs and trade-remedy legislation; the COMESA Industrial Strategy's nine priority areas will supplement implementation of the Policy's regional market-access objectives.

256. In implementing this Policy, Government agencies should ensure that any new bilateral or regional commitment entered into is assessed for consistency with the Treaty frameworks Kenya is a party to.

5.2.3. Funding Arrangements

257. The financial resources required for the activities and actions in the implementation of this Policy will be sourced out of the proposed Industrialisation Development Fund. The State Department for Industry will coordinate with the National Treasury to operationalise the IDF by developing the Public Finance Management (Industrialisation Development Fund) Regulations under the tenets of the Public Finance Management Act, 2012. The proposed IDF will source its funds from the Government, development partners, private sector, civil society and other funding agencies. Additionally, resource mobilisation for specific activities will make use of the public-private partnerships framework as dictated by the PPP Act.

CHAPTER 6: MONITORING, EVALUATION AND REVIEW

258. This framework sets out how implementation of this Policy will be tracked, evaluated and continuously improved over its lifespan. It comprises two components: a Monitoring and Evaluation Matrix under Annex 2 that operationalises the Policy Implementation Matrix into measurable indicators, targets, data sources and reporting frequencies for each of the Policy's seven goals. It also contains sections on Evaluation, Reporting and Learning that describe how the Policy's outcomes will be assessed, communicated and used to strengthen implementation.

6.1. Monitoring and Evaluation Matrix

259. The matrix below translates each Goal and its constituent outcome areas from the Policy Implementation Matrix into a results-tracking structure. Baselines will be established during the first year of implementation through a dedicated assessment coordinated by the National Industrial Coordination and Development Committee (NICDC) and the National Industrial Competitiveness Observatory. The first mid-term targets are set against the Policy's 3-year review, during which the next 3-year review targets will be set, and subsequently every 3-years. End-term targets against the full implementation horizon have also been set, aligning with relevant policy.

Table 8: National Industrialisation Policy - M&E Matrix

Goal / Outcome	Indicator(s)	Baseline	First Mid-Term Target (6 years)	End-Term Target	Source of Data	Frequency
Goal 1: Institutions, Governance and Business Environment						
Policy and legal continuity	• NIP legally anchored in a statutory instrument • IDF statutorily appropriated and ring-fenced • Handover protocol adopted and applied at each administrative transition	To be established through Year 0 (2027) baseline assessment	Statutory instrument and IDF ring-fencing enacted	Handover protocol applied at every transition since enactment	MITI legislative tracking; National Treasury; Office of the Attorney-General	Annual
Licensing and regulatory harmonisation	• No. of licences/approvals to establish a manufacturing enterprise • Licensing register/one-stop-shop launched and operational • Share of licensing/monitoring services digitised • Counties compliant with the County Licensing Act, 2024	To be established through Year 0 (2027) baseline assessment	One-stop-shop launched; 50% of licences digitised	Full digitisation; regulatory sandbox operational	Business Registration Service; MITI regulatory audit; County Governments	Annual
Fiscal policy stability	• Frequency/scope of industry-relevant Finance Act amendments • Average VAT refund turnaround time	To be established through Year 0 (2027)	Turnaround times reduced against baseline	Turnaround times aligned with	Kenya Revenue Authority; National Treasury; Kenya Ports Authority	Quarterly

Goal / Outcome	Indicator(s)	Baseline	First Mid-Term Target (6 years)	End-Term Target	Source of Data	Frequency
	• Average port customs clearance time • Duty Remission Scheme claims under due-diligence review	baseline assessment		EAC/AfCFTA peers		
Coordinated interGovernmental mandates	• NICDC established and meeting on a defined schedule • Share of CIDPs formally aligned with national industrial priorities • No. of jurisdictional disputes resolved through the forum	To be established through Year 0 (2027) baseline assessment	NICDC operational; 50% of CIDPs aligned	100% of CIDPs aligned	MITI; Council of Governors; County Governments	Annual
Data, monitoring and interGovernmental accountability observatory	• Industrial data observatory established and operational • Industrial mapping exercise conducted annually with counties • National industrial database/M&E dashboard publicly reported • No. of counties with operational data mini-labs	To be established through Year 0 (2027) baseline assessment	Observatory and dashboard launched	Full 47-county data coverage	MITI; Kenya National Bureau of Statistics; ICT Authority	Annual
Goal 2: Industrial Corridors, Infrastructure and Land						

Goal / Outcome	Indicator(s)	Baseline	First Mid-Term Target (6 years)	End-Term Target	Source of Data	Frequency
Energy cost competitiveness	• Industrial demand incorporated into national energy planning frameworks • No. of industrial zones with adequate power supply • Industrial tariff gap with regional comparators (target: within 10% by 2032) • SAIFI/SAIDI for industrial customers	To be established through Year 0 (2027) baseline assessment	Tariff gap narrowing; outage frequency reduced	Tariff gap within 10% of regional comparators by 2032	Energy and Petroleum Regulatory Authority; Ministry of Energy and Petroleum; Kenya Power	Annual
Bundled incentives and industrial infrastructure corridors	• Share of SEZs/EPZs/parks with infrastructure plans aligned to national plans • No. of corridors with published bundled incentive-infrastructure packages • Share of zones with fully bundled power, water, transport and digital infrastructure by 2035	To be established through Year 0 (2027) baseline assessment	50% of designated corridors bundled	100% of zones fully bundled by 2035	Special Economic Zones Authority; Export Processing Zones Authority; MITI	Annual
CAIP infrastructure readiness and last-mile connectivity	• Share of constructed/planned CAIPs with completed last-mile connectivity	To be established through Year 0 (2027)	70% of CAIPs connectivity-complete	100% certified utility-connected by 2032	MITI; County Governments; Kenya Power; Ministry of	Annual

Goal / Outcome	Indicator(s)	Baseline	First Mid-Term Target (6 years)	End-Term Target	Source of Data	Frequency
	• Share of CAIPs certified fully utility-connected by 2032 • CAIP operations and maintenance framework adopted	baseline assessment			Water, Sanitation and Irrigation	
Access to industrial land	• No. of counties with registered, investment-ready industrial land parcels • Average time to identify, acquire and register industrial land	To be established through Year 0 (2027) baseline assessment	Majority of counties with registered land bank parcels	All 47 counties covered	Ministry of Lands; National Land Commission; County Governments	Annual
Logistics and port efficiency	• Port and hinterland infrastructure capacity relative to cargo throughput • Share of port/logistics operations using automated single-window systems • No. of logistics hubs/warehousing facilities operational • Share of cargo moved through alternative corridors	To be established through Year 0 (2027) baseline assessment	Measurable reduction in dwell time and cargo concentration on single corridor	Automated systems and multimodal integration fully operational	Kenya Ports Authority; KeNTRADE; Ministry of Transport	Annual

Goal / Outcome	Indicator(s)	Baseline	First Mid-Term Target (6 years)	End-Term Target	Source of Data	Frequency
Goal 3: Human Capital, Technology and Innovation for Industrial Transformation						
Industry-responsive skills development	• No. of training institutions adopting the harmonised curriculum • ISIMS designed and operational; no. of skills-demand reports published • No. of industry-training-research MOUs signed; apprentices placed annually • % of priority programmes incorporating emerging-technology competencies	To be established through Year 0 (2027) baseline assessment	Harmonised curricula and ISIMS operational across priority sectors	Full-scale industry-training-research partnership network functioning	TVET Authority; National Industrial Training Authority; KICD	Annual
Industrial technology development, adoption and production	• No. of firms assessed for technology readiness and supported to adopt Industry 4.0/5.0 • No. of machinery/capital-equipment products locally designed, fabricated or commercialised • No. of institutions with functional simulation/HPC infrastructure • No. of research outputs progressing from lab to	To be established through Year 0 (2027) baseline assessment	Technology Upgrading Programme operational; growing firm uptake	Sustained increase in local machinery production and firm-level automation	Kenya Industrial Research and Development Institute; NACOSTI; MITI-State Department for Industry	Annual

Goal / Outcome	Indicator(s)	Baseline	First Mid-Term Target (6 years)	End-Term Target	Source of Data	Frequency
	prototype/commercial stage					
Research commercialisation and industrial uptake	• National Industrial STI Observatory established and operational • No. of Technology Transfer Offices operational; patents licensed/commercialised • No. of technologies adopted by firms following demonstration • % of counties with access to functional innovation infrastructure	To be established through Year 0 (2027) baseline assessment	Observatory operational; TTO network expanding	Innovation infrastructure accessible in underserved counties	NACOSTI; Kenya Industrial Property Institute; Kenya National Innovation Agency	Annual
Goal 4: MSMIs Growth						
MSMI formalization	• No. of MSMIs registered and licensed (by size and sector) • Survival rate/years of operation of MSMIs • No. of MSMIs trained on rights and protections under key regulations	To be established through Year 0 (2027) baseline assessment	Steady increase in formal MSMI registrations	Marked reduction in the informality rate	Business Registration Service	Annual

Goal / Outcome	Indicator(s)	Baseline	First Mid-Term Target (6 years)	End-Term Target	Source of Data	Frequency
MSMI graduation	• Start-up Bill enacted; supporting regulations developed • Incubation pipeline linking TVETs, CAIPs and EPZs/SEZs established	To be established through Year 0 (2027) baseline assessment	Start-up Bill enacted and operational	Functioning incubation-to-graduation pipeline nationwide	State Department for Industry	Annual
Value chain development	• No. of integrated value chains by sector, product and county • No. of supplier development programmes operationalised • No. of MSMIs participating in supplier development programmes • No. of MSMIs compliant with sustainability, traceability and industrial standards • No./location of demand-driven industrial infrastructure developed • Subcontracting policy adopted; no. of MSMIs integrated into value chains	To be established through Year 0 (2027) baseline assessment	Subcontracting policy adopted; growing MSMI compliance rate	MSMIs profitably integrated into national, regional and global value chains	County Governments; Kenya Bureau of Standards; State Department for Industry	Annual

Goal / Outcome	Indicator(s)	Baseline	First Mid-Term Target (6 years)	End-Term Target	Source of Data	Frequency
Industry dispersal	• Network density and intermodal transport integration • Resource mapping completed for all 47 counties • Coordinated national-county investor support mechanism functioning	To be established through Year 0 (2027) baseline assessment	Resource mapping completed in majority of counties	Resource mapping completed for all 47 counties; investment dispersed accordingly	Ministry of Roads and Transport; Council of Governors; County Governments	Annual
Goal 5: Industrial Finance and Investment Facilitation						
Capitalisation and access to finance	• No. of long-term financing products aligned to industrial cycles launched • Value/no. of industrial loans facilitated through credit guarantee schemes • No./value of loans extended through alternative financing mechanisms • No. of bankable industrial projects developed and financed	To be established through Year 0 (2027) baseline assessment	Expanded product range and guarantee uptake	Sustained increase in industrial credit access, including for MSMIs	National Treasury; Kenya Development Corporation; financial institutions	Annual
Capital mobilisation	• No. of bankable industrial projects/PPPs prepared and promoted	To be established through Year	Growing pipeline of bankable projects and	Sustained growth in domestic,	Kenya Investment Authority; National	Annual

Goal / Outcome	Indicator(s)	Baseline	First Mid-Term Target (6 years)	End-Term Target	Source of Data	Frequency
	• No. of underutilised public/county industrial assets brought into productive use • No. of counties with investor-ready portfolios • Value of diaspora-linked and PE/VC/green investment mobilised	0 (2027) baseline assessment	diaspora platform uptake	diaspora and international investment volume	Treasury (PPP Directorate)	
Industrial Development Fund	• All seven IDF windows operational • Share of IDF disbursements to productive assets, infrastructure and equipment • IDF CAIP financing window operational; no./value of CAIP enterprises financed • IDF innovation/technology-commercialisation window operational	To be established through Year 0 (2027) baseline assessment	Priority windows (MSMI lending, risk-sharing) operational	All seven windows fully operational and disbursing	National Treasury (IDF Board/Management)	Quarterly
Investor on-boarding and aftercare	• Single investor on-boarding and aftercare protocol adopted and applied • Share of FDI projects with demonstrated technology-transfer outcomes	To be established through Year 0 (2027) baseline assessment	Protocol instituted and applied to new investors	Full county integration; rising share of quality FDI	Kenya Investment Authority; SEZA; EPZA	Annual

Goal / Outcome	Indicator(s)	Baseline	First Mid-Term Target (6 years)	End-Term Target	Source of Data	Frequency
	• No. of joint ventures/strategic partnerships facilitated • County roles formally documented in the protocol					
• **Goal 6: Trade and Integration**						
Export-led industrialization	• No. of enterprises utilising the Export Market Intelligence Platform • No. of products benefiting from geographical-indications coverage • No. of non-tariff-barrier measures resolved • No. of CAIPs completed; NEQIP and NQII operational	To be established through Year 0 (2027) baseline assessment	Platform and NEQIP operational; NTBs progressively resolved	Diversified, climate-aligned export basket across regional and global markets	Kenya Export Promotion and Branding Agency; Kenya Bureau of Standards; KENAS	Annual
Fair trading environment	• Illicit trade declared a national priority; anti-illicit-trade policy adopted • Multi-agency coordination secretariat established • No. of products authenticated through digital traceability systems	To be established through Year 0 (2027) baseline assessment	Secretariat operational; traceability system deployed	Sustained reduction in counterfeit and illicit trade incidence	Anti-Counterfeit Authority; Kenya Bureau of Standards	Annual

Goal / Outcome	Indicator(s)	Baseline	First Mid-Term Target (6 years)	End-Term Target	Source of Data	Frequency
	• No. of counterfeit offenders prosecuted; KETRA investigations handled					
Protection of intellectual property rights	• IP commercialisation framework developed; TTOs strengthened • No. of patents commercialised • IP-specific adjudication reforms adopted • No. of participants reached through IPR outreach	To be established through Year 0 (2027) baseline assessment	Commercialisation framework adopted; TTOs strengthened	Functioning specialised IP adjudication and rising patent commercialisation	Kenya Industrial Property Institute	Annual
Trade facilitation	• No. of WTO TFA Category C measures implemented • AfCFTA Annex 4 implemented • Container dwell time at the Port of Mombasa • No. of new shipping corridors; KNSWS digital integration completed	To be established through Year 0 (2027) baseline assessment	TFA/Annex 4 substantially implemented; dwell time reduced	Fully digitised, diversified trade-facilitation infrastructure	KenTrade; Kenya Ports Authority	Quarterly
Goal 7: Green Industrialisation and Sustainability						

Goal / Outcome	Indicator(s)	Baseline	First Mid-Term Target (6 years)	End-Term Target	Source of Data	Frequency
Green energy and decarbonisation	• % of priority high-emitting sectors with approved decarbonisation pathways • % of priority sectors reporting energy/GHG data • % of industrial parks meeting green infrastructure/energy-efficiency criteria	To be established through Year 0 (2027) baseline assessment	100% of priority sectors with pathways; 100% reporting energy/GHG data by 2030; 50% of parks meeting green criteria by 2030	50% of firms reporting progress against pathway targets; 70% reporting energy/GHG data; 75% of parks meeting green criteria by 2035	Ministry of Environment, Climate Change and Forestry/NEMA; Ministry of Energy and Petroleum	Annual
Sustainable manufacturing and green technologies	• % of targeted MSMIs adopting cleaner production practices • % of targeted MSMIs undertaking machinery/production-system upgrades • % of new products applying defined eco-design principles • % of targeted firms adopting digital/automated manufacturing technologies	To be established through Year 0 (2027) baseline assessment	30% cleaner-production adoption; 25% machinery upgrades; 25% eco-design; 20% digital adoption, all by 2030	50% cleaner-production adoption; 40% machinery upgrades; 40% eco-design; 35% digital adoption, all by 2035	State Department for Industry (MITI); KIRDI	Annual
Circular economy and resource efficiency	• No. of waste-to-value enterprises supported	To be established through Year 0 (2027)	30% increase in waste-to-value enterprises by 2030	50% increase in waste-to-value enterprises by 2035	NEMA; State Department for Industry; County Governments	Annual

Goal / Outcome	Indicator(s)	Baseline	First Mid-Term Target (6 years)	End-Term Target	Source of Data	Frequency
	• % of targeted urban waste streams segregated and recovered • No. of commercially viable waste-processing clusters operational	baseline assessment				
Green markets, standards and value chains	• % of priority export sectors reviewed/aligned with environmental standards • % of targeted firms using recognised traceability systems • % of EPR producers registered and compliant • % of priority procurement categories with sustainability criteria	To be established through Year 0 (2027) baseline assessment	100% sectors reviewed; 30% traceability adoption; 70% EPR compliance; 30% procurement criteria, all by 2030	75% standards aligned; 60% traceability adoption; 90% EPR compliance; 60% procurement criteria, all by 2035	Kenya Bureau of Standards; NEMA; KEPROBA	Annual
Green financing, innovation and skills	• % of public/development financing to manufacturing with sustainability criteria • No. of bankable green industrial projects prepared • No. of industry-research-technology partnerships established	To be established through Year 0 (2027) baseline assessment	20% of financing meets sustainability criteria; 50 bankable projects prepared, both by 2030	30% of financing meets sustainability criteria by 2035	National Treasury; State Department for Industry	Annual

Goal / Outcome	Indicator(s)	Baseline	First Mid-Term Target (6 years)	End-Term Target	Source of Data	Frequency
Green manufacturing and circular economy	• Growth in green industrial investment • % of new/upgraded Government-supported parks applying eco-industrial design criteria • No. of green industrial parks/clusters operational • No. of renewable-energy industrial hubs designated	To be established through Year 0 (2027) baseline assessment	30% investment growth; 50% of parks eco-design compliant; 3 green parks operational, by 2030	50% investment growth; 100% of parks eco-design compliant; 5 green parks operational, by 2035	State Department for Industry; SEZA; EPZA	Annual
Green industrial inclusivity	• % of new green industrial investment located outside the three major industrial centres • % of parks meeting gender-responsive and accessibility criteria • % of counties participating in coordinated green-opportunity planning • % of green investments with local enterprise/supplier linkage programmes	To be established through Year 0 (2027) baseline assessment	40% investment dispersed; 50% parks compliant; 80% counties participating; 40% with local linkages, by 2030	50% investment dispersed; 100% parks compliant; 100% counties participating; 60% with local linkages, by 2035	State Department for Industry; Council of Governors; County Governments	Annual

6.2. Evaluation

260. Evaluation will determine whether the Policy's goals, outcomes and objectives have been achieved, and why. It will be undertaken through a combination of periodic evaluations (every 3 years), to assess early progress and inform course correction, and an end-term/summative evaluation at the close of the implementation period to assess overall achievement and inform the design of any successor policy.

261. Effectiveness will be measured against the indicators and targets set out in the M&E Matrix for each of the seven goals. Coherence will be assessed by examining the extent to which industrial policy interventions are aligned and mutually reinforcing across national and county Government, and consistent with related frameworks. Impact will be assessed through indicators that capture change in the underlying industrialisation problem the Policy seeks to address — including manufacturing value added and its share of GDP, industrial employment, export sophistication and diversification, and the geographic dispersal of industrial activity across counties.

262. Evidence of policy impact will be drawn from multiple sources: administrative and regulatory data collected by lead and supporting institutions as set out in the M&E Matrix; the National Industrial Competitiveness Observatory and its dashboards; official statistics from the Kenya National Bureau of Statistics, including the Annual Survey of Industrial Production and periodic economic surveys; the annual industrial mapping exercise conducted with county Governments; sector and regulatory returns from bodies such as the Energy and Petroleum Regulatory Authority, Kenya Revenue Authority and Kenya Bureau of Standards; and periodic targeted surveys, firm-level assessments and stakeholder consultations commissioned specifically for the mid-term and end-term evaluations.

263. Sustainability will be assessed by examining whether institutional, fiscal and regulatory gains (such as the statutory anchoring of the National Industrialisation Policy and the Industrial Development Fund) are likely to endure beyond the Policy's implementation period and beyond individual political and administrative cycles. Moreover, implementers will identify intended and unintended, as well as positive and negative, consequences of Policy implementation through a combination of routine monitoring against the M&E Matrix, structured stakeholder consultations and dedicated evaluation questions built into the mid-term and end-term evaluations. These evaluations will probe for effects beyond the stated indicators, such as distributional effects across counties, gender and MSMI segments, environmental effects, and any adverse effects on sectors or firms not directly targeted by the Policy. Significant unintended effects identified through this process will be escalated to the NICDC for review and, where warranted, will trigger a revision of the relevant intervention.

6.3. Reporting

264. Implementation will be reported through a tiered system aligned with the frequencies set out in the M&E Matrix. Lead and supporting institutions will submit quarterly progress returns on indicators under their responsibility to the MITI M&E secretariat/NICDC, covering activity status, expenditure against the Industrial Development Fund and other budget lines, and emerging implementation issues. These feed into an annual Industrialisation Policy Implementation Report, consolidated by MITI in collaboration with the National Industrial Competitiveness Observatory, presenting consolidated progress against the M&E Matrix by goal, highlighting achievements, delays and risks, and setting out

corrective actions; this report will be presented to the NICDC, the Cabinet Secretary responsible for industrialisation, the National Treasury and Council of Governors, and made publicly available through the Observatory's dashboard in line with the Policy's transparency and accountability commitments.

265. Mid-term review reports and an end-term evaluation report will be produced at the milestones described under Evaluation above, each combining quantitative results against the M&E Matrix with qualitative findings from stakeholder consultations; these will be presented to the Cabinet Secretary, National Treasury, Council of Governors and Parliament (where statutorily required), and shared with development partners and the private sector to inform continued investment and support. Where an indicator's frequency requires it (for example customs clearance times or IDF disbursements), interim dashboards will be updated in real time or quarterly through the Observatory to support timely operational decision-making between formal reporting cycles.

6.4. Lessons Learnt

266. Lessons will be captured in a running learning log maintained by the NICDC secretariat and synthesised into the annual Industrialisation Policy Implementation Report, so that findings directly inform the following year's implementation planning, budget allocations and, where necessary, revision of targets or interventions in the M&E Matrix.

- **Replication**: Interventions and county or sectoral models that demonstrably outperform their targets will be documented as case studies and actively disseminated through the NICDC's national-county forum, the National Industrial Competitiveness Observatory and sector working groups, with technical and, where appropriate, financial support extended to help other counties or sectors adapt and replicate them.
- **Avoidance of unsuccessful elements**: Interventions that consistently underperform against their indicators, or that generate significant unintended negative effects identified through the evaluation process, will be flagged through the annual reporting cycle for redesign, re-sequencing or discontinuation, with the reasons for underperformance documented in the learning log.
- **Improving management of interventions, M&E and partner engagement**: The NICDC will use each reporting and learning cycle to review the functioning of the M&E system itself - including data quality, indicator relevance, reporting timeliness and the responsiveness of lead and supporting institutions - and to strengthen coordination protocols, data-sharing agreements and joint planning arrangements with county Governments, regulators and development partners, so that the Policy's institutional and coordination architecture (including the NICDC and the Observatory) becomes progressively more effective over the implementation period.

Annex 1: Legal and Regulatory Framework

i. Legal framework

Law / Instrument	NIP Relevance
Constitution of Kenya, 2010	Supreme law provides the governance, devolution, investment protection, IPR, and environmental sustainability framework within which all industrialisation legislation operates. The Policy is explicitly aligned to it and it underpins every pillar below.

PILLAR 1: INSTITUTIONS, GOVERNANCE AND BUSINESS ENVIRONMENT

267. Policy and legal continuity; licensing and regulatory harmonisation; fiscal policy stability; coordinated intergovernmental mandates; and data, monitoring and accountability.

Law / Instrument	NIP Relevance
Occupational Safety and Health Act (OSHA), Cap. 236A	Sets workplace safety and health standards for manufacturing and industrial facilities; part of the baseline regulatory environment governing industrial operations targeted for licensing harmonisation.
County Governments Act, Cap. 265	Devolves economic and industrial development functions to county Governments and underpins county integrated development plans and spatial plans referenced in the Policy's intergovernmental coordination objective.
Excise Duty Act, Cap. 472	Governs excise duty on goods and services; central to the Policy's fiscal policy stability objective, including customs and incentive-claim due diligence.
Value Added Tax Act, Cap. 476	Governs VAT on goods and services; directly implicated in the Policy's commitment to streamline VAT refund procedures.
Income Tax Act, Cap. 470	Governs taxation of business and individual income; underpins the incentive framework and Special Operating Framework Agreements.
Pharmacy and Poisons Act, Cap. 244	Regulates manufacturing, importation and sale of pharmaceutical products; forms part of the sector-specific licensing landscape targeted for amalgamation and one-stop-shop treatment.

Law / Instrument	NIP Relevance
Public Health Act, Cap. 242	Regulates hygiene, sanitation and public health matters in industrial and commercial premises; a further sector licence within the harmonisation objective.
Food, Drugs and Chemical Substances Act, Cap. 254	Regulates manufacture of food products, food chemicals and labelling; another duplicated-licence category within the licensing harmonisation objective.
Pest Control Products Act, Cap. 346	Regulates importation, manufacture, distribution and use of pest control products; relevant to licence amalgamation for agro-input manufacturers.
Food and Feed Safety Control Coordination Act, No. 21 of 2026	Coordinates public institutions responsible for food and feed safety and establishes the Office of the Food Safety Controller, including the role of county Governments.
Intergovernmental Relations Act, Cap. 265F	Establishes the framework for consultation and cooperation between national and county Governments and a dispute-resolution mechanism; the core legal scaffolding for the coordinated intergovernmental mandates objective.
Leadership and Integrity Act, Cap. 185C	Gives effect to Chapter Six of the Constitution on leadership and integrity; underpins the governance credibility the Policy seeks to restore for investors.
National Government Coordination Act, Cap. 127	Establishes the administrative framework for coordination of national Government functions at national and county level, complementing the Intergovernmental Relations Act.
County Licensing (Uniform Procedures) Act, No. 8 of 2024	It establishes the standard uniform procedures for licensing by county Governments.
Statutory Instruments Act, Cap. 2A	Governs the making, scrutiny and review of subsidiary legislation, including regulatory impact assessment requirements.
Kenya Revenue Authority Act, Cap. 469	Establishes KRA as the body responsible for tax and customs administration; foundational to the fiscal predictability and customs-procedure objectives.

Law / Instrument	NIP Relevance
Tax Procedures Act, No. 29 of 2015	Harmonises tax administration procedures across tax laws, including refund and dispute procedures relevant to the VAT refund streamlining objective.

PILLAR 2: INDUSTRIAL CORRIDORS, INFRASTRUCTURE AND LAND

268. Energy cost competitiveness; bundled incentives and industrial infrastructure corridors; CAIP infrastructure readiness; access to industrial land; and logistics and port efficiency.

Law / Instrument	NIP Relevance
Export Processing Zones Act, Cap. 517	Establishes export processing zones and the Export Processing Zones Authority to promote and facilitate export-oriented investment.
Special Economic Zones Act, Cap. 517A, No. 16 of 2015	Establishes the Special Economic Zones Authority (SEZA) and the SEZ framework (free port zones, industrial parks, agri-zones, ICT and science & technology parks) with VAT, income tax, customs and stamp duty exemptions.
Affordable Housing Act, No. 34 of 2024 (Cap. 117A)	Provides a framework for development of and access to affordable and institutional housing; relevant to worker housing provision within or near designated industrial parks and CAIPs.
Merchant Shipping Act, Cap. 389	Regulates registration and licensing of Kenyan ships, safety of navigation and cargoes, and orderly development of merchant shipping; relevant to the Policy's port and logistics efficiency objective.
Community Land Act, Cap. 287	Gives effect to Article 63(5) of the Constitution on recognition, protection and registration of community land; relevant to unlocking land for industrial siting in counties where land is predominantly community-held.
Physical and Land Use Planning Act, Cap. 303	Governs planning, use, regulation and development of land; underpins designation and zoning of industrial parks, corridors and CAIPs.
Land Act, Cap. 280	Gives effect to Article 68 of the Constitution; provides for sustainable administration and management of land and land-based resources, including public land that may be allocated for industrial use.

Law / Instrument	NIP Relevance
Land Control Act, Cap. 302	Controls transactions in agricultural land, relevant where agricultural land is converted or consolidated for industrial siting.
Land Registration Act, Cap. 300	Consolidates and rationalises registration of titles to land; the core legal mechanism for the national industrial land bank and county land registration objective.
Energy Act, Cap. 314	Provides for national and county energy functions, transmission and generation infrastructure, industrial power tariff regulation and promotion of renewable energy.
Water Act, No. 43 of 2016	Governs water resource management, infrastructure and service provision; industrial water supply is expressly identified in the Policy as an infrastructure category to be integrated into industrial planning.
Kenya Ports Authority Act, Cap. 391	Establishes and governs the Kenya Ports Authority; the operating statute behind the Policy's commitment to invest in port infrastructure commensurate with cargo throughput growth.
Kenya Roads Act, No. 2 of 2007	Establishes the Kenya National Highways, Rural Roads and Urban Roads Authorities; underpins last-mile road connectivity for CAIPs and industrial corridors.
National Construction Authority Act, No. 41 of 2011	Regulates the construction industry and construction standards; relevant to the sequencing and quality of infrastructure build-out for industrial parks and CAIPs.

269. PILLAR 3: HUMAN CAPITAL, TECHNOLOGY AND INNOVATION FOR INDUSTRIAL TRANSFORMATION

270. Industry-responsive skills development; industrial technology development, adoption and production; and research commercialisation and industrial uptake.

Law / Instrument	NIP Relevance
Industrial Training Act, Cap. 237	Regulates the training of persons engaged in industry; a core statute for industry-responsive skills development.

Law / Instrument	NIP Relevance
Technical and Vocational Education and Training Act, Cap. 210A	Establishes the TVET system, governance of TVET institutions, and coordinated assessment, examination and certification; the legal backbone of the TVET pipeline.
Science, Technology and Innovation Act, Cap. 511	Promotes, coordinates and regulates science, technology and innovation and establishes NACOSTI; directly underpins the Policy's technology development and research commercialisation objectives.
Kenya Institute of Curriculum Development Act, Cap. 211A	Establishes KICD; relevant to harmonising and aligning industrial skills curricula with current and emerging industry needs.
Employment Act, Cap. 7	Defines employee rights and basic conditions of employment; foundational to industrial workforce development and apprenticeship/attachment arrangements.
Work Injury Benefits Act, Cap. 236	Provides for compensation to employees for work-related injuries and diseases; part of the baseline labour and human-capital protection framework underpinning industrial employment.
Universities Act, No. 42 of 2012	Governs university establishment, accreditation and governance; the legal basis for the industry-training-research partnerships and technology-transfer linkages the Policy seeks to strengthen.
Kenya National Qualifications Framework Act, No. 22 of 2014	Establishes a unified framework for recognising and comparing skills qualifications; relevant to aligning industrial skills curricula and enabling skills-intelligence monitoring.
National Research Fund Act, No. 19 of 2013	Establishes the National Research Fund to finance research, science, technology and innovation; directly relevant to expanding financing and incentives for industrial research and commercialisation.

PILLAR 4: MSMIs GROWTH

271. MSMI formalisation; MSMI graduation; value chain development; and industry dispersal.

Law / Instrument	NIP Relevance
Micro and Small Enterprises Act, Cap. 499C	Provides for the promotion, development and regulation of MSEs and establishes the Micro and Small Enterprises Authority.
Business Registration Service Act, Cap. 499B	Establishes the Business Registration Service.
Agriculture and Food Authority Act, Cap. 317	Consolidates laws on regulation and promotion of agriculture and establishes the Agriculture and Food Authority; central to the value chain development objective, which expressly identifies agricultural products as a key MSMI export category.
Dairy Industry Act, Cap. 336	Provides for improvement and control of the dairy industry and its products; a specific agro-processing value chain within the Policy's value chain development objective.
Fisheries Management and Development Act, Cap. 378	Provides for conservation, management and development of fisheries and aquatic resources; directly relevant to the blue economy value chain.
Irrigation Act, Cap. 347	Provides for development, management and regulation of irrigation to support food security and socio-economic development; supports agricultural raw-material supply for MSMI value chains.
Hide, Skin and Leather Trade Act, Cap. 359	Regulates the trade in hides, skins and leather and coordinates development of the leather industry; a specific value chain relevant to MSMI integration.
Meat Control Act, Cap. 356	Regulates meat and meat products intended for human consumption and licenses slaughterhouses and processing premises; relevant to the livestock/agro-processing value chain.
Mining Act, Cap. 306	Gives effect to Articles 60, 62(1)(f), 66(2), 69 and 71 of the Constitution as they apply to minerals and regulates prospecting, mining and mineral processing; strategic minerals are expressly named as a key MSMI value chain.

Law / Instrument	NIP Relevance
Competition Act, Cap. 504	A key regulation for MSMI rights and protections awareness.
Companies Act, No. 17 of 2015	A key regulation for MSMI formalisation and business registration.
Data Protection Act, No. 24 of 2019	A key regulation for MSMI awareness and compliance.
Start-Up Bill, 2024	It is intended to anchor MSMI incubation, technology transfer and investor incentives. As at the time of this schedule, the Bill has passed both Houses of Parliament and awaits/has recently received presidential assent.
Warehouse Receipt System Act, No. 20 of 2019	Establishes a warehouse receipt system enabling agricultural commodities to be used as collateral; supports MSMI value chain finance and integration into value chains, and complements the asset-based lending objective.
Crops Act, No. 16 of 2013	Consolidates the law relating to scheduled crops and crop-based value chains; relevant to the agricultural component of value chain development.

PILLAR 5: INDUSTRIAL FINANCE & INVESTMENT FACILITATION

272. Capitalisation and access to finance; capital mobilisation; the Industrial Development Fund; and investor on-boarding and aftercare.

Law / Instrument	NIP Relevance
Public Finance Management Act, Cap. 412A	Provides for effective management of public finances by national and county Government; the financial-architecture statute for the proposed Industrial Development Fund (IDF) and PPP financing.
Public Private Partnerships Act, Cap. 430	Provides for private-sector participation in financing, construction, development, operation or maintenance of infrastructure through PPPs; directly implements the Policy's PPP and bankable-project objectives.

Law / Instrument	NIP Relevance
African Development Bank Act, Cap. 492 (1964)	Gives effect to Kenya's obligations under the Articles of Agreement establishing the African Development Bank; relevant to mobilising multilateral development finance for industrial investment.
Investment Promotion Act, Cap. 485	Provides the regulatory framework for establishing investments in Kenya, investment certificates and the Kenya Investment Authority; central to the investor on-boarding and aftercare protocol.
Industrial and Commercial Development Corporation Act, Cap. 445	Establishes the Industrial and Commercial Development Corporation (ICDC), one of the development finance institutions consolidated into the Kenya Development Corporation.
Foreign Investments Protection Act, Cap. 518	Provides protection to certain approved foreign investments; underpins the quality-FDI objective of the investor on-boarding and aftercare protocol.
Investment Disputes Convention Act, Cap. 522	Gives legal effect to the ICSID Convention on settlement of investment disputes between states and nationals of other states; part of the investment-protection architecture supporting investor confidence.
Moveable Property Security Rights Act, Cap. 499A	Facilitates use of movable property as collateral for credit and establishes the register of security rights; the direct legal mechanism for the asset-based lending objective.
Banking Act, Cap. 488	Regulates the business of banking in Kenya; foundational to the banking-sector capacity to deliver the longer-term, appropriately structured financing product.
Kenya Development Bank Act, 2020	The legal instrument under which the Industrial and Commercial Development Corporation, IDB Capital and the Tourism Finance Corporation were merged to form the Kenya Development Corporation (KDC).
Capital Markets Act, Cap. 485A	Regulates capital markets, collective investment schemes and securities; the enabling framework for the private equity, venture capital and green investment platforms and green bonds.

Law / Instrument	NIP Relevance
Insurance Act, Cap. 487	Regulates the insurance industry; relevant to de-risking industrial and PPP investments and to category-specific insurance requirements for industrial financing.
Retirement Benefits Act, Cap. 197	Regulates retirement benefits schemes; pension fund assets are a principal domestic capital pool relevant to the Policy's domestic capital mobilisation.
Insolvency Act, No. 18 of 2015	Modernises corporate and personal insolvency law, including business rescue procedures; relevant to investor confidence and orderly exit/restructuring within the industrial finance ecosystem.
Sacco Societies Act, No. 14 of 2008	Regulates deposit-taking SACCOs, a significant domestic financing channel for MSMIs; relevant to broadening access to affordable industrial finance.

PILLAR 6: TRADE & INTEGRATION

273. Export-led industrialisation; fair trading environment for the manufacturing sector; protection of intellectual property rights; and trade facilitation.

Law / Instrument	NIP Relevance
Standards Act, Cap. 496	Promotes standardisation of commodities and codes of practice and establishes the Kenya Bureau of Standards; a core quality-infrastructure institution.
Anti-Counterfeit Act, Cap. 510	Establishes the Anti-Counterfeit Agency to combat trade in counterfeit and substandard goods; directly addresses the fair trading environment objective.
Industrial Property Act, Cap. 509	Establishes the Kenya Industrial Property Institute (KIPI) to administer patents, trademarks, industrial designs and utility models; the principal statute for the IPR protection objective.
Public Procurement and Asset Disposal Act,	Codifies preference and reservation schemes favouring local manufacturers and MSEs in Government tenders; directly implements the Policy's market-access strategy of promoting local content.

Law / Instrument	NIP Relevance
Cap. 412C, No. 33 of 2015	
Kenya Trade Remedies Act, Cap. 524	Establishes the Kenya Trade Remedies Agency (KETRA) for investigation and imposition of anti-dumping, countervailing and safeguard measures.
Trade Descriptions Act, Cap. 505	Prohibits misdescription of goods and services and false or misleading price indications; supports the fair trading environment objective.
Weights and Measures Act, Cap. 513	Regulates weights, measures and measuring instruments used for trade; underpins consumer protection and fair trading alongside the Trade Descriptions Act.
Kenya Accreditation Service Act, Cap. 496A	Establishes the Kenya Accreditation Service as the sole national accreditation body; supports the export promotion and quality infrastructure institutions.
Consumer Protection Act, No. 46 of 2012	Provides general consumer protection against unfair trade practices; complements the Anti-Counterfeit Act and Trade Descriptions Act in delivering a fair trading environment.
Copyright Act, No. 12 of 2001	Governs copyright protection in Kenya, complementing the Industrial Property Act's coverage of patents, trademarks and designs; the IPR protection objective.
East African Community Customs Management Act, 2004	Governs customs administration within the EAC Customs Union; directly relevant to the customs alignment and single-window/one-stop border post commitments and the EAC trade-policy posture.
Miscellaneous Fees and Levies Act, No. 29 of 2016	Governs import declaration fees, railway development levy and related trade charges; relevant to the customs administration and port-procedure reforms.

PILLAR 7: GREEN INDUSTRIALISATION AND SUSTAINABILITY

274. Green energy and decarbonisation; sustainable manufacturing and green technologies; circular economy and resource efficiency; green markets, standards and value chains; green financing, innovation and skills; green manufacturing and circular economy; and green industrial inclusivity.

Law / Instrument	NIP Relevance
Environmental Management and Co-ordination Act (EMCA), Cap. 387	Establishes the legal and institutional framework for environmental management and the National Environmental Management Authority (NEMA), the principal environmental regulator for industrial operations.
Sustainable Waste Management Act, Cap. 387C	Establishes the legal and institutional framework for sustainable waste management, directly underpinning the circular economy objective.
Scrap Metal Act, Cap. 503	Regulates dealings in scrap metal and establishes the Scrap Metal Council; supports the conversion of waste metal streams into industrial feedstock.
Climate Change Act, No. 8 of 2016	Establishes Kenya's legal and institutional framework for climate change response, including national GHG emission targets and mandatory climate risk reporting; the principal statute for the green energy and decarbonisation objective, including sector decarbonisation pathways and GHG monitoring.
Forest Conservation and Management Act, No. 34 of 2016	Governs conservation, management and sustainable use of forest resources; relevant to strengthening local sourcing and diversification of industrial raw materials, particularly for timber-based and biomass industries.

ii. Regulatory framework

275. This Policy's implementation depends on an ecosystem of regulatory authorities whose mandates, resources and coordination arrangements have a direct bearing on whether legal frameworks support or constrain industrialisation. The table below summarises the core statutory functions of each authority, together with additional institutions whose mandates are directly relevant to industrialisation.

Regulatory Authority	Functions
Kenya Bureau of Standards (KEBS)	• Sets and promotes national standards for industry and commerce, and issues standardisation and quality marks; • Tests, calibrates and certifies products, materials and precision instruments for accuracy and compliance; • Conducts compliance audits and market surveillance of locally manufactured and imported commodities; and • Prepares codes of practice and supports standards education and public-private cooperation on standards adoption.
National Environment Management Authority (NEMA)	• Coordinates environmental management across lead agencies and mainstreams environmental considerations into development policy and planning; • Conducts environmental audits, monitoring and impact assessments, and issues early warning on environmental risks; • Advises Government on environmental legislation and on regional/international environmental treaties; and • Reports biennially on the state of the environment and promotes environmental education, research and conservation.
Kenya Industrial Property Institute (KIPI)	• Examines and grants industrial property rights, including patents, trademarks and industrial designs; • Reviews and registers technology transfer agreements and licences; • Disseminates industrial property information to support technological and economic development; and • Promotes inventiveness, innovation and IP awareness in Kenya.
Anti-Counterfeit Agency (ACA)	• Combats trade and dealings in counterfeit goods and enforces anti-counterfeiting law; • Investigates and researches counterfeiting and IP-infringement trends; • Builds public awareness and delivers training on combating counterfeiting; and • Coordinates with national, regional and international anti-counterfeiting bodies and advises Government on related policy.
Special Economic Zones Authority (SEZA)	• Designates, licenses and regulates special economic zones, developers, operators and enterprises; • Operates a one-stop-shop for SEZ permits, approvals and services, coordinating compliance across agencies; • Plans and avails SEZ land and infrastructure, and sets investment criteria and thresholds; and • Monitors SEZ performance and maintains a register of enterprises and residents.

Regulatory Authority	Functions
Kenya Investment Authority (InvestKenya)	• Facilitates investors through investment certificates, licences, permits and access to tax incentives; • Promotes Kenya as an investment destination, locally and internationally; • Reviews the investment climate and recommends reforms, including to licensing; and • Facilitates and manages investment sites and estates.
National Investment Council	• Advises Government on measures to increase investment and economic growth; and • Promotes public-private cooperation in formulating and implementing economic and investment policy.
Kenya Revenue Authority (KRA)	• Administers Income Tax, VAT, Excise Duty and Customs; and • Advises Government on revenue administration and collection.
Micro and Small Enterprises Authority (MSEA)	• Formulates, reviews and monitors policies and programmes for micro and small enterprises (MSEs); • Coordinates and harmonises public and private sector interventions relevant to MSEs; • Mobilises resources and promotes market access, innovation and technology transfer for MSEs; and • Builds MSE capacity and collects disaggregated sector data, mainstreaming youth, gender and disability inclusion.
Rural Electrification and Renewable Energy Corporation (REREC)	• Implements and manages the Rural Electrification Programme and its Fund; • Develops rural electrification master plans with county governments and supports county energy centres; • Undertakes feasibility studies and maintains renewable energy resource data; and • Promotes local capacity for manufacturing, installing and maintaining renewable energy technologies.
Geothermal Development Company (GDC)	• Develops and manages geothermal steam fields and promotes direct-use applications; • Builds human capacity and mobilises resources for geothermal development; and • Facilitates private-sector participation and delivers early power generation through wellhead units.
Kenya Electricity Transmission Company (KETRACO)	• Plans, builds, operates and maintains the national high-voltage transmission grid and regional interconnectors; • Facilitates national and regional power trading; and • Serves as the national power System Operator.

Regulatory Authority	Functions
Kenya Electricity Generating Company (KenGen)	• Generates electricity by developing, managing and operating power plants.
Kenya Power and Lighting Company (KPLC)	• Plans generation and transmission capacity to meet demand, and builds and maintains the distribution network; • Purchases bulk electricity from licensed generators; and • Retails electricity to consumers.
Energy and Petroleum Regulatory Authority (EPRA)	• Regulates the generation, transmission, distribution and use of electricity, and the importation, refining and distribution of petroleum products; • Sets, reviews and approves electricity and petroleum tariffs; • Monitors contractor practices, protects consumer and investor interests, and enforces sector environmental, health, safety and quality standards; and • Collects and maintains national energy and petroleum data.
Nuclear Power and Energy Agency (NuPEA)	• Leads implementation of Kenya's nuclear energy programme and promotes nuclear power development; • Undertakes nuclear energy research, development and dissemination; and • Strengthens human and institutional capacity in the sector.
County Governments	• Undertake county-level energy planning, policy and regulation within their constitutional mandate.
Parliament	• Enacts and provides legislative oversight of laws and regulations for the sector; and • Approves and appropriates the national budget.
Judiciary	• Resolves disputes arising under sector laws.
Office of the Attorney-General	• Serves as the principal legal adviser to Government on all legal matters.
National Treasury and Economic Planning	• Mobilises resources and allocates the national budget; • Leads national planning, project monitoring and evaluation, and programme/project approvals; and • Formulates policy and manages Government financial, accounting, procurement and asset-disposal standards.
National Commission for Science, Technology and	• Regulates and coordinates science, technology and innovation activities, including research licensing and permits;

Regulatory Authority	Functions
Innovation (NACOSTI)	• Oversees the National Industrial STI Observatory and integrated STI data and M&E systems; and • Promotes translation of research and innovation into commercially viable industrial technologies.
Kenya Trade Remedies Agency (KETRA)	• Investigates and enforces trade remedial measures — anti-dumping, countervailing and safeguard measures — to protect domestic industry; and • Supports fair competition against illicit, substandard or counterfeit imports and other unfair trade practices.
Export Processing Zones Authority (EPZA)	• Licenses, promotes and regulates export processing zones and enterprises; • Facilitates export-oriented investment through fiscal incentives and streamlined administrative services; and • Monitors EPZ enterprise performance and compliance.
Business Registration Service (BRS)	• Registers businesses, companies and partnerships, and maintains the national business register; and • Administers the one-stop-shop for business registration and licensing services.
Competition Authority of Kenya (CAK)	• Enforces competition law to prevent restrictive trade practices, abuse of market dominance and anti-competitive mergers; and • Promotes consumer welfare and a level playing field for industrial enterprises, including MSMIs.
Kenya Industrial Research and Development Institute (KIRDI)	• Undertakes applied industrial and technological research to support local manufacturing and value addition; • Provides technology development, incubation and extension services to industry, particularly MSMIs; and • Facilitates technology transfer and commercialisation of research outputs.
Kenya Industrial Estates Ltd (KIE)	• Provides industrial premises, credit and business development support to micro, small and medium industrial enterprises; and • Promotes industrial dispersal through estates located across counties.
Central Bank of Kenya (CBK)	• Regulates and supervises the banking and financial sector, including credit conditions relevant to industrial financing; • Oversees regulatory sandboxes for financial innovation supporting industrial and MSME financing; and • Conducts monetary policy affecting the cost and availability of industrial capital.
Council of Governors (CoG)	• Coordinates and harmonises county government positions and policies on devolved industrial functions; and

Regulatory Authority	Functions
	• Represents county governments in national-county coordination mechanisms, including the NICDC's joint national-county forum.
Technical and Vocational Education and Training Authority (TVETA)	• Regulates and accredits TVET institutions and programmes to ensure alignment with industrial skills needs; and • Promotes quality assurance and industry-responsive curricula for technical and vocational training.
ICT Authority	• Leads digitisation of government licensing, monitoring and data management systems relevant to industry; and • Sets and enforces ICT standards across public institutions to support integrated, interoperable systems.
Kenya Accreditation Service (KENAS)	• Accredits conformity assessment bodies, including testing, calibration and certification laboratories; and • Supports the credibility of Kenyan standards and certificates in regional and international export markets.

Annex 2: Implementation Matrix

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
Goal 1: Institutions, Governance and Business Environment: Kenya has a coherent, stable and well-coordinated industrial policy, legal and institutional architecture that reduces regulatory burden on industry, ensures continuity of industrial priorities across political and administrative cycles, and enables effective national–county collaboration.							
1.1. **Policy and legal continuity:** A continuous, institutionally safeguarded industrial policy environment shielded from political disruption.							
a) Anchor the National Industrialisation Policy in a statutory instrument to legally protect long-term industrial policy implementation plans	NIP legally anchored in a statutory instrument	Statutory instrument anchoring the NIP enacted				MITI	Office of the Attorney General; National Treasury
b) Ring-fence the Industrial Development Fund through statutory appropriation to protect it from discretionary reallocation during budget cycles or leadership transitions	Industrial Development Fund protected from discretionary reallocation	IDF statutorily appropriated and ring-fenced				Treasury	MITI
c) Develop an industrial policy handover protocol that requires outgoing and incoming administrations to formally transfer	Formal industrial policy handover protocol in place	Handover protocol adopted and applied at each administrative transition				MITI	Office of the Head of Public Service

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
implementation status, commitments and pipeline projects at each change of Government							
1.2. Licensing and regulatory harmonisation: A streamlined, harmonised licensing and regulatory system responsive to investor needs.							
a) Streamline licenses both at the national level and the county level	Streamlined national and county licences Time, motion and cost study of licenses	No. of value chains studied No. of licences/approvals to establish an industry Duration for taking licenses Cost of taking licenses				MITI	Council of Governors; Business Registration Service; County Governments
b) Operationalise a licensing register and one-stop-shop for all licenses and industrial certifications	Single licensing register and one-stop-shop operational	Licensing register established One-stop-shop launched and operational				BRS and InvestKenya	MITI; ICT Authority; County Governments
Mandate the conduction of Regulatory Impact Assessment of existing business licenses imposed on business and any new licenses to be introduced	RIA conducted on existing and new business licences	No. of regulations that have undergone RIA				MITI	Office of the Attorney General

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
Digitise and automate all licensing, monitoring and data management services	Licensing, monitoring and data management fully digitised	No. of licenses digitised at county level A monitoring and data management service developed No. of licensing systems automated and integrated Percentage of licenses approved automatically (Automation rate)				ICT Authority	MITI; Business Registration Service; County Governments
Enforce the single business permit for all counties provide for in the County Licensing (Uniform Procedures) Act, No. 8 of 2024	Single business permit enforced across all counties	No. of Counties compliant with the County Licensing (Uniform Procedures) Act, 2024				Council of Governors; County Governments	MITI
Establish a framework for regulatory sandboxes	Regulatory sandbox framework established	No. of operational regulatory sandboxes				MITI	Central Bank of Kenya; sector regulators
1.3. Fiscal policy stability: A stable, investor-predictable fiscal and tax policy environment.							

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
Phase out annual amendments to the Finance Act	Reduced frequency of disruptive Finance Act amendments	Frequency/scope of industry-relevant Finance Act amendments				Treasury	MITI; Kenya Revenue Authority
Streamline the Value Added Tax (VAT) refund procedures	Faster, predictable VAT refund process	Average VAT refund turnaround time				KRA	National Treasury
Develop a sound and responsive incentive framework for industrial investors including clarity on Special Operating Framework Agreements (SOFA)	Clear, responsive industrial incentive framework, including SOFA	Incentive framework (incl. SOFA guidelines) published and applied				MITI; KenInvest	National Treasury; KRA
Shorten the customs administration procedures at the port	Shorter port customs administration procedures	Average port customs clearance time				KRA	Kenya Ports Authority; MITI
Enforce a strict due diligence framework for incentive claims such as the Duty Remission Scheme	Strict due diligence applied to incentive claims	Duty Remission Scheme claims subjected to due-diligence review				KRA	MITI
Gradually align customs procedures at the border with regional trading partners under the East African Community Customs Union and the	Border customs procedures aligned with EAC/AfCFTA; single window and OSBPs operational	Single-window/OSBP systems fully operational at priority borders				KRA	Kenya Ports Authority; MITI; EAC Secretariat liaison

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
AfCFTA and fully operationalise single-window and one-stop border post systems							
1.4. Coordinated interGovernmental mandates: A coherent and seamless national-county and inter-agency coordination with well-defined mandates.							
Create an industrial coordination body to be known as the National Industrial Coordination and Development Committee (NICDC) with well-defined functions and mandates that stem across all levels of governance	NICDC established with defined national-county mandates	NICDC established and meeting on a defined schedule				MITI	Council of Governors; State Department for Devolution
Support county Governments through targeted capacity building in industrial planning and investor engagement	Counties capacitated in industrial planning and investor engagement	No. of counties receiving targeted capacity-building support				MITI	Council of Governors; County Governments
Facilitate the harmonisation of county (including inter-county) and national industrial policies	County and national industrial policies harmonised	Share of CIDPs formally aligned with national industrial priorities				NICDC	Council of Governors; County Governments
Provide an incentive framework to reward counties for industrial promotion and investment facilitation	Counties incentivised for industrial promotion and facilitation	County incentive framework adopted				Treasury	MITI; Council of Governors

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
Establish a joint national-county industrial forum (within the NICDC) to coordinate investment engagement, policy and industrial resource allocation	Joint national-county industrial forum operational within NICDC	No. of jurisdictional disputes resolved through the forum				NICDC	Council of Governors
1.5. Data, monitoring and interGovernmental accountability observatory: A comprehensive, real-time industrial data and performance monitoring across national and county Government.							
Establish an observatory to collect, manage and disseminate data on industrial performance	Industrial data observatory established	Observatory established and operational				MITI	Kenya National Bureau of Statistics; ICT Authority
Commission annual industrial mapping exercise in partnership with county Governments to create an inventory of existing industries, idle factories and resource endowments	Annual industrial mapping exercise institutionalised with counties	Industrial mapping exercise conducted annually				MITI	Kenya National Bureau of Statistics; County Governments
Establish a National Industrial Competitiveness Observatory with dashboards periodically tracking industrial performance against the policy goals and other relevant	National Industrial Competitiveness Observatory established	National industrial database/M&E dashboard operational, publicly reported annually				MITI	Kenya National Bureau of Statistics; ICT Authority

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
national policies or visions							
Develop a clear framework for national-county industrial monitoring framework covering data collection, investor aftercare and infrastructure tracking	National-county monitoring framework covering data, aftercare and infrastructure tracking	Monitoring framework adopted and applied				MITI / NICDC	Council of Governors; Kenya National Bureau of Statistics
Conduct a ten-year retrospective industrial mortality study and institute annual mapping thereafter, to identify closed industries and the specific reasons for their closure	Ten-year industrial mortality study completed; annual mapping institutionalised thereafter	Retrospective mortality study completed; annual mapping conducted thereafter				Kenya National Bureau of Statistics	MITI; Kenya Association of Manufacturers
Create county-based mini-labs in collaboration with other partners to coordinate collection of data on industries	County-based data mini-labs established	No. of counties with operational mini-labs				MITI	County Governments; Kenya National Bureau of Statistics
Goal 2: Industrial Corridors, Infrastructure and Land: Manufacturers have reliable, cost-competitive access to energy, serviced industrial land and efficient logistics infrastructure, including fully commissioned County Aggregation and Industrial Parks (CAIPs), Special Economic Zones (SEZs) and Export Processing Zones (EPZs).							
2.1. Energy Cost Competitiveness: A reliable, affordable and stable electricity supply, with tariffs competitive with regional peers, positioning Kenya as a location of choice for energy-intensive manufacturing investment. Industrial demand is fully integrated into national energy infrastructure planning, and consistent voltage and supply free manufacturers from dependence on costly back-up generation, allowing them to compete on cost with regional and global peers.							
Align industrial development	Industrial demand	National energy sector				MoEP	MITI; National Treasury; KenGen;

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
planning with long-term electricity, petroleum, transport, water and ICT infrastructure plans, embedding industrial demand within national energy planning frameworks	integrated into national energy and infrastructure planning frameworks	plans (e.g. Least Cost Power Development Plan) incorporating industrial demand projections					KETRACO; EPRA; SEZA; EPZA
Accelerate investment in transmission networks, substations and utility infrastructure serving designated industrial zones, eliminating low-voltage distribution constraints affecting industrial users in the counties	Transmission and distribution infrastructure serving designated industrial zones upgraded	No. of industrial zones with appropriate power supply; km of transmission/distribution infrastructure commissioned				MoEP	KPLC; MoEP; MITI; County Governments, KETRACO
Institute a dedicated industrial power tariff structure, informed by benchmarking against comparator economies, closing the tariff gap with regional competitors to within 10% by 2032	Dedicated industrial power tariff structure adopted	Industrial tariff gap with regional comparator economies closed to within 10% by 2032					MoEP; KPLC; MITI; National Treasury
Strengthen grid reliability and reduce the frequency of unplanned outages affecting industrial users, reducing	Improved grid reliability for industrial users	Reduction in frequency and duration of unplanned outages (SAIFI/SAIDI)				KPLC	EPRA; MoEP; KETRACO

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
dependence on costly back-up generation		affecting industrial customers					
2.2. Bundled Incentives and Industrial Infrastructure Corridors: Fully serviced industrial parks, zones and clusters in Kenya ahead of investor occupation, so that fiscal incentives translate directly into productive investment. Infrastructure and incentive planning are bundled and sequenced as a single, coherent offer, making Kenya's industrial corridors genuinely competitive investment destinations.							
Align the designation and development of Special Economic Zones, Export Processing Zones, industrial parks and clusters with long-term national energy, infrastructure and utilities plans	Designation and development of SEZs, EPZs, industrial parks and clusters aligned with national infrastructure and utility plans	Share of designated SEZs/EPZs/industrial parks with infrastructure plans aligned to national energy and utilities plans				SEZA	EPZA; MITI; MoEP; National Treasury; County Governments
Bundle fiscal incentives with committed infrastructure investment plans for each designated industrial corridor, disclosed to investors at the point of designation	Fiscal incentives bundled with committed infrastructure investment plans for designated industrial corridors	No. of designated industrial corridors with published bundled incentive-infrastructure packages				MITI	National Treasury; SEZA; EPZA; Kenya Investment Authority
Sequence infrastructure investment ahead of, or concurrent with, industrial zone commissioning, ensuring all designated zones have fully bundled power, water,	Infrastructure investment sequenced ahead of, or concurrent with, industrial zone commissioning	Share of designated industrial zones with fully bundled power, water, transport and digital infrastructure				MITI	National Treasury; SEZA; EPZA; MoEP; Ministry of Water, Sanitation and Irrigation; Ministry of Transport; ICT Authority

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
transport and digital infrastructure in place by 2035		in place by 2035					
2.3. CAIP Infrastructure Readiness & Last-Mile Connectivity: Fully functional, investment-ready industrial sites that will deliver the value-addition and employment outcomes enabling county-level industrialisation.							
Complete last-mile power, water and road connectivity works for all constructed and planned CAIPs	Last-mile power, water and road connectivity works completed for constructed and planned CAIPs	Share of constructed and planned CAIPs with completed last-mile power, water and road connectivity				MITI	County Governments; KPLC; Ministry of Water, Sanitation and Irrigation; Kenya Rural Roads Authority
Institute a CAIP readiness certification requirement, verifying full utility connectivity by 2032	CAIP readiness certification requirement instituted	Share of CAIPs certified as fully utility-connected by 2032				MITI	County Governments; KPLC; Ministry of Water, Sanitation and Irrigation
Harmonised operations between national and county Governments	Harmonised operational framework between national and county Governments for CAIP management adopted	CAIP operations and maintenance framework formally adopted and applied by national and county Governments				MITI	Council of Governors; County Governments
2.4. Access to Industrial Land: Industrial investors and enterprises in every county have ready access to secure, registered, investment-ready industrial land through a functioning national land bank, supported by streamlined administration procedures enabling equitable, county-anchored industrial dispersal across the whole country rather than concentration in a few established counties.							

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
Support the registration of land in all counties to unlock land for industrial siting	Industrial land registered in all counties	No. of counties with registered, investment-ready industrial land parcels				Ministry of Lands	County Governments; MITI; National Land Commission
Streamline land administration procedures applicable to the identification, acquisition and registration of industrial land	Streamlined land administration procedures for industrial land	Average time taken to identify, acquire and register industrial land				Ministry of Lands	National Land Commission; MITI; County Governments
Establish and maintain a national industrial land bank of registered, investment-ready land in every county	National industrial land bank of registered, investment-ready land established	No. of counties with registered, investment-ready industrial land parcels in the national land bank				MITI	Ministry of Lands; National Land Commission; County Governments; Kenya Investment Authority
2.5. Logistics and Port Inefficiencies: Kenya operates as an efficient, cost-competitive regional logistics hub, with the Port of Mombasa and Nairobi's logistics infrastructure supporting rapid, low-cost movement of goods through modern, automated systems and well-integrated multimodal transport, securing Kenya's position as the gateway of choice for regional and international trade.							
Invest in port and hinterland infrastructure commensurate with projected cargo throughput growth at Kenyan ports	Port and hinterland infrastructure expanded commensurate with projected cargo throughput growth	Port and hinterland infrastructure capacity relative to projected cargo throughput				KPA	MITI; Kenya Railways Corporation; National Treasury

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
Accelerate adoption of automation and trade-facilitation technologies, including automated single-window systems, across port and logistics operations	Automation and trade-facilitation technologies adopted across port and logistics operations	Share of port and logistics operations using automated single-window systems				KPA	KeNTRADE; KRA; ICT Authority
Develop logistics hubs, warehousing and digital-trade infrastructure to support industrial supply chains	Logistics hubs, warehousing and digital-trade infrastructure developed	No. of logistics hubs/warehousing facilities operational supporting industrial supply chains				KPA	MITI; County Governments; private sector
Strengthen multimodal transport integration across road, rail, port and air networks to reduce dependency on a single shipping corridor	Multimodal transport integration across road, rail, port and air networks strengthened	Share of cargo moved through alternative corridors/routes reducing dependency on a single shipping corridor				Ministry of Transport	KPA; Kenya Railways Corporation; MITI
Goal 3: Human Capital, Technology and Innovation for Industrial Transformation: Kenya has a skilled, technology-enabled industrial workforce and a functioning innovation ecosystem that translates research and intellectual property into commercially viable industrial products, processes and firms.							
3.1. Industry responsive skills development: A responsive and future-ready industrial skills ecosystem aligned with current and emerging industry needs.							
Harmonise and align industrial skills curricula with current and emerging	Harmonised, competency-based industrial skills curricula, aligned with	Number of industry skills-needs assessments completed and				TVETA	KICD KNQA NITA

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
industry needs and priority sectors	current and emerging industry needs and validated by training institutions and industry stakeholders, are adopted and implemented across training providers in priority sectors	used as evidence to inform curriculum content Number of industry consultations/ worKSh.ops held during curriculum development Number of industry representatives engaged in the curriculum design or validation process Number of training institutions formally adopting the harmonized curriculum					SD-TVET KAM KEPSA

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
Establish an Industrial skills intelligence and monitoring system to forecast and address industrial skills demand	An integrated industrial skills intelligence and monitoring system (ISIMS) is established and operational, providing timely data and forecasts on current and emerging industrial skills demand to inform skills planning, curriculum development and training provision in priority sectors.	ISIMS designed and operational Number of skills demand reports/bulletins published % of curriculum reviews informed by ISIMS data Number of institutions/policymakers actively using the system				SD for Labour and Skills Development	KNBS Ministry of Labor and social protection SDI NITA KICD KNQA County Governments KAM KEPSA
Strengthen industry-training-research partnerships for apprenticeships, industrial attachments, applied research, innovation and continuous skills development	A functional tripartite industry-training-research partnership framework, formalized	Number of formal industry-training-research partnership MOUs signed Number of apprentices/trainees placed in industrial				SD for TVET	NITA TVETA MITI KIRDI Universities NRF County Governments

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
		attachments annually Number of joint applied research/innovation projects initiated or completed Number of institutions (TVET, universities, research bodies) actively participating in partnerships					
Develop and integrate emerging technology skills into industrial training and workforce development programmes	Industrial training and workforce development programmes incorporate industry-validated emerging technology competencies, equipping learners and workers with skills for technology-driven and	Percentage of priority industrial training and workforce development programmes incorporating industry-validated emerging technology competencies.				SD for TVET	TVETA KICD NITA SDI NACOSTI KIRDI Universities TVETs

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
	future-oriented industrial production.						
Promote manufacturing and technical careers through early industry exposure, mentorship and career awareness programmes	Increased awareness of and interest in manufacturing and technical careers among learners (primary through tertiary), driven by structured early exposure, mentorship, and career awareness programmes linking schools/training institutions with industry	Percentage increase in learners expressing interest in manufacturing and technical careers. Number/percentage of learners participating in industry visits, career fairs, mentorship and work-exposure programmes. Number of industry professionals serving as mentors for learners annually. Enrolment growth in priority TVET				SD for Basic Education	SD for TVET SDI TVETA NITA KUCCPS KAM KEPSA TVETs Universities County Governments

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
		and technical programmes following career awareness interventions. Percentage of participating learners transitioning into TVET, technical or STEM-related programmes					
Strengthen domestic and international knowledge and technical transfer partnerships, with emphasis on local capacity development and skills retention	Domestic and international knowledge and technical transfer partnerships strengthen local capabilities, enabling Kenyan institutions and firms to acquire, adapt, operate and further develop industrial technologies while retaining critical technical skills.	Number of local personnel trained/upskilled through transfer partnerships Number of FDI/joint venture agreements incorporating technology transfer and local capacity clauses Existence of a national skills				MITI-SDI	KenInvest TVETA NITA KIRDI Ministry of Foreign Affairs

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
		retention strategy/framework					
Build and retain advanced industrial technology talent, including upskilling instructors, developing specialised technical skills and creating mechanisms to attract and retain Kenyan technical experts and diaspora talent	A skilled and sustainable pool of advanced industrial technology talent is developed and retained through upgraded instructor capabilities, specialised technical training, and mechanisms for attracting, deploying and retaining Kenyan technical and diaspora expertise.	Number of advanced industrial technology professionals and instructors trained/upskilled and retained or engaged in priority industrial sectors.				SD for TVET	MITI-SDI TVETA NITA NACOSTI KIRDI Universities Research Institutions
3.2. Industrial technology development, adoption and production: A technology-driven industrial sector with strong domestic capabilities in emerging technologies, advanced manufacturing, industrial R&D, technology transfer and commercialisation.							
Implement a National Industrial Technology Upgrading Programme to support firms, particularly manufacturers, to adopt Industry 4.0/5.0, automation, AI, smart	An operational National Industrial Technology Upgrading Programme enables firms, particularly manufacturers and SMEs, to	National Industrial Technology Upgrading Programme launched Number of firms assessed				MITI-SDI	KIRDI KIE KenInvest ICT Authority Konza Technopolis Development Authority

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
manufacturing and other emerging technologies	adopt and integrate advanced digital, automation, AI and smart manufacturing technologies to enhance productivity, competitiveness and resource efficiency.	for technology readiness/diagnostics Number of firms supported to adopt Industry 4.0/5.0 technologies					universities and research institutions
Strengthen domestic production of industrial machinery and capital equipment through support for design, prototyping, precision engineering, fabrication, reverse engineering and commercialisation	Domestic capabilities for the design, prototyping, reverse engineering, precision engineering, fabrication and commercialisation of industrial machinery and capital equipment are strengthened, increasing local production and reducing import dependence.	Number of industrial machinery and capital equipment products locally designed, prototyped, reverse-engineered, fabricated and/or commercialised.				MITI-SDI	KIRDI KIE TVETA; NITA NACOSTI universities and research institutions KAM KIPI KEBS
Develop advanced engineering and precision	Advanced engineering and precision	Number of institutions and firms				TVETA	MITI KICD

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
manufacturing capabilities, including CNC, CAD/CAM, robotics, automation and other advanced production technologies	manufacturing capabilities, including CNC, CAD/CAM, robotics, automation and other advanced production technologies, are established and operationalised across priority industrial institutions and firms.	adopting and operationalising advanced engineering and precision manufacturing technologies. Number of firms/institutions adopting CNC, CAD/CAM, robotics and advanced automation technologies. Number of engineers, technicians and instructors trained/certified in advanced manufacturing technologies. Number of operational advanced manufacturing /precision engineering centres or facilities established/upgraded.					NITA SD for TVET KIRDI Universities KAM

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
		Percentage increase in firms' adoption of advanced production technologies in priority sectors.					
Strengthen industrial research, simulation and modelling infrastructure, including high-performance computing and data infrastructure to support technology development and industrial R&D	Modern industrial research, simulation, modelling, high-performance computing and data infrastructure is operational, enabling advanced R&D, technology development, testing and innovation for priority industrial sectors.	Number of industrial research and technology development institutions with functional advanced simulation, modelling, high-performance computing and industrial data infrastructure.				NACOSTI	KIRDI ICT Authority NRF KeNIA SDI
Strengthen industry-research-academia technology transfer and commercialisation, ensuring that research outputs move from	Functional industry–research–academia technology transfer and commercialisation mechanisms enable research	Number of research outputs progressing from laboratory stage to				NACOSTI	KeNIA KIRDI KIPI Universities MITI-SDI

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
laboratories into industrial applications	outputs to progress from laboratories to prototypes, industrial applications and market-ready products and services.	prototype/pilot stage. Number of technologies licensed, patented or otherwise transferred to industry. Number of university/research institution–industry collaborative R&D projects resulting in commercial products or processes. Number of Technology Transfer Offices with functional technology transfer and commercialisation systems.					

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
Establish technology adoption financing and incentives to address the high cost of machinery, technology and digital transformation, particularly for SMEs and firms in priority industrial sectors	Accessible financing mechanisms and targeted fiscal and non-fiscal incentives enable SMEs and firms in priority industrial sectors to acquire modern machinery, adopt advanced technologies and undertake digital transformation.	Technology adoption financing facility/fund established and operational Number/value of tax incentives or duty exemptions granted for technology/machinery acquisition Number of SMEs/firms accessing technology adoption financing Number of SMEs sensitized/trained on available financing and incentive schemes Number of financing/co-				MITI-SDI	National Treasury KDC KIE KRA

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
		financing partnerships established with banks/DFIs/development partners					
3.3. Research commercialisation and industrial uptake: A strong industrial research and innovation ecosystem that effectively translates research outputs into commercially viable technologies, products and services for industrial uptake and scale.							
Strengthen NACOSTI's coordination of industrial research, innovation and commercialisation, including integrated STI data, monitoring and evaluation systems through a National Industrial STI Observatory	NACOSTI's coordination role in industrial research, innovation, and commercialisation strengthened, anchored by an operational National Industrial STI Observatory providing integrated science-technology-innovation (STI) data, monitoring, and evaluation to guide policy and investment decisions	National Industrial STI Observatory established and operational Number of institutions submitting/sharing data through the Observatory Number of data-sharing MOUs signed with contributing institutions Number of STI status				NACOSTI	KIRDI NRF KIPI KNBS Universities ICT Authority

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
		reports/bulletins published					
Strengthen intellectual property, technology transfer and commercialisation systems, including Technology Transfer Offices, patent and licensing support, commercialisation frameworks and equitable benefit-sharing mechanisms	Functional IP, technology transfer and commercialisation systems enable industrial innovations to be protected, transferred, licensed and commercialised, supported by strengthened Technology Transfer Offices, standardised commercialisation frameworks and equitable benefit-sharing mechanisms.	Number of Technology Transfer Offices (TTOs) established/strengthened and operational Number of patent applications filed and granted Number of licensing/technology transfer agreements concluded Existence of an equitable benefit-sharing policy/mechanism Revenue/royalties generated and distributed through				KIPI	NACOSTI; KeNIA; MITI SDI KIRDI Universities

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
		benefit-sharing mechanisms					
Expand financing and incentives for industrial research, innovation and commercialisation	Sustainable and diversified financing and incentive mechanisms increase investment in industrial research, innovation, technology development and commercialisation, particularly in priority industrial sectors.	Total value of financing mobilized for industrial research, innovation, and commercialisation Number/value of R&D tax incentives granted Number of research/innovation projects funded Number of firms/researchers/innovators accessing financing Number of blended finance partnerships established				NRF	National Treasury NACOSTI KIRDI KeNIA

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
		with development partners Number of awareness/capacity-building sessions conducted on financing and incentives					
Align research with industry needs through co-creation, testing, demonstration and commercialisation of technologies	Industrial research is aligned with actual industry needs through structured co-creation, testing, demonstration, and commercialisation processes, ensuring research investments translate into technologies that firms can adopt and scale.	Number of industrial technologies/prototypes tested and demonstrated in operational industrial settings. Percentage of co-created research projects progressing to pilot or commercialisation stage. Number of technologies adopted by				NACOSTI	KIRDI KeNIA NRF SDI

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
		firms following successful demonstrations. Number of industry-defined research priorities incorporated into national industrial R&D programmes.					
Develop inclusive industrial innovation infrastructure and capabilities, including innovation hubs, industrial testbeds, technology demonstration centres and modern shared equipment, co-located with industrial parks and supported by skilled instructors and technical personnel, particularly in underserved counties	A distributed network of industry-linked innovation hubs, industrial testbeds, technology demonstration centres and shared equipment facilities is operational, providing accessible technology, testing and innovation capabilities to firms, researchers and trainees,	Number of firms, researchers and trainees accessing shared industrial innovation and testing facilities annually. Percentage of counties, particularly underserved counties, with access to functional industrial				MITI-SDI	KIRDI KIE NACOSTI TVETA NITA County Governments

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
	particularly in underserved counties.	innovation infrastructure. Number of technologies, prototypes and products tested, demonstrated or developed using the facilities. Number of SMEs supported through technology demonstration, testing, prototyping and technical services. Number of skilled instructors, engineers and technical personnel deployed/upskilled to operate the facilities.					

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
Create markets for locally developed technologies and innovations through public procurement, standards and other market-development mechanisms to support adoption and scaling, particularly among MSMIs and youth- and women-led enterprises	Expanded domestic market access for locally developed technologies and innovations, driven by public procurement preference mechanisms, supportive standards, and other market-development tools — enabling adoption and scaling of local innovations, with deliberate inclusion of MSMIs and youth- and women-led enterprises.	Number of locally developed technologies/products that meet relevant standards and are approved for market entry. Number of locally developed technologies and innovations adopted by public institutions and private firms. Number of MSMIs supported to commercialise and scale locally developed technologies and innovations. Percentage/value of supported				MITI-SDI	PPRA KEBS KIRDI NACOSTI SD for MSME SD for gender and affirmative action SD for youth Affairs

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
		innovations owned or led by youth- and women-led enterprises. Number of locally developed technologies progressing from pilot/demonstration to commercial scale. Number of standards developed/adapted to facilitate market entry of priority locally developed technologies.					
Goal 4: MSMIs Growth: A larger share of Kenya's micro, small and medium industries (MSMIs) are formalised, competitive and graduating into higher-value manufacturing and processing activity, with equitable access to finance, markets, technology and infrastructure across all regions.							
4.1. MSMI Formalization: Micro, Small and Medium Industries (MSMIs) are a significant contributor to industry in Kenya. The majority of them are informal.							
Streamline the regulations associated with business	Increase in the number of	Number of MSMIs registered				Business Registration Services	Kenya Revenue Authority (KRA)

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
registration and operation, including high taxation, multiple licenses, fees and compliance requirements	MSMIs registered and licensed.	(disaggregated by size and sector)					
Reduce the costs of production including high energy and utility costs	Increase in the survival rate of MSMIs	Years of business operation of MSMIs (disaggregated by size and sector)				Business Registration Services	Energy and Petroleum Regulatory Authority (EPRA); Water Services Regulatory Board (WASREB)
Facilitate awareness of rights and protections embodied in key regulations which include the Competition Act CAP 504; Companies Act, 2015; Business Registration Services Act, 2015; Micro and Small Enterprises Act (No.55 of 2012; Credit Guarantee Scheme and Data Protection Act, 2019	MSMIs aware of rights and protections applicable to business registration and operation	Number of MSMIs trained on rights and protections key regulations				Micro and Small Enterprise Authority (MSEA)	State Department for Industry
4.2. MSMI Graduation: Limited growth and graduation							
Anchor MSMI graduation through a business incubation policy to facilitate the engagement of MSMIs in industrial processes	Enactment of the Start up Bill and supporting regulations	Startup Bill Enacted Number of regulations developed				State Department for Industry	State Department for MSME Development

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
		Number of regulations enacted					
Strengthen and de-risk incubation, particularly of start-ups through a pipeline that includes TVETs, CAIPS and EPZs/SEZs	Established industrial incubation centers with clear graduation pipeline	Number of incubation centers established Number of MSMIs that have been successfully incubated Number of MSMIs that have transitioned through the graduation pipeline				Ministry of Cooperatives and MSME Development	State Department for Industry
Facilitate branding and marketing of local products to shift consumers' mindset from a preference of foreign brands to an awareness and appreciation of Kenyan products	Consumer preference and uptake of local products	Increase in number of products that are locally branded. Increase in uptake of locally branded products (disaggregated by sector				The Kenya Export Promotion and Branding Agency (KEPROBA)	State Department for Industry
Upgrade Jua Kali clusters through equipping industries with shared	Jua Kali clusters equipped with sufficient industrial	Increase in number of Jua Kali clusters formed				State Department for Industry	State Department for Trade

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
machines, market linkages, technical support and capacity building	equipment, machinery, market linkages, technical support and capacity building	Increase in industrial equipment and machinery available and accessible to Jua Kali clusters Increase in number of Jua Kali clusters linked to markets Increase in number of Jua Kali clusters receiving technical support Increase in number of Jua Kali industries that receive capacity building					
Facilitate awareness of resources embodied in key regulations and support the development of tailored financial solutions for MSMIs	MSMI aware of available resources of industrial development and financing	Increase in number of MSMIs accessing financial capital Increase in amount of financial capital				State Department for MSME Development	State Department for Trade

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
		accessed by MSMIs					
4.3. Value Chain Development: Multiple constraints encumber the integration of MSMIs into regional and global value chains, and primary products comprise a significant portion of Kenya's exports. These include strategic minerals, marine resources, and agricultural products.							
Facilitate coordination between state departments and agencies that are key to the value chain development such as those related to agro-industry, mining and the blue economy, and county Governments where the resources are located	Coordinated mechanisms between the national and county Governments in value chain development	Number of integrated value chains disaggregated by sectors, products and counties involved				County Governments	Ministry of Agriculture and Livestock Development (MOALD); Ministry of Mining, Blue Economy and Maritime Affairs;
Support MSMIs in awareness, qualification and compliance with sustainability standards, product traceability and standards verification requirements including those related to agriculture and mining	MSMIs operating in compliance with sustainability standards, product traceability and industrial standards	Number of MSMIs that qualify and comply with sustainability standards. Number of MSMIs that incorporate product traceability. Number of MSMIs that comply with industrial standards				Kenya Bureau of Standards (KEBs)	National Environmental Management Authority (NEMA)

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
Develop industrial infrastructure such as aggregation parks, common user facilities, cold storage and utilities, including shared utility corridors	Demand-driven industrial infrastructure that facilitates economies of scope	Number and location of industrial infrastructure developed				State Department for Industry County Governments	State Department for Public Works
Facilitate the integration of MSMIs into global value chains through implementation of a Subcontracting Policy	Subcontracting policy adopted and implemented MSMIs profitably integrated into national, regional and global value chains	Subcontracting policy adopted Number of MSMIs integrated into value chains (disaggregated by industry size, activity in value chain, and sector				State Department for Industry	InvestKenya
4.4. Industry Dispersal: Industry activity in Kenya is concentrated in a few counties, while the rest are primarily suppliers of raw materials.							
Ensure infrastructural connectivity and logistics support from raw material sources to point of consumption and export	Efficient and interconnected infrastructure that supports industrial development	Network density Intermodal integration				Ministry of Roads and Transport	State Department for Public Works
Facilitate resource mapping and vertical integration of supply chains to facilitate mineral beneficiation and agro-processing	Resource mapping completed for all 47 counties	Natural resources map which includes land, water, mineral				Council of Governors; County Governments	DepState Department for Mining; Ministry of Lands, Public WOrks, Housing

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
closer to the point of origin							and Urban Development
Coordinate investor support and facilitation between the national and county Government through the relevant institutions	Coordinated engagement for industry investments between national and county Governments	Number of coordinated investments involving national and county Governments Value of coordinated investments involving national and county Governments				InvestKenya	State Department for Industry
Goal 5: Industrial Finance & Investment Facilitation: Industrial enterprises of all scales have access to adequate, affordable and appropriately structured capital, and Kenya attracts and retains a higher volume of quality domestic, foreign and diaspora investment into priority manufacturing sectors, supported by effective investor aftercare.							
5.1. Capitalisation & Access to Finance: A well-capitalised industrial sector with access to diverse, affordable and appropriate financing that enables firms to invest, expand production, modernise operations and compete effectively.							
Facilitate longer-term and appropriately structured financing products aligned with industrial investment and production cycles	Longer-term, appropriately structured financing products aligned with industrial investment and production cycles developed	No. of long-term financing products aligned to industrial investment/production cycles launched				National Treasury	Central Bank of Kenya; financial institutions; MITI; Kenya Development Corporation
Strengthen credit guarantees and risk-sharing mechanisms to enable viable industrial enterprises,	Credit guarantee and risk-sharing mechanisms for industrial	Value/no. of industrial loans facilitated through credit				National Treasury	Kenya Development Corporation;

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
particularly MSMIs, to access finance	enterprises strengthened	guarantee schemes					financial institutions; MITI
Promote asset-based lending, equipment leasing, receivables financing and other alternative mechanisms to reduce reliance on conventional collateral	Alternative financing mechanisms (asset-based lending, leasing, receivables financing) promoted	No./value of industrial loans extended through alternative financing mechanisms				National Treasury	Central Bank of Kenya; financial institutions; Kenya Development Corporation; MITI
Facilitate financial literacy, record-keeping and credit-readiness programmes to improve MSMIs' ability to access industrial finance	Improved MSMIs' financial literacy and credit-readiness	No. of MSMIs trained in financial literacy, record-keeping and credit-readiness				State Department for MSME Development	Kenya Development Corporation; MITI; financial institutions; County Governments
Facilitate development of long-term financing instruments and bankable industrial projects to support productive capacity expansion	Long-term financing instruments and pipeline of bankable industrial projects developed	No. of bankable industrial projects developed and financed				National Treasury	MITI; Kenya Development Corporation; Kenya Investment Authority
5.2. Capital Mobilisation: Increased domestic, diaspora and international private investment in Kenya's industrial sector, supporting productive capacity, industry growth and industrial transformation.							
Facilitate preparation and promotion of bankable industrial investment projects and PPPs to connect	Pipeline of bankable industrial investment projects and PPPs developed and	No. of bankable industrial projects/PPPs prepared and				Kenya Investment Authority	MITI; National Treasury (PPP Directorate); County Governments

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
investors with viable opportunities	promoted to investors	promoted to investors					
Facilitate productive use and private participation in underutilised public and county industrial assets to expand productive capacity	Underutilised public and county industrial assets put to productive use through private participation	No. of underutilised public/county industrial assets brought into productive use				MITI	National Treasury; County Governments; Kenya Investment Authority
Facilitate counties to develop investment frameworks and investor-ready industrial project portfolios based on their comparative advantages	County investment frameworks and investor-ready industrial project portfolios developed	No. of counties with investor-ready industrial project portfolios/investment frameworks				Council of Governors	County Governments; MITI; Kenya Investment Authority
Facilitate platforms that connect diaspora investors with verified industrial investment opportunities and local investment partners	Platform connecting diaspora investors with verified industrial investment opportunities established	No. of diaspora-linked industrial investments facilitated through the platform				MITI	Ministry of Foreign and Diaspora Affairs; Kenya Investment Authority; National Treasury
Facilitate private investment vehicles, including private equity, venture capital and green investment platforms, to channel capital into industrial development	Private investment vehicles channelling capital into industrial development facilitated	Value of private equity/venture capital/green investment mobilised into priority industrial sectors				National Treasury	Capital Markets Authority; MITI; Kenya Investment Authority

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
5.3. Industrial Development Fund: A responsive and sustainable Industrial Development Fund that effectively finances strategic industrial investments, supports industrial growth and accelerates the expansion and modernisation of Kenya's productive capacity.							
Strengthen and sustainably capitalise the IDF to provide predictable financing for priority industrial investments	Blended finance framework for industrial transformation including IDF as a multi-window vehicle: W1 MSMI direct lending, W2: Risk sharing with commercial banks, W3: Equity/capital investment firms, W4: Export credit, W5: Financing industrial innovation, W6: Financing green industrialisation, W7: Policy implementation, monitoring and evaluation.	Blended finance framework for industrial transformation operationalised with all seven IDF windows functional				National Treasury	MITI; IDF Board/Management
Prioritise IDF financing for productive assets, industrial infrastructure, machinery, equipment and value addition in strategic sectors	IDF financing prioritised for productive assets, industrial infrastructure, machinery and equipment in strategic sectors	Share of IDF disbursements allocated to productive assets, infrastructure, machinery and equipment in strategic sectors				National Treasury (IDF)	MITI; Kenya Development Corporation

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
Establish an IDF window to finance productive equipment and viable industries within the County Aggregation and Industrial Parks (CAIPs) and designated industrial parks	IDF window for financing productive equipment and viable industries within CAIPs and designated industrial parks established	IDF CAIP financing window operational; no./value of CAIP-based enterprises financed				National Treasury (IDF)	MITI; County Governments
Facilitate IDF financing for commercially viable county-based industrial projects with demonstrated value addition and employment potential	Commercially viable county-based industrial projects financed through the IDF	No./value of county-based industrial projects with demonstrated value addition and employment potential financed				National Treasury (IDF)	MITI; County Governments
Establish IDF windows for commercially viable industrial innovation, technology commercialisation and enterprise scale-up	IDF windows for commercially viable industrial innovation, technology commercialisation and enterprise scale-up established	IDF innovation/technology-commercialisation window operational; no. of innovations/enterprises financed				National Treasury (IDF)	MITI; NACOSTI; KIPI
5.4. Investor Onboarding & Aftercare Protocol: A single, seamless onboarding and aftercare journey with quality FDI and productive joint ventures between foreign and domestic enterprises, and with clearly defined roles for county Governments.							
Institute a single, formal investor onboarding and aftercare protocol spanning promotion	Single, formal investor onboarding and	Investor onboarding and aftercare protocol				Kenya Investment Authority	MITI; SEZA; EPZA; County Governments

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
through post-establishment support	aftercare protocol instituted	adopted and applied					
Prioritise quality FDI that delivers technology transfer, innovation, skills development and productivity improvements	Quality FDI delivering technology transfer, innovation, skills development and productivity improvements attracted	Share of FDI projects with demonstrated technology transfer/skills development outcomes				Kenya Investment Authority	MITI; National Treasury
Promote joint ventures and strategic partnerships between foreign investors and domestic enterprises	Joint ventures and strategic partnerships between foreign and domestic enterprises promoted	No. of joint ventures/strategic partnerships facilitated between foreign investors and domestic enterprises				Kenya Investment Authority	MITI; Kenya Association of Manufacturers
Define a clear, formal role for county Governments within the investor onboarding and aftercare protocol	Formal role for county Governments defined within the investor onboarding and aftercare protocol	Investor onboarding and aftercare protocol formally documenting county Government roles and responsibilities				Kenya Investment Authority	Council of Governors; County Governments; MITI
Goal 6: Trade & Integration: Kenya's manufactured exports grow in volume and sophistication, domestic industry participates more deeply in regional and global value chains, and Kenyan manufacturers are protected from unfair trade practices and counterfeit competition.							

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
6.1. Export-led industrialization: A highly diversified basket of export products accessing diverse regional, continental and global markets.							
Develop National Export Market Intelligence Platform that will provide real - time trade information system	Export market intelligence market platform	Number of enterprises utilizing the platform				KEPROBA	SDT SDICT
Promote branding of Kenya products with adoption of geographical indications as a key element of the branding process	Geographical Indications Act	Number of products benefiting from GI coverage				KEPROBA	KIPI
Align export promotion with the emerging climate transition requirements heralding new opportunities under the trade-environment nexus	Export promotion strategy adapted to climate transition requirements	Exports complying with global climate requirements				KEPROBA	SDEnvironment
Ensure that non-tariff barriers negating gains from EAC regional integration are addressed	NTBs eliminated	Number of NTB measures resolved				SDEAC	SDT
Rollout trade infrastructure that will support agro-processing and light manufacturing in the	CAIPs operational	Number of CAIPs completed and operational Amount of investments				SDI	COG

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
Counties in line with the devolved trade functions		attracted into the CAIP					
Promote coherence and synergy in Kenya's trade negotiations, through the National Trade Negotiations Council, by ensuring that Kenya's obligations arising from her membership of the EAC Customs Union and the AfCFTA, serve as the fulcrum of Kenya's trade policy posture	Third Party engagements aligned with regional commitments	Third party agreements aligned with the EAC CET				SDT	NTNC
Establish the National Export Quality Infrastructure Programme (NEQIP)	NEQIP	NEQIP fully operational				KEBS	KENAS
Implement the National Quality Infrastructure Investment Plan	NQII Plan	NQII Plan elements implemented				KENAS	KEBS KEPHIS
Establish a dedicated KEBS Export Standards Advisory Unit	KEBS Exports Advisory Unit	Advisory unit established				KEBS	KEPROBA

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
Establish early warning systems for detecting new Industrial Standards in exports markets to prevent export rejections.	Early warning system	Number of alerts issued to exporters				KEBS	SDFA SDT
Launch MSMI Standards Compliance Programme	MSMI Compliance Programme	Programme launched				SDMSME	KEBS
Implement EAC/AfCFTA Standards Harmonization Roadmap	EAC/AfCFTA Road-Map	Number of EAC/AfCFTA standards harmonized				KEBS	SDEAC SDT
Create an Al-powered Export Readiness Tool that analyses a manufacturer's product against the standards requirements of their target export market and generates an automated compliance gap report with recommended corrective actions.	AI-Export Readiness tool	Number of products analyzed				KEBS	SDI SDICT

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
6.2. Fair trading environment for the manufacturing sector: A manufacturing environment that rewards legitimate business practices and products and deters unfair trade practices as well as illicit trade in substandard and counterfeit goods.							
Declare illicit trade a national priority requiring a coordinated, zero-tolerance response, and fast-track a dedicated national anti-illicit-trade policy	National Anti-illicit trade policy	Declaration of Illicit trade as National Priority				ACA	SDI
Establish and operationalise a standing multi-agency iicoordination mechanism with a dedicated secretariat	Multiagency Coordination mechanism	Dedicated Secretariat established				ACA	SDI
Deploy national digital traceability and product-authentication systems	Digital traceability and authentication system	Number of products authenticated				KEBS	ACA
Pursue legal reforms that will entail fast-track prosecution and specialised adjudication for counterfeit offences	Specialized Tribunal	Number of counterfeit offenders prosecuted				SDI	OAG
Build the capacity of the Kenya Trade Remedies Agency (KETRA) to enforce trade remedial measures and thus play its critical role in Kenya's	KETRA adequately resourced	Number of investigations handled by KETRA				KETRA	SDT

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
industrialization ijourney							
6.3. Protection of Intellectual Property Rights: An Effective institutional architecture underpinning protection and enforcement of IP rights							
Develop National Intellectual Property commercialisation framework.	IP Commercializatio n Framework	Framework developed				KIPI	SDI SDT
Strengthen Technology Transfer Offices (TTOs)	Stronger TTOs	Number of staff trained				KIPI	NACOSTI
Support Patent commercialization and licensing	Patent commercialized	Number of Patents commercialize d				KIPI	
Undertake legal reforms that will lead to specialized adjudication for IPR offenses	IP Tribunal	Number of reforms adopted				KIPI	OAG
Promote an IPR culture through dissemination of IPR knowledge and awareness	Outreach Work plan	Number of participants in outreach programmes				KIPI	SDI SDMSME TVETA
Utilize the flexibilities provided by Article 31 bis of WTO TRIPS Agreement and the opportunities arising from the AfCFTA	Align local manufacturing capacity development to the Art 31 bis flexibilities	Number of compulsory licenses issued				MOH	SDT KIPI

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
Centralized Pooled Procurement Mechanism(CPPM) to enable local pharmaceutical manufacturing growth that can meet the public health needs of AfCFTA Members							
6.4. Trade facilitation: A resilient trade facilitation and logistics infrastructure responsive to fast evolving supply chain disruptions							
Implement the WTO Trade Facilitation Agreement and engage trading partners on Kenya's rights under the agreement	TFA implemented	Number of Category C measures implemented				SDT	National Trade Facilitation Committee
Implement the AfCFTA Annex 4 on Trade Facilitation critical for the development of regional value chains through expedited movement, release and clearance of goods across African borders	AfCFTA Annex 4 implemented	AfCFTA Annex implemented				SDT	KENTRADE
Address infrastructure gaps, congestion at the Port of Mombasa and costly last-mile road freight	seamless goods clearance	Container dwell time improved				KPA	SDT

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
Pursue measures to reduce dependency on single corridor shipping	diversified shipping corridors	Number of new shipping corridors				SDT	KPA
Integrate digital trade facilitation into the National Single Window System(KNSWS)	Digital Trade Facilitation	Digital Trade facilitation integrated				KENTRADE	SDICT
Integrate KEBS certification data into the Kenya National Single Window System (KNSWS) for seamless digital customs clearance	KEBS certification data integrated	Volumes of goods cleared under integrated system				KENTRADE	KEBS
Goal 7: Green Industrialisation and Sustainability: Industry increasingly adopts resource-efficient, low-carbon and circular production practices, and Kenya converts its renewable-energy endowment into demonstrable green industrial competitiveness.							
7.1. Green Energy and Decarbonisation: Accelerate the transition to green energy and low-carbon industrialization							
Align industrial, energy, investment and environmental policies, regulations and incentives, and integrate low-carbon infrastructure into industrial parks and zones	Harmonised policy and regulatory framework Greener industrial parks and zones	-% of relevant industrial, energy -No. of environmental policy instruments				SDI	MoEP; MECCF; National Treasury; SEZA; EPZA; NEMA; EPRA; Counties

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
		reviewed and aligned -No. of priority industrial parks/zones incorporating defined low-carbon infrastructure					
Facilitate the uptake of geothermal direct-use and other renewable-energy applications, including commercially viable fuel switching and electrification of industrial processes	Increased industrial use of renewable energy for electricity and process heat and reduced reliance on fossil fuels.	-% of identified technically and commercially viable industrial fossil-fuel applications transitioned to renewable energy/electricity -No. of industrial facilities adopting geothermal direct-use or other renewable process-heat solutions by 2030.				Ministry of Energy & Petroleum	State Department for Industry; KenGen; GDC; EPRA; KPLC; KETRACO; NEMA
Develop and progressively	Decarbonisation pathways	100% of priority high-				State Departme	MECCF; NEMA; MoEP; KEBS;

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
implement sector-specific decarbonisation pathways with clear targets, timelines and monitoring arrangements	established and implemented for priority manufacturing sectors.	emitting manufacturing sectors to have approved decarbonisation pathways by 2030; at least 50% of firms in priority sectors reporting progress against pathway targets by 2035.				nt for Industry, MITI	KIRDI; industry associations
Establish a coordinated programme to improve industrial energy efficiency, strengthen energy management and increase uptake of renewable energy solutions	Industrial firms undertake energy audits, improve energy management and invest in energy efficiency and renewable energy	At least 30% reduction in energy intensity among participating priority industrial firms by 2035; 50% of large and medium manufacturing firms implementing energy-management/efficiency measures by 2030; 75% by 2035				State Department for Industry, MITI	EPRA; MoEP; KIRDI; KEBS; KenGen; KPLC; relevant industry associations
Establish systems for measuring, reporting	Functional industrial energy	100% of priority high-				MECCF / NEMA	State Department for Industry;

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
and monitoring industrial energy use and greenhouse-gas emissions to track decarbonisation progress and inform policy	and GHG monitoring, reporting and verification system.	emitting industrial sectors reporting energy and GHG data by 2030; at least 70% of medium and large manufacturing firms reporting relevant data by 2035; annual industrial energy and emissions report produced from 2030.					MoEP; EPRA; KNBS; KEBS; industry associations
Encourage climate-risk adaptation, energy-efficiency standards for industrial zones, green industrial park certification and a just-transition framework.	Climate-resilient and resource-efficient industrial zones with agreed green criteria and transition measures for affected	At least 50% of priority industrial parks/zones meeting defined green infrastructure and energy-efficiency criteria by 2030 and 75% by 2035; 100% of identified carbon-intensive subsectors with just-transition				State Department for Industry, MITI	MECCF; NEMA; MoEP; SEZA; EPZA; Ministry of Labour; KEBS; counties

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
		plans by 2030; 100% of new Government-supported industrial parks applying climate-risk and green infrastructure criteria from 2030.					
7.2. Sustainable Manufacturing and Green Technologies: A transformed Kenyan manufacturing sector characterised by widespread adoption and local development of environmentally sustainable technologies and production processes.							
Accelerate adoption of cleaner production technologies and practices across industrial sectors, with targeted support for MSMIs	Increased adoption of cleaner production and resource-efficient practices, particularly among MSMIs.	At least 30% of targeted MSMIs adopt cleaner production/resource-efficient practices by 2030, rising to 50% by 2035; participating firms achieve an average 15% reduction in material, water or production-related resource use by 2035.				State Department for Industry – MITI	KIRDI; State Department for MSME Development; NEMA; KEBS; EPRA; Kenya Association of Manufacturers; County Governments
Support replacement and upgrading of obsolete machinery and production systems with modern, productive and	Manufacturing firms progressively replace obsolete equipment with modern, efficient	At least 25% of targeted MSMIs undertake machinery/production-system				State Department for Industry – MITI	KIRDI; KDC; State Department for MSME Development; Kenya Investment Authority;

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
environmentally sustainable technologies	and environmentally sustainable production technologies.	upgrades by 2030 and 40% by 2035; participating firms achieve at least 15% improvement in production/resource efficiency.					National Treasury; KEBS; financial institutions
Support the integration of eco-designs into products and processes while maintaining affordability, quality and competitiveness	Eco-design principles progressively incorporated into product and process development, particularly in priority manufacturing sectors.	At least 25% of new or substantially redesigned products in priority sectors applying defined eco-design principles by 2030, rising to 40% by 2035; eco-design guidelines developed for at least 5 priority sectors.				State Department for Industry – MITI	KEBS; KIRDI; KIPI; NEMA; Ministry of Environment, Climate Change & Forestry; universities/research institutions; private sector
Promote adoption of digital, automated and smart manufacturing technologies alongside sustainable production systems	Increased adoption of Industry 4.0, digital production, automation and smart resource-management systems.	At least 20% of targeted manufacturing firms adopt relevant digital/automated technologies by 2030, rising				State Department for Industry – MITI	Ministry of ICT & Digital Economy; KIRDI; Kenya Industrial Property Institute (KIPI); TVET Authority; universities; private technology providers

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
		to 35% by 2035; at least 30% of supported firms integrate digital systems with resource/production efficiency measures.					
Provide linkages to practical technical assistance, demonstration facilities and industrial extension services that enable MSMIs to assess, adopt and effectively use sustainable technologies	Functional industry–technology linkages, demonstration facilities and extension services connecting MSMIs to appropriate sustainable technologies and technical expertise.	At least 50% of targeted MSMIs accessing technical/technology-extension services by 2030; at least 30% of assisted firms adopting a recommended sustainable technology or practice within two years of support; at least 10 sector-specific demonstration /technology centres or facilities operational by 2035.				State Department for Industry – MITI / KIRDI	State Department for MSME Development; TVET Authority; KEBS; universities; research institutions; County Governments; industry associations

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
7.3. Circular Economy and Resource Efficiency: A resource-efficient industrial sector that minimises waste and maximises value from materials and production inputs.							
Facilitate investment in industries that convert plastics, organic waste, e-waste, textiles, leather and other waste streams into marketable products and industrial inputs	Increased investment and production of marketable products and industrial inputs from priority waste streams.	At least 30% increase in the number of supported waste-to-value enterprises by 2030 and 50% by 2035; at least 20% increase in the value of products manufactured from recovered/recycled materials by 2030.				State Department for Industry – MITI	NEMA; KIRDI; Kenya Investment Authority; SEZA; EPZA; Ministry of Environment, Climate Change & Forestry; County Governments; private sector
Develop facilities to collect, sort, aggregate and process recyclable materials into reliable feedstock for industry	Functional collection, materials recovery and processing systems providing consistent and quality-assured recyclable feedstock to industry.	-% of targeted urban waste streams segregated and channelled through appropriate recovery systems No. of counties with functional materials recovery facilities				Ministry of Environment, Climate Change & Forestry / NEMA	County Governments; State Department for Industry; KIRDI; Ministry of Housing, Public Works & Urban Development; EPR organisations; private sector

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
Promote the repair, refurbishment, reuse and repurposing of products and materials, including used textiles and industrial equipment	Expanded repair, refurbishment, reuse and repurposing activities integrated into priority industrial value chains.	No. of enterprises engaged in Priority value chains implementing reuse/repurposing programmes				State Department for Industry – MITI	NEMA; KIRDI; KEBS; State Department for MSME Development; Ministry of Environment; county Governments; private sector
Develop commercially viable waste processing clusters in major urban centres, linking waste streams to industries such as plastics, construction materials, compost and e-waste processing	Operational waste-processing and waste-to-value clusters in major urban and industrial centres, linked to reliable markets for recovered materials.	No. of commercially viable waste-processing clusters operational -% of material processed within supported clusters converted into marketable industrial products or inputs.				State Department for Industry – MITI	NEMA; County Governments; KIRDI; SEZA; Kenya Investment Authority; Ministry of Housing, Public Works & Urban Development; private sector
7.4. Green Markets, Standards and Value Chains: Industries are integrated into competitive green value chains and are able to meet evolving environmental requirements, strengthening their access to domestic, regional and global markets.							
Strengthen and progressively align standards and certification systems with evolving domestic, regional and international	Kenyan standards and certification systems progressively aligned with priority environmental	% of priority export-oriented sectors reviewed for relevant environmental				Kenya Bureau of Standards (KEBS)	State Department for Industry; NEMA; KENAS; Ministry of Investments, Trade & Industry – Trade; industry

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
environmental requirements	and sustainability requirements in key domestic, regional and export markets.	standards by 2030; % of identified priority standards aligned with applicable regional/international requirements by 2035; % in firms obtaining relevant sustainability/ environmental certification by 2030.					associations; private certification bodies
Develop affordable traceability systems that enable firms to demonstrate product origin, composition and environmental performance	Affordable and accessible digital traceability solutions adopted by firms in priority value chains.	% of targeted firms in priority export value chains using recognised traceability systems; No. of priority value chains with operational traceability frameworks.				State Department for Industry – MITI	KEBS; Ministry of ICT & Digital Economy; KEPROBA; NEMA; Kenya Trade Network Agency (KenTrade); KIPI; industry associations
Strengthen industry-led Extended Producer Responsibility (EPR)	Functional EPR schemes with clear producer responsibilities,	% of producers in priority EPR categories				NEMA	State Department for Industry; Ministry of Environment,

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
systems with clear responsibilities and practical compliance mechanisms for priority product categories	collection/recovery arrangements and reporting systems for priority products.	registered and compliant; % of EPR obligations for priority product categories supported by verified recovery/recycling arrangements.					Climate Change & Forestry; County Governments; KEBS; producer responsibility organisations; private sector
Introduce progressive sustainability criteria in public procurement to create predictable demand for compliant and environmentally responsible products	Sustainability criteria incorporated progressively into public procurement for identified product categories, creating demand for locally manufactured green products.	% of identified priority procurement categories incorporated with sustainability criteria; % of procurement of qualifying locally manufactured sustainable products.				National Treasury – Public Procurement Directorate	State Department for Industry; Public Procurement Regulatory Authority (PPRA); KEBS; NEMA; county Governments; Kenya Association of Manufacturers
Facilitate linkages between firms, particularly MSMIs, and domestic, regional and global buyers and green value chains, supported by access to relevant market	Functional buyer–supplier and market-linkage mechanisms connecting Kenyan firms to domestic, regional and international	% of targeted MSMIs linked to relevant buyers/value chains; % of participating firms securing new domestic,				State Department for Industry – MITI	KEPROBA; State Department for Trade; Kenya Investment Authority; KAM; KNCCI; county Governments; KEBS; EPZA; SEZA

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
information and opportunities	green value chains.	regional or international buyers.					
Fast-track establishment of testing laboratories, metrology and calibration systems, conformity assessment, product traceability and green standards/CBAM readiness, ESG compliance, eco-labelling and carbon-accounting systems, combined with an Industrial Standards Early Warning System to prevent export rejections.	Strengthened national quality infrastructure and early-warning mechanisms enabling firms to meet evolving environmental and technical market requirements.	% of priority export sectors with access to required testing, metrology and conformity-assessment services; % of targeted export firms equipped for relevant CBAM, ESG, carbon-accounting or eco-labelling requirements; % of reduction in standards-related export rejections.				KEBS	State Department for Industry; NEMA; KENAS; KRA; Ministry of Investments, Trade & Industry – Trade; KEPROBA; Kenya Trade Network Agency; industry associations
7.5. Green Financing, Innovation and Skills: A manufacturing sector equipped with the finance, innovation capacity and skilled workforce required to develop and scale sustainable industrial solutions and remain competitive in a changing global economy.							
Mobilise appropriate finance for investments that improve the sustainability and competitiveness of manufacturing	Increased availability and uptake of green and sustainability-linked finance for manufacturing investments, including	% of new public/development financing directed to manufacturing incorporates defined				State Department for Industry – MITI	National Treasury; KDC; Central Bank of Kenya; Climate Change Directorate; Kenya Investment Authority; financial institutions;

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
	technology upgrades and resource-efficient production.	sustainability criteria; % of the value of green/sustainability-linked finance accessed by manufacturing firms.					development finance institutions
Establish targeted, predictable and performance-based incentives to attract private investment in sustainable industrial solutions and innovation	A predictable incentive framework that rewards measurable investments in sustainable technologies, innovation and improved environmental performance	% of identified priority green industrial incentives reviewed and aligned; % of private investment in qualifying sustainable industrial projects.				National Treasury / State Department for Industry – MITI	Kenya Investment Authority; KDC; NEMA; Ministry of Energy & Petroleum; KRA; SEZA; EPZA
Support the preparation of bankable industrial projects and connect them to appropriate domestic and international climate finance and green investment opportunities.	A pipeline of investment-ready sustainable industrial projects linked to appropriate financiers, climate funds and green investors.	No. of bankable green industrial projects prepared and investment-ready; % of projects successfully linked to financing/investment; % of value of climate/green				State Department for Industry – MITI	Climate Change Directorate; National Treasury; KDC; Kenya Investment Authority; KIRDI; Ministry of Energy & Petroleum; development finance institutions; private investors

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
		finance mobilised for industrial projects.					
Provide industry linkages with technology providers, research institutions and investors to accelerate technology transfer, adaptation and commercialisation.	Functional industry–research–technology–investment linkages that move technologies from research and demonstration into commercial industrial application.	No. of industry–research/technology partnerships established by 2030; % of supported technologies progressing to commercial adoption; % of industrial technologies successfully transferred/adapted through supported linkages.				State Department for Industry – MITI / KIRDI	State Department for Investment Promotion; Ministry of Education; NACOSTI; universities; TVET institutions; Kenya Investment Authority; KDC; private sector
7.6. Green Manufacturing & Circular Economy: A globally competitive green manufacturing sector that creates new products and employment opportunities while meeting evolving environmental commitments.							
Promote investment in commercially viable green industries and products	Increased investment and production of commercially viable green products and industrial activities.	% of green industrial investment; No. of new or expanded green industrial enterprises.				State Department for Industry – MITI	Kenya Investment Authority; KDC; SEZA; EPZA; KIRDI; National Treasury; Ministry of Energy & Petroleum; private sector
Progressively integrate eco-	New and upgraded	% of new/upgraded				State Departme	SEZA; EPZA; KDC; NEMA; KEBS;

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
industrial design principles into new and upgraded Government-supported industrial parks and facilities	Government-supported industrial parks incorporate resource efficiency, low-impact infrastructure, shared services and environmental performance principles.	Government-supported industrial parks and facilities applying defined eco-industrial design criteria.				nt for Industry – MITI	Ministry of Environment, Climate Change & Forestry; Ministry of Energy & Petroleum; County Governments
Promote the development of industries that convert priority waste streams and recovered materials into commercially viable products and industrial inputs	Expanded waste-to-value industries producing marketable products and reliable industrial feedstock from recovered materials.	% of enterprises using priority recovered materials as industrial inputs; % of value of products manufactured from recovered materials.				State Department for Industry – MITI	NEMA; KIRDI; Ministry of Environment, Climate Change & Forestry; KEBS; County Governments; SEZA; private sector
Establish mechanisms to anticipate and respond to climate transition requirements affecting Kenyan products and international markets	Functional industrial climate-transition intelligence and early-warning mechanism enabling firms to anticipate regulatory and market changes.	% of priority export-oriented sectors covered by climate-transition market intelligence by 2030; % of targeted export firms accessing				State Department for Industry – MITI	State Department for Trade; KEBS; KEPROBA; NEMA; KRA; Kenya Trade Network Agency (KenTrade); Ministry of Foreign Affairs; industry associations

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
		relevant transition information and guidance; % of environment-related export compliance disruptions/rejections.					
Promote the development of green industrial parks and clusters with infrastructure that supports the growth of green industries	Operational green industrial parks and clusters providing appropriate renewable energy, resource-efficient infrastructure, waste recovery and shared environmental services.	No. of green industrial parks/clusters operational; % of new Government-supported green industrial parks meeting defined green infrastructure criteria.				State Department for Industry – MITI	SEZA; EPZA; KDC; NEMA; Ministry of Energy & Petroleum; Kenya Investment Authority; County Governments; private developers
Designate renewable energy industrial hubs	Designated industrial locations strategically linked to reliable renewable-energy resources and suitable for attracting energy-intensive green industries.	No. of renewable-energy industrial hubs designated; % of industrial land/infrastructure within designated hubs serviced by renewable-energy sources or low-carbon				State Department for Industry – MITI & Ministry of Energy & Petroleum	KenGen; GDC; EPRA; SEZA; Kenya Investment Authority; NEMA; KETRACO; KPLC; County Governments

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
		energy solutions.					
7.7. Green Industrial Inclusivity: Kenya's green industrial growth creates inclusive opportunities for industries, communities and regions to participate and benefit.							
Facilitate the equitable distribution of green industrial investments across counties based on local resources, infrastructure and comparative advantage	A geographically diversified pipeline of green industrial investments aligned to county resources, infrastructure and economic potential.	% of new Government-facilitated green industrial investments will be located outside the three major industrial centres; No. of counties with identified and investment-ready green industrial opportunities.				State Department for Industry – MITI	County Governments; Kenya Investment Authority; SEZA; EPZA; Council of Governors; KDC; KIRDI; State Department for Investment Promotion
Integrate gender-responsive, safe and accessible infrastructure into the planning and development of industrial parks and zones	Industrial parks and zones designed with infrastructure that responds to the needs of women, persons with disabilities and other workers, including safety, sanitation, lighting, accessibility and childcare	% of new or upgraded Government-supported industrial parks meeting defined gender-responsive and accessibility criteria; % of new parks to incorporate minimum				State Department for Industry – MITI	State Department for Gender; NCPWD; NEMA; KEBS; DOSHS; SEZA; EPZA; County Governments; Ministry of Public Works

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
	considerations where appropriate.	workplace safety and accessibility standards.					
Strengthen national-county coordination to identify and facilitate green industrial opportunities based on local economic potential	A structured national–county mechanism for identifying, prioritising and facilitating green industrial opportunities and integrating them into county development plans.	% of counties participating in a coordinated green industrial opportunity identification and planning process; % of green industrial priorities reflected and the No. of participating county investment/CIDP frameworks.				State Department for Industry – MITI	Council of Governors; County Governments; State Department for Devolution; Kenya Investment Authority; National Treasury; KIRDI
Facilitate linkages between green industries, local enterprises and communities to increase local economic participation and benefits	Functional local supplier, enterprise and community linkages around green industrial investments, increasing local sourcing, employment and business opportunities.	% of targeted green industrial investments implementing local enterprise/supplier linkage programmes; % of local MSMEs participating in supported green				State Department for Industry – MITI	County Governments; KAM; KNCCI; KIRDI; KDC; Kenya Investment Authority; SEZA; EPZA; State Department for MSME Development

Strategies	Expected Output	Key Performance Indicators	Timeframe	Estimated Cost	Funding Sources	Responsibility	
						Lead	Support
		industrial value chains.					
Establish a dedicated Government coordination mechanism to guide, monitor and report on implementation of the green industrialisation agenda	Functional inter-agency coordination and reporting mechanism with clear responsibilities, targets and annual progress reporting for green industrialisation.	% of operation coordination mechanism; % of identified priority interventions assigned to responsible agencies and incorporated into an implementation framework; No. of annual progress reports produced; % of priority actions reviewed annually.				State Department for Industry – MITI	National Treasury; State Department for Investment Promotion; Ministry of Energy & Petroleum; Ministry of Environment, Climate Change & Forestry; NEMA; KEBS; KIRDI; Council of Governors; relevant County Governments