Investment Opportunities in Kenya’s Textile & Apparel Sector

MINISTRY OF INVESTMENTS, TRADE AND INDUSTRY

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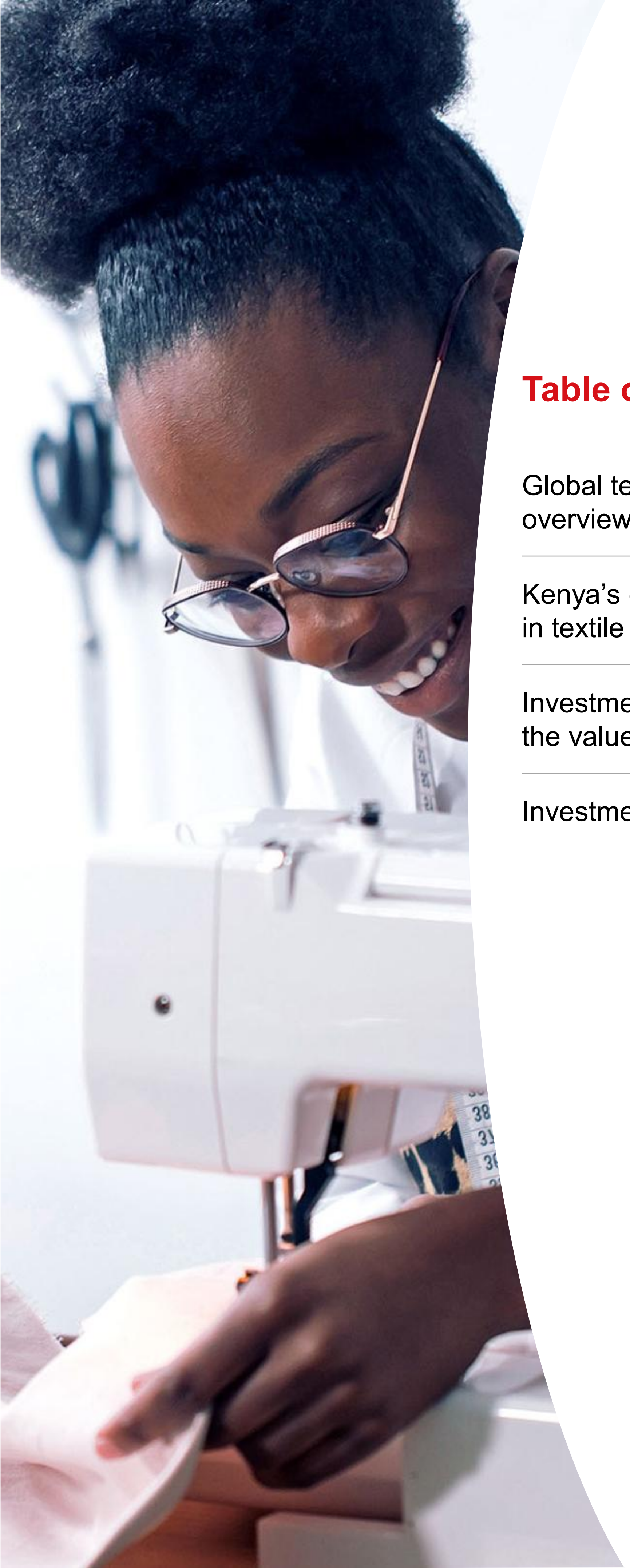
Driving Global Competitiveness

ARISE
INTEGRATED INDUSTRIAL PLATFORMS



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Kenya's vision for the Textile and Apparel (T&A) sector – a 4x growth in exports, reaching $2Bn by 2035

Our vision is grounded in building a competitive, resilient and inclusive industry that delivers meaningful impact for both its workforce and the planet

Our vision for the textile and apparel sector by 2035

- Position Kenya as a **green, sustainable textile hub** while diversifying key markets
- **Lead the East African** textile and apparel market
- Emerge as a competitive **global sourcing destination**
- Drive **economic growth** and large-scale **job creation**

To achieve those ambitions, the Government of Kenya is prioritizing the sector and is committed to creating an enabling environment by focusing on

- **Sustainability at the highest standards** – leveraging green energy, ensuring zero liquid discharge in facilities, achieving a carbon-neutral footprint, and adopting the latest technologies – meeting global ESG standards
- **Scale through strategic partnerships and vertical integration** – working with best-in-class investors to build world-class facilities
- **Building regional value chains for vertical integration** – deepen regional value chains for fibers, fabrics, and garments, for regional sourcing
- **Infrastructure to international benchmarks** – meeting global standards for building construction, fire safety, and electrical safety.
- **Strong labor practices** – fully aligned with International Labor Organization (ILO) standards.

Impact expected

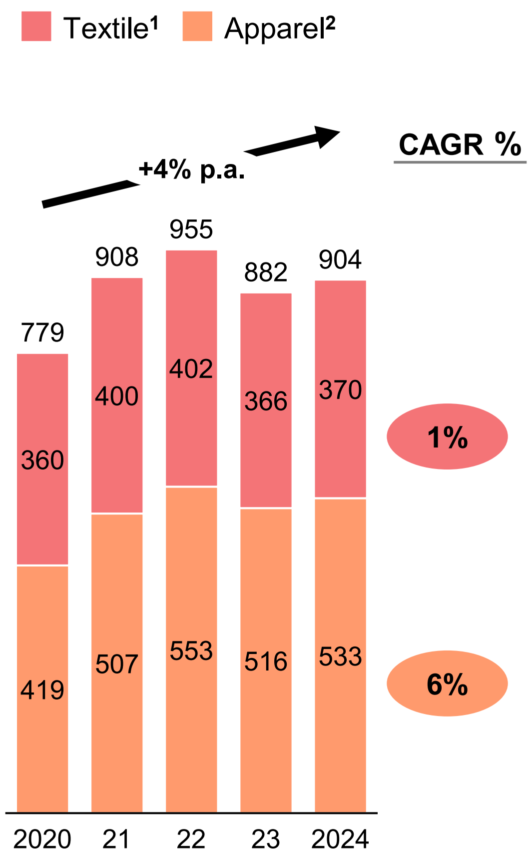
200,000+ Direct jobs

$2B+ Export value **4x** relative to 2024

Source: Kenya Association of Manufacturers (KAM), "Manufacturing 20by30", World Bank Group

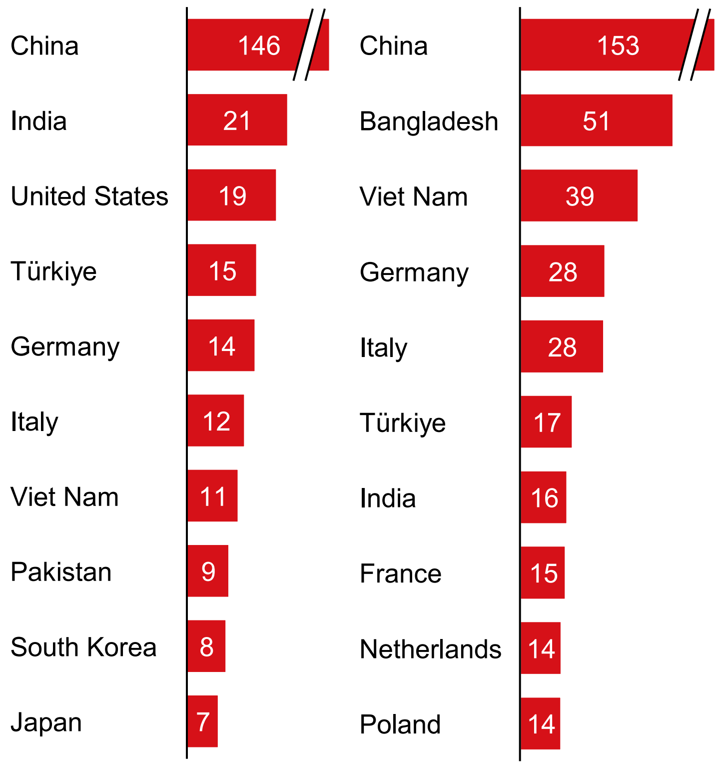
Global T&A exports are worth ~$900bn

Global exports of textile and apparel, $ billion



Top 10 exporters of textile and apparel 2024, $ billion

Textile & Fabric | **Apparel[3]**



Key trends

- The global textile and apparel market has seen **steady uplift** (~4% compounded annual growth rate since 2020), primarily driven by apparel exports
- **China is the largest supplier** of both textile and apparel, accounting for 1/3 of the global market
- The **slump in 2023** was driven by **multiple macro factors**, including inflation-driven costs, supply chain disruptions and geopolitical uncertainties

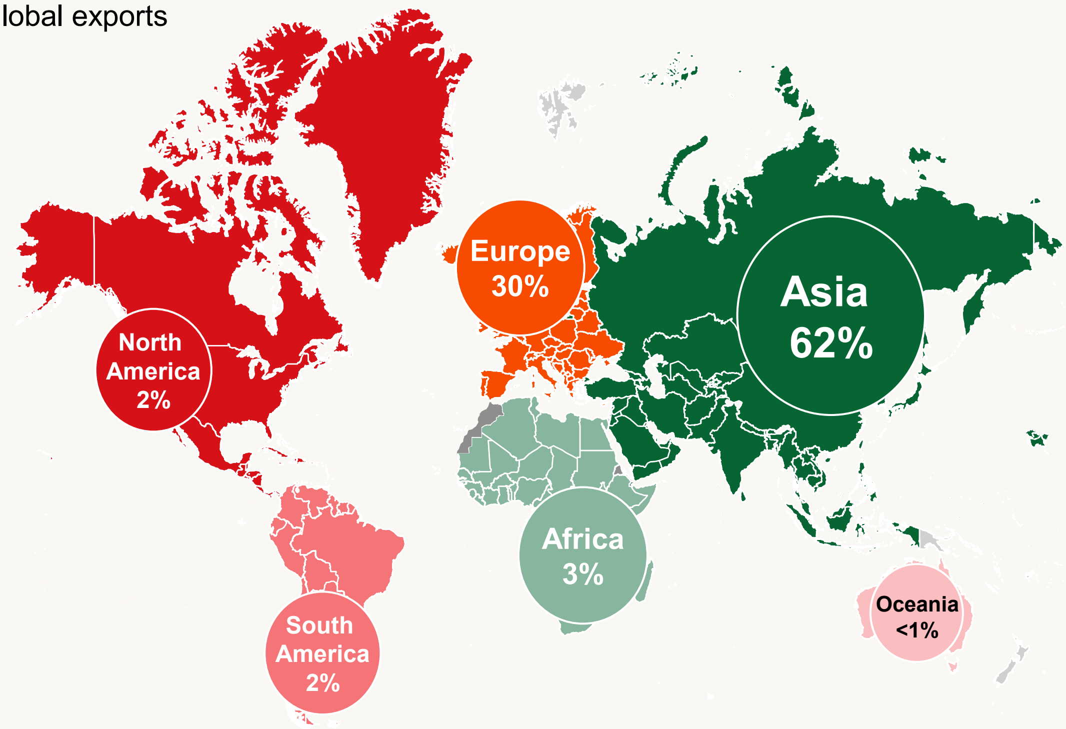
1. Textile: HS Codes : HS50, HS51,HS52, HS53, HS54, HS55, HS56, HS57, HS58, HS59, HS60, HS63
2. Apparel: HS Codes: HS61, HS62
3. EU countries including Italy, Germany and France mainly focus on technical and high value luxury apparel, and are not a typical competitor for Kenya

Source: Trade Map

Despite contributing 3% to global apparel exports, Africa is among the fastest-growing regions

Kenya's growth stands out among Sub-Saharan Africa's peers

Breakdown of the world apparel market (2024)
% of global exports



CAGR 2020-24

10%	8%	5%	18%	6%	20%

Top apparel[1] exporters in Africa

	CAGR 2020-24	CAGR 2015-24		CAGR 2020-24	CAGR 2015-24
Morocco	26%	10%	Kenya	8%	4%
Tunisia	18%	7%	Lesotho	-4%	-3%
Egypt	18%	9%	Ethiopia	25%	20%
South Africa	7%	0%	Mauritius	-7%	-10%
Madagascar	6%	3%	Eswatini	5%	5%

1. HS Codes: HS61, HS62

Source: Trade Map

Key global trends are reshaping the industry and opening up new opportunities across Africa, including in Kenya

Strategic enablers

Business climate

1 Tariff shifts leading to supply chain diversification
Shifts in **global tariffs and trade agreements** are disproportionately impacting **traditional T&A production regions** (e.g., in Asia), prompting companies to diversify and reassess their sourcing and manufacturing strategies

Digitization and automation

2 Speed to market and flexibility
The rise of digitization is prompting T&A players to rethink **capacity planning and streamline operations,** as brands demand faster turnarounds

3 Transparency and traceability
T&A players are under increasing pressure to **create transparency** on their supply chains and to **share that information with consumers**

Talent

4 Limited availability of skilled talent at competitive rates
Textile and apparel companies are facing growing **challenges in attracting skilled talent at competitive costs**, both in established Western markets and hubs in Asia, due to evolving labor dynamics and rising wage expectations

Operating model

5 On-demand manufacturing
To meet fast-changing demand, apparel players are **turning to on-demand manufacturing** and small batches, aligning production more closely with sales time

6 Nearshoring
Nearshoring is appearing as a solution for players to **shorten transport time and decrease freight costs** while **enabling circular model**

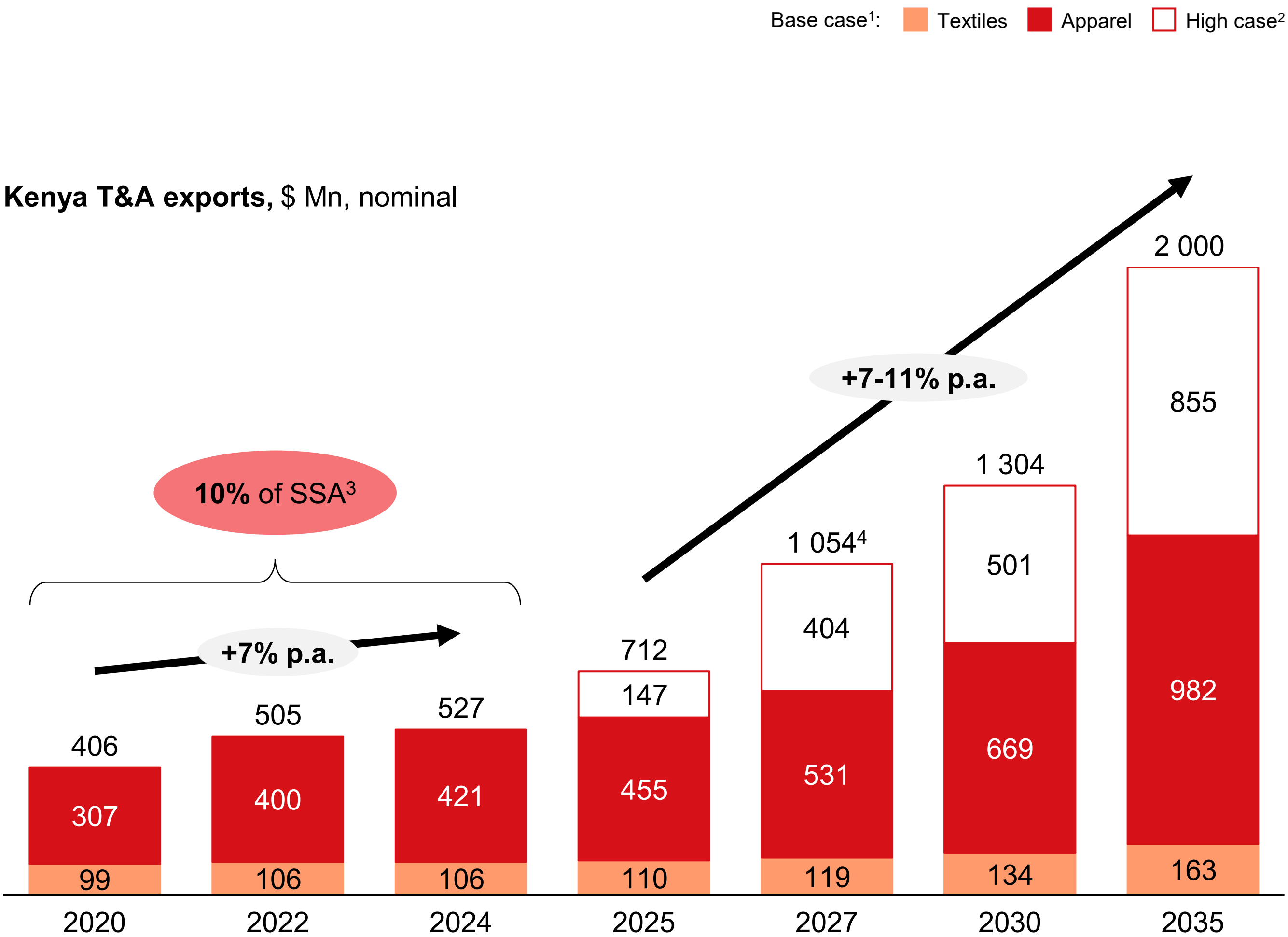
Sustainability

7 Sustainability
While T&A production has long contributed to environmental concerns, rising consumer and brand awareness is **driving the industry toward greater sustainability**, with increasing emphasis on **renewable energy, organic fabrics and environmentally responsible** practices

Source: Expert input

Kenya's T&A exports have the potential to become a $2 billion market by 2035

Immediate growth is driven by recent capacity expansion across Export Processing Zones Programme (+370K sqm), with further growth expected as international brands intensify efforts to diversify sourcing, assuming current export conditions are retained



1. Base case assumes a continuation of recent growth trends, i.e., 2020-2024 CAGR
2. High case estimated as follows: Capacity increase expected in 2025 is 2X the pre-2025 capacity (given recent investment amounting to 250k sqm newly built industrial sheds with a further 120k earmarked to commence building), expected to be fully operationalized within 18 months (2027). Following increasing interest by investors to relocate activity in Kenya, and recent trends from brands to diversity procurement (out of Southeast Asia), experts expect a linear growth trend post 2027, reaching $2bn exports by 2035. 2030 is calculated applying a fixed CAGR between 2027-2035. Forecast assumes current export conditions are retained (e.g., through bilateral agreements rendering similar conditions to those under AGOA), as of September 2025
3. Kenya accounted for 10% of exports from Sub-Saharan Africa between 2020-2024
4. ~$1bn by 2027 is aligned with government goals recently announced (source)

Source: Trademap, Kenya Economic Survey 2024, KenInvest, KIPPRA, AGOA, Gatsby Africa textile report; Empowering Women in Kenya's Textile and Apparel Industry (link); Manufacturing Africa – Reimagining Textiles and Apparel Textiles report (2022); expert input

Unique competitive advantages set Kenya up to become a leading T&A producer and exporter

- **A** **Economic stability and investor-friendly environment; 6th** largest economy in Africa, investment momentum and profit repatriation
- **B** **Attractive market access to top T&A markets –** with **43** regional and bilateral trade agreements[1]
- **C** **Cost competitive production** given favorable cost across key inputs (e.g., labor)
- **D** **Prime location for eco-friendly manufacturing –** powered by ~**93%** renewable energy
- **E** **Large youthful and productive workforce – ~1Mn** youth joining the labor market every year; with low absenteeism (1-2%) and turnover rates (5%)
- **F** **Easy access to global and regional markets –** through e.g., local ports (Lamu and Mombasa)
- **G** **Compliance by Kenyan manufacturers – with international labor practices** (e.g., ILO standards) and **certifications**

1. Considerable advantages under AGOA renewal and/or equivalent market access program will be ideal especially on synthetics (zero duty on synthetic garments instead of 32%) while cotton garments attract zero duty instead of 16%. However, the continuation of such advantages is currently unclear.

A Kenya offers investors security and opportunity through its vibrant democracy and stable economy

Kenya has received endorsements…

Ranking in Africa

Number 1

Greatest investment momentum in Africa in 2024[1]

Funding to start-ups in Africa (~ $984M in 2025)[2]

Greenfield projects in East Africa in 2023[3]

Number 3

On Ease of Doing Business in sub-Saharan Africa[4]

Women's financial and economic inclusion in Africa[5]

Number 6

Largest economy in Africa

… and provides a comprehensive investor protection framework

Profits repatriation
Approved enterprises can transfer their profits or retained earnings abroad[6]

Expropriation safeguards
No approved enterprise or its property can be taken over without adequate and timely compensation

1. fDi Intelligence 2024
2. Africa: The Big Deal Report 2024
3. UNCTAD
4. World Bank 2020
5. African Center for Economic Transformation
6. Subject to withholding tax except for branches of foreign enterprises

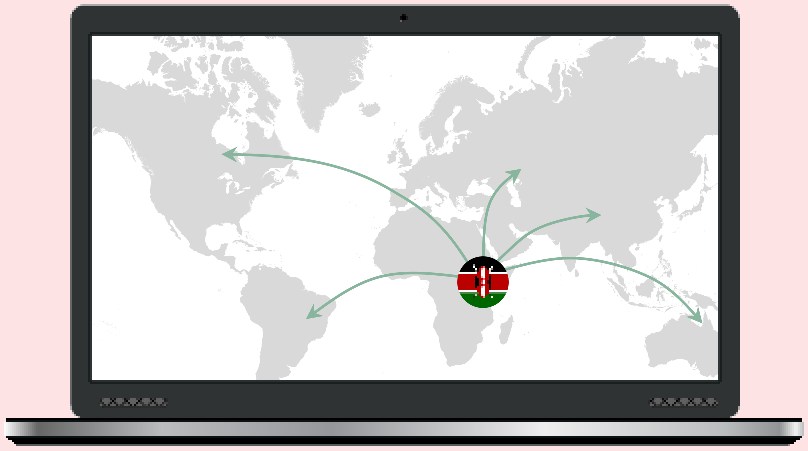
Note: As of September 2025

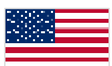
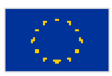
B Kenya has significant regional and international market access

Vast access to regional and global markets – with **43** BTA[1], **15** DTA[2] in force

While negotiations on US-Kenya trade relations are ongoing, Kenya is still **expected to remain a competitive and strategic** player in the apparel industry

For investors seeking deeper insight, **detailed scenario-based analysis** is available on the impact of trade agreements



			Market GDP	Population
Pan-African market access	EAC		**~$0.3T**	**331M**
	COMESA		**~$1T**	**640M**
	TFTA		**~$1.8T**	**800M**
	AfCFTA		**~$3.4T**	**1.300M**
Inter- continental trade agreements	AGOA		**~$27T**	**340M**
	EPA		**~$19T**	**448M**
	FTA		**~$3.3T**	**69M**
	CEPA		**~$0.5TB**	**10.5M**

1. Bilateral trade agreements
2. Double tax agreements
3. Considerable advantages under AGOA, especially on synthetics (zero duty on synthetic garments instead of 32%) while cotton garments attract zero duty instead of 16%. However, the continuation of such advantages is currently unclear.

Source: World Bank Group, IMF, International Trade Administration, COMESA, EAC, AGOA, Europa, Kenya State Department for Trade

C Kenya's T&A production is cost-competitive, driven by favorable costs on key inputs such as labor and shipping

Average cost for selected T&A production cost items

Labor

~$150/month average wage (minimum ~$125; skilled ~$168)[1]

Water

Industrial water rates range from **$0.52–$1/m³**, varying by county

EPZ and SEZ can help ensure stable water availability

Power

Standard grid power at **$0.08/kWh for large users, up to $0.20 at peak**

Developing **solar grids** can considerably reduce costs

Infrastructure/Land cost – *detailed in appendix*

Public zones typically offer long-term leases at **$4,000/ha/year inland, $6,000/ha/year near Nairobi, and $8,000/ha/year coastal** (+15% service charge) – equivalent to $0.033–$0.067/m²/month

Private zones rent ready-built sheds at **~$6/m²/month**, offering high-end infrastructure, reliable power and water, and enhanced security (typically through shorter term rental contracts)

1. Exclusive of levies e.g., Housing Levy

Source: Makeiteast.Africa (for average wage), EPZA Handbook (for land cost), EPRA (for electricity costs, source); Nairobi City Water and Sewerage Company (source); ELDOWAS

D Kenya provides a competitive environment for sustainable and climate-friendly T&A production

Detailed in appendix

93% renewable energy mix

- Kenya's current mix and goal to reach **100% renewable by 2030** offers a future-proof hub for **energy-intensive processes** like spinning, weaving, dyeing and finishing
- This allows companies (including apparel brands) to **meet decarbonization targets cost-effectively**

Government Support

- **Compliance Assistance Programs** help manufacturers identify and mitigate environmental risks[1]
- **Export incentives** and policy alignment with frameworks like **EU EPA** and **AfCFTA** encourage sustainable production for export markets

Sustainability in Industrial Parks

- Players within industrial parks in Kenya have **incorporated green standards** –e.g., solar, recycled materials, and water harvesting and desalination practices

1. Provided through agencies like the National Environment Management Authority (NEMA), supporting compliance with Environmental Impact Assessment (EIA) requirements

Source: Trade Catalyst Africa, EPRA, Ethical Fashion Institute

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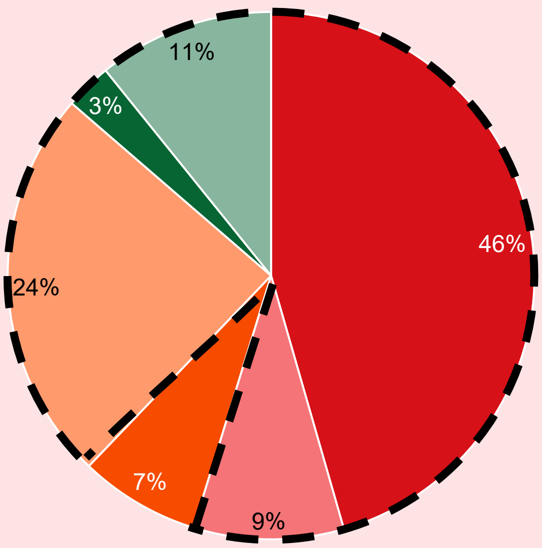
D Kenya's 93% renewable energy mix offers a sustainable power base for T&A production and use with a 100% goal by 2030

Renewable | Geothermal | Wind | Thermal | Hydro | Solar | Imports

Consumed as of 2024, GWh[1]

Total = 13,658 GWh



Renewable energy = ~93%

Kenya has significant installed renewable capacity

Geo-thermal
- Current installed capacity is **940 MW,** i.e., <10% of projected potential
- **258 MW commissioned by KenGen in the last 5 years** in Olkaria I and V geothermal power plants
- **Kenya is projected to have the potential to produce 10,000 MW** of geothermal power from the Rift Valley Basin[2]

Wind
- Current installed capacity is **436 MW** – <15% of projected potential
- The United Nations Environment Programme (UNEP) estimates **Kenya's wind capacity could be as high as 3,000 MW**

Solar
- Current installed capacity is **210 MW**
- Annual market in Kenya for solar PV panels estimated at 500 kW and projected to **grow at 15% annually**

Hydro
- Current installed capacity is **838 MW**

1. Breakdown is based on national generation data by energy source as of June 20-22, 2025; as reported by EPRA
2. According to IMF publication on Kenya's geothermal potential

Source: EPRA; Kenya Power, KenGen Annual Report 2023; IMF Country Case 2022

E Kenya has a large youthful and productive workforce, enabling profitability

1 Large and young labor pool

57%
of Kenya's population is of **working age**

800k–1Mn
young people **joining the labor force** every year

2 Increasingly skilled and highly trainable

Young workers are highly trainable with high literacy rates, English proficiency and enrolment to education programs:

87%
literacy rates among youth (15-24 years)

19th/116
English proficiency ranking[1]

500,000
TVET enrolment per year

560,000
university enrolment per year

3 Compliant and productive

Due to low absenteeism and turnover rates

1-2%
average **absenteeism**

<5%
average **turnover** rates

1. EF English Proficiency Index (EF EPI) is an annual ranking that measures English language skills worldwide based on data from English tests taken online, out of 116 countries

Source: Commission for University Education, International Trade Administration; Business Human Rights; the World Bank (link); Asia Garment Hub; expert interviews

F Kenya offers easy access to global and regional markets

World-Class Port Infrastructure

Mombasa Port: One of East Africa's largest and most efficient ports, handling high volumes with ongoing modernization

Lamu Port: new deep-sea port under phased development with plans to become a key transshipment and export hub

Strong Air Connectivity

~9 hours	~8 hours	<14 hours
Direct flights to Europe	Access from Asia	Flights from the US

Inland Infrastructure

Standard Gauge Railway (SGR) links Nairobi directly to Mombasa, offering a fast, reliable and cost-effective cargo option

Inland Container Depots (ICDs) in Nairobi and Naivasha help reduce congestion at ports and accelerate logistics

Extensive road network connects key production areas like Nairobi, Athi River and Thika to ports and airports

+

Efficient Customs and Clearance Processes

- **"Green channel" fast-tracking** and risk-based customs clearance for trusted exporters reduces bottlenecks
- Digitized systems and **single-window clearance** at ports and airports streamline export procedures

Source: Kenya Ports Authority, 2024 Africa GBS Benchmarking and Market report, The East African

G Kenyan manufacturers show strong transparency and consistent compliance with international supply chain and labor standards

Example social, environmental and other certifications obtained by manufacturers in Kenya

Social

Kenyan players are compliant with ILO standards and other **internationally recognized social certifications**

Environmental

Local companies are increasingly obtaining sustainability certifications across **different environmental dimensions**, e.g., products qualifying as eco-friendly, organic, and containing verified recycled materials

Others

Other certifications focus on ensuring **quality management, supply chain security and product compliance**

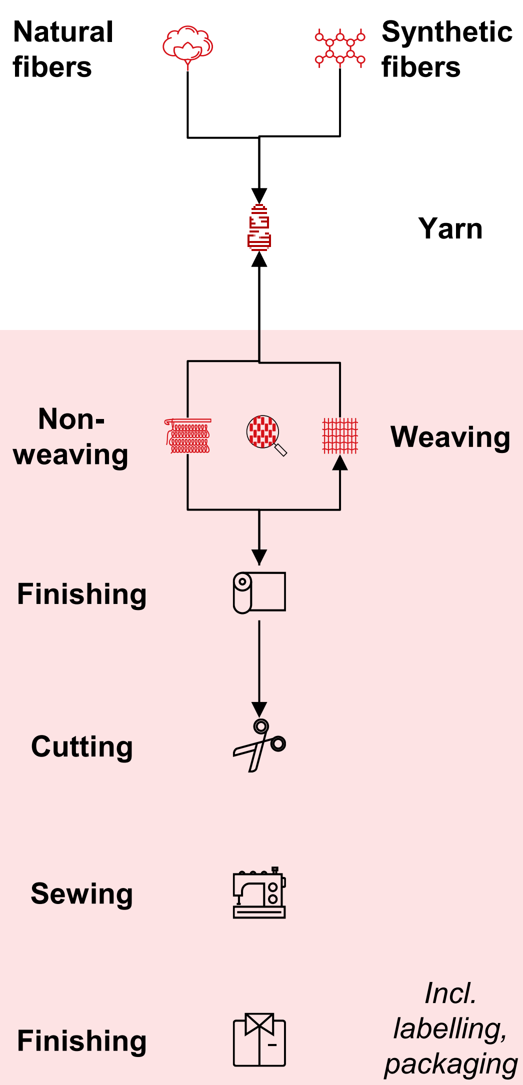
Source: Industry experts

Kenya has significant opportunities across textile and apparel production

Potentially attractive investment sectors for Kenya

Component

Key insights for Kenya



1 Fibres/ yarns

East Africa benefits from abundant raw materials, including cotton. However, **availability of fibers and yarns is still limited in Kenya**

Expansion of cotton production is needed, but it is currently viewed as a **medium-term opportunity**[1] which would enable to capture greater value locally

2 Textile

Local apparel manufacturers currently **rely on imported textile**, leading to **$1bn** imports per year[2]

With growing apparel sourcing in Kenya, there is an **opportunity for investing in modern textile production** to drive import substitution

3 Apparel production

Kenya is among the **leading exporters of apparel under AGOA** and continues to be a favorable destination with multiple trade agreements, strong enabling environment to incentivize investment and positive macroeconomic-political factors

1. Currently, 90%+ of cotton is imported. The opportunity would require increased incentives for cotton farming, along with technology transfer and capability building
2. As of 2024, mostly simple cotton, man-made filaments and fibers, and knitted or crocheted fabrics

Source: Msingi Country Report 2020, Industry experts

4 opportunities can be highlighted across T&A for investment in the next ~5 years

Readiness: Immediate | Short-term | Opportunity as industry develops

	Opportunity	Rationale	Investment need, $ Mn[1]	Readiness[2]
1	Setting up new **integrated textile mills**	New mills can serve **growing regional apparel production**, leveraging backward **integration into regional cotton** sourcing and access to **suitable land** in industrial parks	~500-750	Short-term
2	Establish new and upgrade **apparel production facilities**	With available **industrial sheds** in IPs, manufacturers can meet growing global and local demand as brands seek more resilient supply chain, by setting up new facilities and upgrading ones through tech transfer	~400-650	Immediate
3	Develop a fully **dedicated green T&A park**	Opportunity to serve growing **interest by large-scale apparel manufacturers** to locate in Kenya, expanding offering by existing parks that are already at full capacity	~400-500	Immediate
4	Set up production facilities for **apparel complements**	Opportunity to **capture increasing demand** by local apparel firms for e.g., zippers, thread, buttons… *Relatively smaller opportunity given presence of global established players and dependency on conditions by global brands*	~100	Opportunity as industry develops

Through EPZ and SEZs, Kenya offers a compelling investment opportunity to support an **export driven investment strategy** across different stages of the value chain, with an increasing and complementary local market

1. Approximate investment need by 2030, detailed in appendix; 2. Based on expert input. Apparel facilities are considered immediate given current demand. The development of a dedicated green textile park would enhance the investment opportunity for setting up textile mills in the shorter term. Accessories production requires a well-established ecosystem and consolidated relationships with apparel production facilities and brands.

1 New textile mills are expected to drive import substitution, with ~$500-750Mn investment required by 2030

Opportunity

There is an **opportunity to set up integrated** (spinning to weaving/knitting) **textile mills**, focusing on cotton, synthetics and cotton-polyester blend fabrics

Estimated investment need of…

$500-750Mn

by 2030[1]

Rationale

- With **~$1bn textile** imported/year (2024), Kenya has the **largest import substitution** potential out of East African peers
- Newly built mills can serve growing local and regional apparel production, with apparel exports **growing annually at 8% in Kenya** (2020-24)
- Apparel players willing to pay ~**10% premium** on current prices for locally sourced textiles, aiming to shift towards **vertically integrated sourcing** models[2]
- **Suitable infrastructure at parks,** with opportunity to promote **sustainable textile manufacturing** – new factories can be set up with efficient water management, effluent treatment and energy-saving technologies
- Possibility for **backward integration to regional cotton,** with Uganda, Tanzania and Ethiopia

Cotton production by country, '000 480-Lb Bales (Area, Ha), 2023-24

Country	Production	Area
Uganda	100	(55k ha)
Tanzania	470	(465k ha)
Ethiopia	180	(55k ha)

Key metrics

Per facility, assuming an average production capacity of ~10k t.p.a.

~$40-50Mn investment required[3]

- **Machinery**
  Including spinning, knitting, weaving, dyeing and finishing machines
- **Construction**
  Warehouse space and installation of machinery

~$50-60Mn/year – run-rate revenue yielded

<2 years estimated financial close timeline[4]

~1,000 jobs for an average sized plant; mostly high skilled employees needed to operate machineries[5]

1. Further detailed in appendix. Key assumptions – # of textile mills to ensure aggregate capacity: 10-15 mills, ~10t fabric/year each; demand based on 100% import substitution potential
2. Per interviews with industry players
3. Investment follows business model by existing players in East Africa; e.g., A-Z in Tanzania. Investment size assumed to be sufficient for machinery and construction of buildings; land potentially leased. The following machinery assumed to reach 10,000t of fabric per annum: ~150 knitting machines (~6Mn), dyeing house (~8Mn), other machinery (~5Mn), construction and set-up of facility (~15Mn)
4. Based on estimate operator/machine ratio of ~3
5. Assuming sale price of $5,000-6,000/t, based on average gross margin ~20%

Source: Trademap, NYU Stern, Yahoo Finance, Annual Reports, IPAD USDA, Expert interviews

2 There is an increasing opportunity for new and upgraded apparel facilities to capture both global and regional demand

Opportunity

There is an opportunity to **set up new apparel production facilities**, and **upgrade existing** facilities by investing in semi-automated machines to improve productivity, leveraging technology transfer

Estimated investment need of…

$400-550Mn

by 2030[6]

Rationale

Increasing demand from global and local brands

- **Global brands** looking to diversify and ensure resilient supply chain, with apparel export potential expected to reach **$450-550Mn** by 2025
- **Local market** could reach **~$250Mn**[2] by 2025 given increasing opportunity to disrupt high-end secondhand clothes market[3]

Track record, transparency and quality

- Most developed apparel industry in the region with **+200 apparel producers,** and **>40 years** of experience
- **Limited subcontracting**, increasing transparency, with labor **regulations** in place

Opportunity to follow development trajectory by emerging apparel hubs – leveraging similar strengths including trade agreements, government support (e.g., EPZ), competitive wages and transport infrastructure

Morocco	Turkey	Jordan

Key metrics

Per **new facility**, assuming set-up of CMP (cut, make, package) facility following industry averages[4]

~$15-20Mn investment required[4]

~$25-35Mn/year estimated **revenue**[5]

~2 years estimated **financial close** timeline

+3,000 jobs – labor-intensive, with basic sewing skills required; mostly women[5]

1. Further detailed in appendix. Key assumptions: # of facilities to ensure aggregate capacity: 25-40 units by 2030, with up to 60 by 2035, producing 25-30k basic units/day each
2. Mid-point within range between worst and possible post COVID-19 recovery scenario (2-3% pa. growth)
3. Local market is currently import-oriented due to cheaper price points of secondhand clothes accounting for >65% of overall market, but consumer preferences shifting to 'buy local'
4. Average based on expert interviews, includes ~2,000-3,000 sewing machines (~$3-6Mn), cutting equipment (~$2-4Mn), garment wash (~$2Mn) and finishing equipment (~$2-4Mn), as well as construction costs. In line with recent investments undergone by existing players (e.g., Royal Apparel EPZ through IFC)
5. Production of ~25-30k units/day; mixed production of basic products (t-shirts, underwear, polo shirts, sweatshirts, ...), sold at $2-5/unit on average
6. Operator/machine ratio could be as high as ~3x

Source: Trademap, Industry stakeholder interviews

3 Setting up a dedicated T&A industrial park can substantially unlock opportunities along the value chain

Opportunity

Kenya is committed to develop a **world-class green textile park**, fully dedicated to T&A manufacturing, enabling synergies between players currently operating in isolation

The park could be located in **Naivasha**, with access to green energy sources

Estimated investment need of…

$400-550Mn

for ~2 parks by 2030[3]

Serve growing **interest by large-scale T&A manufacturers** to locate in Kenya, expanding offering by existing parks that are already at full capacity – e.g., Athi River, with **25+** T&A players

Prime location, with access to…

Renewables
892 MW installed capacity in Olkaria geothermal hub, with high-capacity factor (>95%)

Water availability and circularity
139 km^2 cover of freshwater from lake Naivasha, with other parks in the area securing **6,000 m^3** of water/day, and opportunities to integrate **water circularity** technologies

Quality land and infrastructure
Multiple available large **land parcels**, along SGR line and Naivasha Dry Port; with potential to obtain sustainability certifications for buildings (e.g., EDGE)

Opportunity to form a 'Center of Excellence', building on success stories from other markets[2]

Enhance and standardize workforce capabilities by improving technical and ensuring industry-aligned ways of working across the park

Accelerate technology adoption and innovation to support higher productivity, quality and diversification

Embed sustainability and compliance by setting environmental and social standards aligned with global buyer expectations

1. Some investment in equipment; medium operating expertise
2. Such as Tirupur (India), Texhong Hai Ha Industrial Park (Vietnam)
3. Further detailed in appendix. Estimated investment need for 2 T&A parks. Key assumptions – Facility size and capacity: ~200ha, with capacity for ~50-70 factory sheds, Based on comparable textile and apparel parks in Ethiopia (Hawassa Industrial Park, source, source), Vietnam (HaiHai industrial Park, source, source), India (PradhanMantri Mega Integrated Textile park, source)

Source: EPRA, Industry stakeholder interviews, eOpportunitiesKenya, The Textile Magazine

4 Accessories production, while still limited, can closely follow the growth of the apparel sector

Opportunity

Setting up **production facilities for apparel complements and accessories**, e.g., zippers, thread, buttons and narrow fabrics

Estimated investment need of…

$100Mn

by 2030[3]

Rationale

Opportunity to **capture increasing demand** by local apparel firms – **$55-65Mn estimated market** by 2025, with trims and accessories making up to **~10% of garment production costs**[2]

Key accessories include:

- **Elastic waste bands**
- **Buttons**
- **Zippers**
- **Thread**
- **Labels**

High potential in Kenya given large production of underwear – with existing players (e.g., **Kohinoor**) already **serving as elastics suppliers for premium brands**

Opportunity relies on ability to integrate with existing apparel producers

- While **most accessories** are currently imported –due to limited number of players within market–, **demand is sticky** as apparel companies nominate suppliers
- Players will **require strong network and marketing capability,** as global brands are highly selective in choosing trusted suppliers; and building credibility with brands and related apparel manufacturers in Kenya is critical to being integrated into their value chains

Key metrics

Per facility, assuming industry averages

$5-10Mn investment required[1]

2-5 years estimated financial close timeline

~100 jobs – relatively low labour required, given highly automatized processes

1. Investment in equipment including printing machines, etc. assumed for a 30,000-40,000 square foot facility
2. Estimated by considering a $700Mn apparel market (both exports and local demand), assuming an average margin of 13% for apparel producers, and trims/accessories accounting for 10% of apparel production costs
3. Further detailed in appendix. Key assumptions – ~10 facilities required in short term, Facility size and capacity: ~10Mn/month if specialized on selected accessories (e.g., labels, buttons, zippers)

Source: Industry stakeholder interviews, Msingi Country Report 2020

Multiple enablers are critical for investment in Kenya's textile and apparel sector

A **Targeted incentives through EPZs and SEZs,** with 45+ active T&A companies

B **Increasing demand by global apparel brands** – with ~35 renowned brands already actively sourcing from Kenya

C **Government commitment** to growth of the sector

D **Skill development** supported by public and private sector efforts

E **Strong investment momentum** supported by donors

A Kenya offers targeted incentives to enhance the competitiveness of the sector through EPZs and SEZs

38
Gazetted SEZs[1]

105
Gazetted EPZs

9,042
Acres of land available to lease in SEZs

6,177
Acres of land available in EPZs

Investment opportunities in SEZs and EPZs

01
Investing in private development of SEZs and EPZs

02
Investing in projects in gazetted SEZs and EPZs offering incentives, e.g., lower power tariffs at Naivasha SEZ

SEZ and EPZ incentives

- **Exemption** from **excise** duty, **import** duty, and import declaration **fees**[2]
- **Under SEZs: 10% corporate tax** in the first 10 years; **15%** in the next 10 years; and **30%** in subsequent years
- **Under EPZs: 0% corporate tax** in the first 10 years; **25%** in the next 10 years; and **30%** in subsequent years
- Exemption from **advertisement** and business service **permit fees**
- **100%** allowance on **capital expenditure** on building and machinery
- **Withholding tax exemption** on dividends and gains on transfer of property[3]
- **Stamp duty** exemption on legal instruments

1. Additional information on specific zones and parks included in appendix, including status (e.g., operational, under development, ...)
2. For EPZs, this applies to exemption from import duty and VAT applies to raw materials and machinery
3. For EPZs, this is a 10-year withholding tax holiday

Source: SEZA, EPZA

A 45+ T&A companies are present across EPZ, SEZs and Industrial Parks

Example SEZ, IPs and EPZ with significant T&A activity; acreage by zone[1]

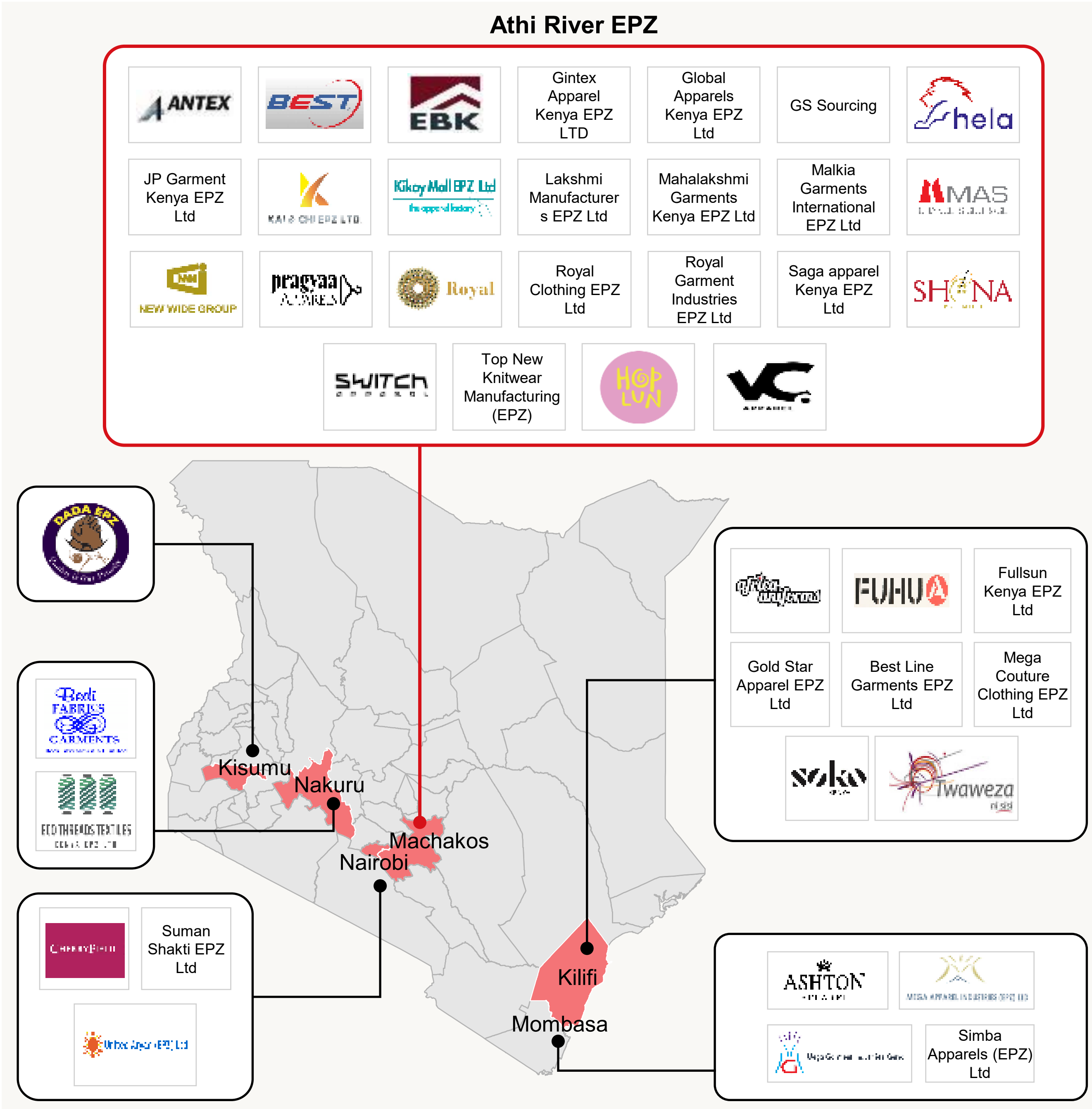
X Private entity X Public entity

1	**Konza Technopolis (SEZ)**	Machakos county	5,000 acres	**Borders 3 counties** (Makueni, Machakos and Kajiado), in close proximity to Nairobi (60km)
2	**Naivasha SEZ**	Nakuru county	1,000 acres	Located in Mai Mahiu along the **Nairobi – Naivasha SGR line** Competitive **power tariffs** Undergoing **5k acre expansion**
3	**Athi River EPZ**	Machakos county	340 acres	Kenya's **largest and most established EPZ**, employing more than 20,00 people Hosts **25+** textile and apparel manufacturers, *detailed next*
4	**Nairobi Gate Industrial Park (SEZ)**	Nairobi county	100 acres	1st SEZ in East Africa with a **fully integrated customs-controlled area**, allowing investors access to a host of tax benefits
5	**Vipingo SEZ**	Kilifi county	2,000 acres	Recent activity by Centum Investment Company and ARISE is expected to create **numerous job opportunities and contribute to the growth** of Kenya's textile and apparel sector
6	**Tatu City (SEZ)**	Kiambu county	5,000 acres	**Mixed-use SEZ.** Has **completed $300Mn** of infrastructure investments in roads, power, water and ICT. **Additional $200Mn** of infrastructure planned. Holistic environment with residentials, schools, parks and recreation. More than 100 businesses are operating at Tatu City SEZ.

1. Additional information on specific zones and parks included in appendix, including status (e.g., operational, under development, ...)

Source: EPZA, Tatu City

A Athi River EPZ hosts 25+ T&A companies, with additional ~20 present in alternative zones



Source: EPZA

A There are numerous success stories in the T&A sector in Kenya: United Aryan

Leading **T&A manufacturer for global export**, driven by a **farm-to-fashion strategy** that covers the full value chain.
United Aryan serves global fashion brands through large-scale, compliant and sustainable production

80 active production lines with over **10,000** workers

20% year-on-year growth projected over the next 5 years — leading to thousands of new jobs

70% employees are women — many of which first-time formal income earners

Holds **multiple environmental and social** compliance certifications

How Kenya supported United Aryan's growth

Initial Engagement: entry into Kenya facilitated through EPZ Authority. The ease of doing business and access to AGOA made Kenya a compelling strategic choice

Support During Setup: received fast-track licensing, with a clear institutional intent to attract quality investors and Kenya's clear roadmap to position itself as a manufacturing hub

Ongoing Collaboration: Over time, the government has been open to policy discussions, helping shape initiatives around skills development, labour standards, and export promotion

To anyone considering Kenya, I would say: Act early. Be long-term. Think value creation, not just cost reduction. Africa is rising, and Kenya is leading that rise

Pankaj Bedi, CEO, United Aryan

Source: Company interview

A There are numerous success stories in the T&A sector in Kenya: CherryField

CHERRYFIELD

Family-owned company with **manufacturing activity across the globe**. CherryField Kenya specializes in the development and production of **high-quality apparel goods**, with a focus on denim, non-denim bottoms, and woven tops

800,000 units of clothing per month in Kenya

100% of production exported to international markets

2,100 direct employees; with plans open three additional factories, creating approximately **6,000** new direct jobs

100% of water used is recycled

WRAP SMETA Sedex

How Kenya supported CherryField's growth

With over 15 years of activity in Kenya, CherryField has been consistently working in close collaboration with the Government of Kenya, including

EPZA KENYA · Kenya Revenue Authority · Kenya Power · Nairobi Water

CherryField has leveraged a unique combination of advantages offered by Kenya, including

- A highly proficient, English-speaking **workforce**
- Significant tax duty and tariff **benefits**
- A **collaborative** and **fast-growing textile industry**, where factories support each other to grow

"As a global manufacturer operating in 13 countries, I can confidently say that Kenya's value proposition for high-volume exports is unmatched. The combination of competitive pricing, reliable quality, government stability, and enormous growth potential makes Kenya one of our most strategic locations"

Guy Shladov, SVP, Africa Operations & Business Development

Source: Company interview

Invest -IN- KENYA

A There are numerous success stories in the T&A sector in Kenya: Best Lifestyle

Best Lifestyle specializes in **cut-and-sew apparel manufacturing** with a wide variety of high-quality garments for global brands. Our products range from woven casual bottoms, knit tops and bottoms, activewear and underwear

1.6Mn units of clothing produced per month

963 active employees,
97% from local communities

Plan to expand on production capacity and diversify product lines over the next **5 years**, building long-term employment opportunities and enhancing skills transfer

Careful sorting and handing for recycling of **100%** of waste fabrics and packaging materials

How Kenya supported Best Lifestyle's growth

By working with the government of Kenya Best Lifestyle has benefited from

- Support during **initial setup**
- 10 years corporate **tax holiday**
- Perpetual **exemption from VAT** and customs **import duty** on inputs
- **Unrestricted investments** by foreigners
- **No exchange controls –** liberalized foreign exchange regime

EPZA KENYA

"*Kenya offers a strategic location, a skilled and trainable workforce, and a supportive government ecosystem for export-oriented manufacturing. The EPZ framework provides tax incentives, infrastructure, and access to global markets. For any investor looking to scale sustainably and competitively, Kenya is a smart choice*"

Goutham Reddy, Director, Best Lifestyle Kenya EPZ Ltd

Source: Company interview

B Leading global brands and retailers are already sourcing from Kenya

NON-EXHAUSTIVE

United States

Levi's, Hurley, Pair of Thieves, Hanna Andersson, The North Face, Callaway Apparel, Abercrombie & Fitch, Van Heusen, Wrangler, Fruit of the Loom, Vans "Off the Wall", The Children's Place, IZOD, Jockey, Arrow, Lee, Hanes, Dickies, Calvin Klein, Tommy John, Walmart, Tommy Hilfiger, Port Authority, Perry Ellis, Michael Kors, Costco Kirkland Signature, Shinesty

United Kingdom

Vivienne Westwood, asos

Germany

Helly Hansen, Otto

Netherlands

Scotch & Soda Amsterdam Couture

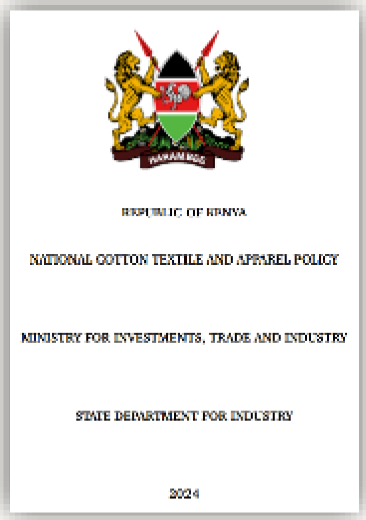
Denmark

Jack & Jones

Source: Industry expert interviews

C The government's commitment to the growth of the sector is signaled through the 2024 Draft Cotton, Textile and Apparel Policy

The 2024 Draft Cotton, Textile and Apparel (CTA) Policy[1]


REPUBLIC OF KENYA

NATIONAL COTTON TEXTILE AND APPAREL POLICY

MINISTRY FOR INVESTMENTS, TRADE AND INDUSTRY

STATE DEPARTMENT FOR INDUSTRY

2024

Taking a **whole-of-government approach to revitalize the sector** by addressing farm-level cotton production, upgrading textile mills, promoting local manufacturing, and improving market access

It also supports **shifting** from a commodity focus **to fashion-oriented exports** to enhance competitiveness

Priority levers within the policy include…

1 **Supply and production** – Boost cotton cultivation through financial incentives[2] and deployment of improved seeds and Bt cotton

2 **Value Addition & Industrial Capacity** – Expand and modernize ginneries and textile mills, while investing in machinery and supply chain infrastructure

3 **Sustainability, Innovation & R&D** – Promote sustainable farming practices, innovation in textiles, and investment in R&D to build long-term competitiveness

4 **Market Access & Trade** – Support export orientation, diversifying into AfCFTA, EAC, COMESA, and EU markets

1. The draft policy is currently at the signature stage with different relevant Ministries
2. E.g., a 38% government-set cotton price increase

Source: State Department for Industry

D Multiple public and private sector efforts exist towards skill development

Technical institutions

Technical institutions

NON-EXHAUSTIVE

- **KTTI** — Kenya Textile Training Institute
- Technical University of Kenya (TUK)
- Kenya Industrial Training Institute (KITI)
- Generation Kenya

Public-Private Partnerships (PPPs)

KAM

Kenya Association of Manufacturers (KAM) & Textile Industry Stakeholders

Collaboration between KAM, GoK and textile companies to run upskilling programs, apprenticeships, and competency certifications in partnership with technical colleges

KTDC

Kenya Textile Development Council

A multi-stakeholder platform including government, private firms, and training bodies that coordinates skills development initiatives and promotes innovation-driven productivity

Kenya's large, youthful labor force is supported by **T&A-focused vocational training programs** in technical institutions, which supply a skilled workforce ready to meet industry needs

Public-private partnerships further enhance skills development to increase productivity and quality

Source: Official websites, including of Generation Kenya, KAM, Kenya Textile Training Institute, TUK, KITI

E Multiple DFIs and donors have supported T&A investments, signaling strong investment momentum

NON-EXHAUSTIVE

1 Norfund

Balaji Group: Invested, in partnership with Ethos Mezzanine, **$25 Mn** in **United Aryan EPZ**, Kenya's largest garment exporter with 10,000+ employees

Hela Apparel: Invested **$14 Mn** in Hela Apparel, a Sri Lankan company operating in Kenya, Ethiopia, and Egypt with 10,000+ employees

2 IFC International Finance Corporation

Royal Apparel: Provided a **$15 Mn** loan to construct a Nairobi-area factory, aiming to create ~3,700 jobs (70% women) and double export capacity

Hela Apparel: **$20 Mn** loan to fund working capital and expansion of 3 East-African plants, increasingly shifting value addition to Africa

Publicly supported **Kenyan suppliers in EPZs**, including investments aimed at sustainable industrial development

3 The World Bank

Kenya T&A Industry: Strategy & Action Plan: Analytic and policy support for Kenya's "Cotton–Textile–Apparel" revival, guiding future lending pipeline

Kisumu National Polytechnic: Invested **$9 Mn** to build a textile technology factory at Kisumu National Polytechnic, focused on advancing skills and competencies needed to advance the textile sector

Source: Norfund, IFC, The World Bank

Appendix

Mill operators can either acquire or long-lease land to build a factory, or rent a built-to-suit facility

2 key options exist when setting up a T&A production facility

Land acquisition or long-term lease

The operators secures land (freehold or long-term lease) within a SEZ/EPZ and constructs the mill

Public EPZs/SEZs typically charge **$4,000–8,000** per hectare/year (+15% service charge) for 30–50-year renewable leases. The land remains government-owned.

Private EPZs/SEZs typically sell serviced land at **$100k–300k+** per acre for a 99-year leasehold.

+
- Full control and flexibility over factory design & expansion plans
- Potential capital appreciation of land (especially in Vipingo SEZ)
- Typically, lower cost on the longer-term

–
- High initial CAPEX for land and construction
- Longer lead time (12–24 months) for construction
- Responsibility for utility infrastructure
- Exposure to land price fluctuations

Built-to-suit shed

Developer finances and constructs a shed tailored to the operator's needs which is leased on a mid-term basis

Public EPZs/SEZs generally **don't offer** this option directly, though private developers may provide it within the zone (e.g., Contech in Athi River).

Private SEZs often offer it at around **~$6/m²/month** for built-to-suit sheds, with 10–20-year renewable leases.

+
- Lower upfront CAPEX – developer covers land and construction costs
- Faster time-to-market compared to self-build
- Reduced administrative burden (permits, construction)
- Prime industrial locations without land purchase cost

–
- Higher long-term rental commitments
- Less flexibility in modifications post-construction
- Dependent on developer's build maintenance standards
- Typically, higher cost on the long-term

Source: EPZA Handbook, Archon International, BuyRent Kenya, JICA's Final Report for TA for Mombasa SEZ, Rendeavor, Misati Realtors

Key characteristics of selected EPZ, SEZs and Industrial Parks

As of August 2025

Capacity/reliability: Low High

EPZ SEZ Fully operational Semi operational Under development

Location	Status	Localisation	Size	Avg. Land Cost	Power Reliability[1]	Water Capacity	Ownership
Athi River (Machakos)		35 km from Nairobi, 480 km from Mombasa	600 acres (400 acres serviced)	Land rent: $2,428/acre/ year, Sheds rent: $2.24/sqm/ month	Stable reliability		Public
Eldoret (Uasin Gishu)		310 km from Nairobi, 940 km from Mombasa	175 acres	Land rent: $2,428 / acre / year, Sheds rent: $2.24 / sqm / month	Under develop-ment	NA	Public
Kabati (Murang'a)		84km from Nairobi, 560km from Mombasa	500 acres	Land rent: $2,428 / acre / year, Sheds rent: $1.8 / sqm / month	Under develop-ment	NA	Public
Naivasha (Nakuru)		90 km from Nairobi, 560 km from Mombasa	6,000 acres	Land rent: $1,214/acre/ year	Stable reliability		Public
Konza City (Machakos)		60 km from Nairobi, 500 km from Mombasa	5,000 acres	Land rent: $6/ sqm/month	Stable reliability		Public
Nairobi Gate (Kiambu)		25 km from Nairobi, 480 km from Mombasa	103 acres	Land purchase: $550,000/acre, Sheds rent: $6.20/sqm/month	Highly reliable		Private
Tatu City (Kiambu)		30 km from Nairobi, 485 km from Mombasa	1,000 acres	Land purchase: $283,300/acre	Highly reliable		Private
Vipingo (Kilifi)		475 km from Nairobi, 40 km from Mombasa	2,000 acres	Land purchase: $202,343/acre	NA		Private

1. Power rate ranges between ~$0.10-0.22/KWh (KPLC)

Source: Analysis by Gatsby Africa

Key assumptions for investment need estimates across the value chain

PRELIMINARY ESTIMATES

Investment opportunity	Key output	Input/assumptions	Source/rationale
1. Setting up new textile mills	**Total investment need:** \$500-750Mn by 2030 **Capex/facility:** \$40-50Mn **# of textile mills to ensure aggregate capacity:** 10-15 mills	• **Textile imports (HS52, 54, 55):** ~\$500Mn in 2024; ~\$630-730 by 2030 • **Import substitution potential:** 100% • **Facility capacity:** 10,000ton fabric/year • **Sale \$/fabric ton:** 5,000\$/ton	• UNComtrade, expected a 4-7% annual growth to 2030 • 100% import substitution aspiration by 2030 • Capacity comparable to other textile mills in Africa (e.g., source), and lower than facilities in other manufacturing hubs, e.g., Sri Lanka (source) • Selling price: expert input, and average between \$3 and \$6.5/kg (source) • Capex: expert input, including local players
2. Establish new apparel facilities	**Total investment need:** \$400-650Mn by 2030 **Capex/facility:** ~\$15-20Mn **# of apparel production facilities:** 25-40 mills	• **Apparel exports:** ~\$630-1,000Mn by 2030 • **Facility capacity:** 25-30k basic units/day (7Mn/year) • **Sale \$/unit of apparel:** \$3.5/unit for basic products (t-shirt, underwear, …)	• Trademap, expected a 7-11% annual growth to 2030 • Comparable to other apparel facilities in East Africa; e.g., Uganda (source); Kenya (source) • Expert input; assumed mark-up relative to basic garments in China, Vietnam, Bangladesh (source) • Capex: expert input, including local players
3. Develop a dedicated green T&A park	**Total investment need:** \$250-400Mn by 2030 **Capex/facility:** ~\$200-250Mn **# of apparel production facilities:** 1-2	• **Facility size and capacity:** ~200ha, with capacity for ~50-70 factory sheds	• Based on comparable textile and apparel parks in Ethiopia (Hawassa Industrial Park, source, source), Vietnam (HaiHai industrial Park, source, source), India (PradhanMantri Mega Integrated Textile park, source) • Comparable to previous parks developed in Kenya, e.g, 200ha incubation park in Athi River (source)
4. Setting up facilities for apparel complements	**Total investment need:** \$100Mn by 2030 **Capex/facility:** <\$10Mn **# of apparel production facilities:** ~10	• **Facility size and capacity:** ~10Mn/month if specialized on selected accessories (e.g., labels, buttons, zippers)	• Expert input on capex and capacity of facility; in the short-term, it is assumed that 1 specialized facility for each type of accessory will be able to capture demand from growing local apparel industry, given existing reliance on oversees highly specialized suppliers of accessories

Kenya offers multiple public SEZs, EPZs and industrial parks

Example parks[1]

1 **Konza Technopolis**
Machakos
5,000 *acres*

Borders 3 counties (Makueni, Machakos and Kajiado)
60 KM from Nairobi

2 **Dongo Kundu SEZ**
Mombasa
3,000 *acres*

Adjacent to the Mombasa Port in Likoni

3 **Naivasha SEZ**
Naivasha
1,000 *acres*

Located in Maai Mahiu along the Nairobi-Naivasha SGR line

Competitive power tariffs

Planned 5,000 acre expansion

4 **Olkaria SEZ**
Nakuru
8,292 *acres*

Leverages geothermal power and hosts KenGen's Green Energy Park

5 **Riwa SEZ**
Homa Bay
530 *acres*

13 KM from the CBD

8 industrial, sector-based zones planned

18,000 acres of public SEZ and industrial park land
47 CAIPs in development

1. At different stages of development (e.g., Konza Technopolis is operational, Dongo and Naivasha are under construction)

Source: SEZA, EPZA

Private SEZs and industrial parks are also available in Kenya

Example parks[1]

1. **Vipingo SEZ**
Kilifi
2,000 *acres*
ARISE INTEGRATED INDUSTRIAL PLATFORMS
Plug-and-play industrial park in Kilifi County focused on green energy solutions

2. **Two Rivers Financial Center**
Nairobi
64 *acres*
TRIFIC TWO RIVERS INTERNATIONAL FINANCE & INNOVATION CENTRE AFRICA'S GATEWAY TO THE WORLD
Access to international markets for global, regional, and Kenyan service-oriented business enterprises

3. **Tatu City**
Kiambu
5,000 *acres*
TATU CITY
Mixed-use special economic zone

4. **Northlands SEZ**
Kiambu
528 *acres*
SEZ AUTHORITY
Private SEZ located in Ruiru, Kiambu County

5. **Infinity IP**
Nairobi
200 *acres*
INFINITY INDUSTRIAL PARK
Private IP for SMEs located 10 km from Jomo Kenyatta International Airport and 20 km from Nairobi's City Center

6. **Mount Kipipiri Golf and Resort**
Nyandarua
1.478 *acres*
MOUNT KIPIPIRI GOLF & RESORT
Megaproject in Kipipiri, Nyandarua

Source: SEZA, EPZA

Get started today!

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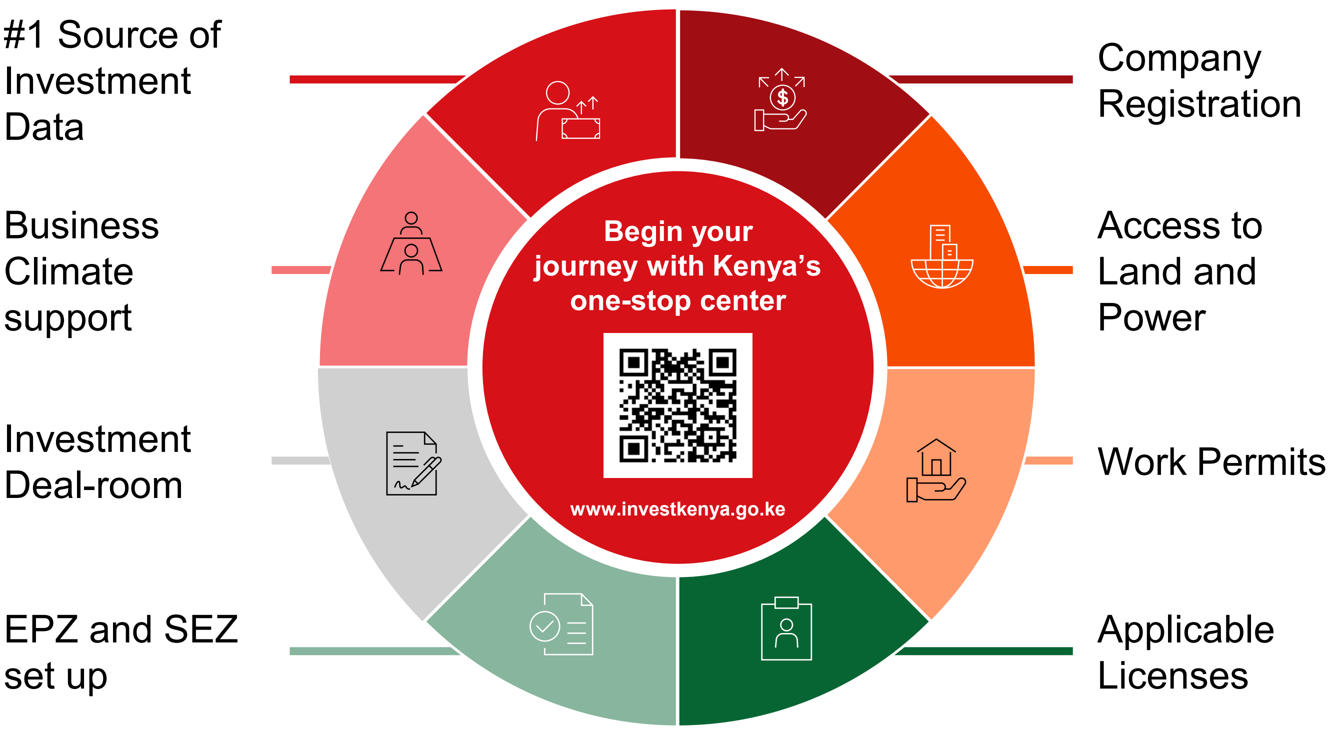

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