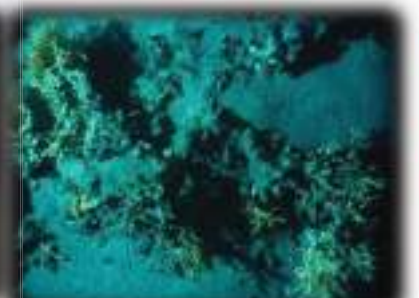


REDISCOVERING THE ROAD TO PROSPERITY

A REPORT OF THE BLUE ECONOMY
COMMITTEE



The Agenda



- **What is the Blue Economy?**



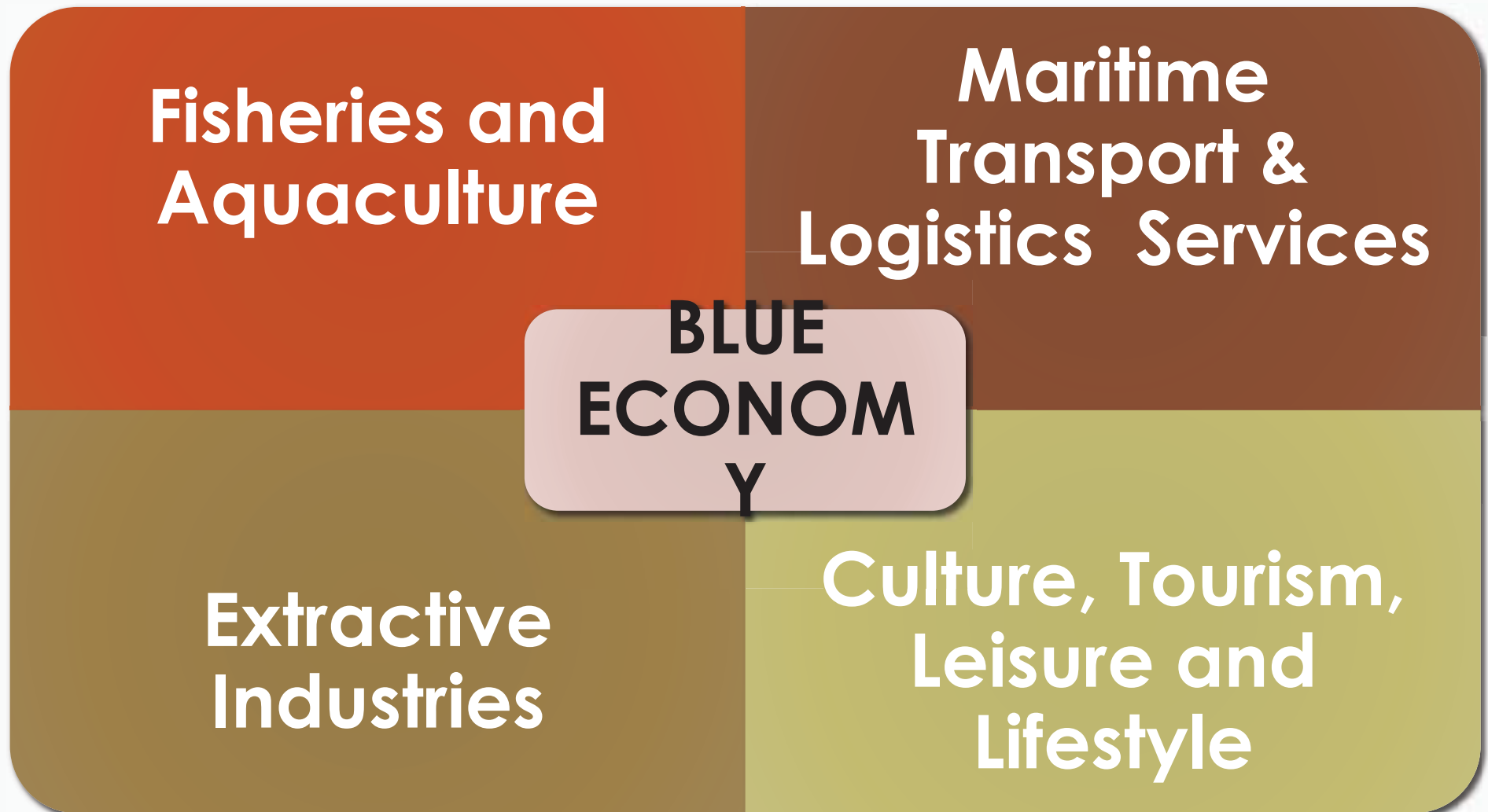
- **The Opportunity for Kenya**



- **What are we doing?**

What is the Blue Economy?

The maritime domain, the subject of the Blue Economy Committee, is vast including



Kenya's Blue Economy by Numbers



Maritime Transport Services – Kshs. 73 billion; Fisheries – Kshs. 48.8 billion;
Tourism – Kshs. 57 billion

90% of Kenya's International Trade is seaborne;
Kshs 300 billion paid out annually to foreign shipping lines and agents



Forced fish landing – will raise fish processing capacity from the current 2,500 to 18,650 metric tonnes in the next 18 months

Kenya's annual per capita fish consumption - 4.5 kg ;
African average - 10 kg; Global average - 20kg; Increase - raise investment, create more jobs and enhance food security



Fishing Ports in Shimon, Mombasa, Kilifi and Lamu can create 12,000 jobs and add Kshs 20 billion to GDP

Diversification of tourist package to include cruise, sport fishing, game safaris, marina, dolphin and whale watching and world class malls - job opportunities and incomes



RAPIDLY RAISING THE CONTRIBUTION OF THE MARITIME SECTOR IS POSSIBLE

South Africa's result after 18 months of intervention

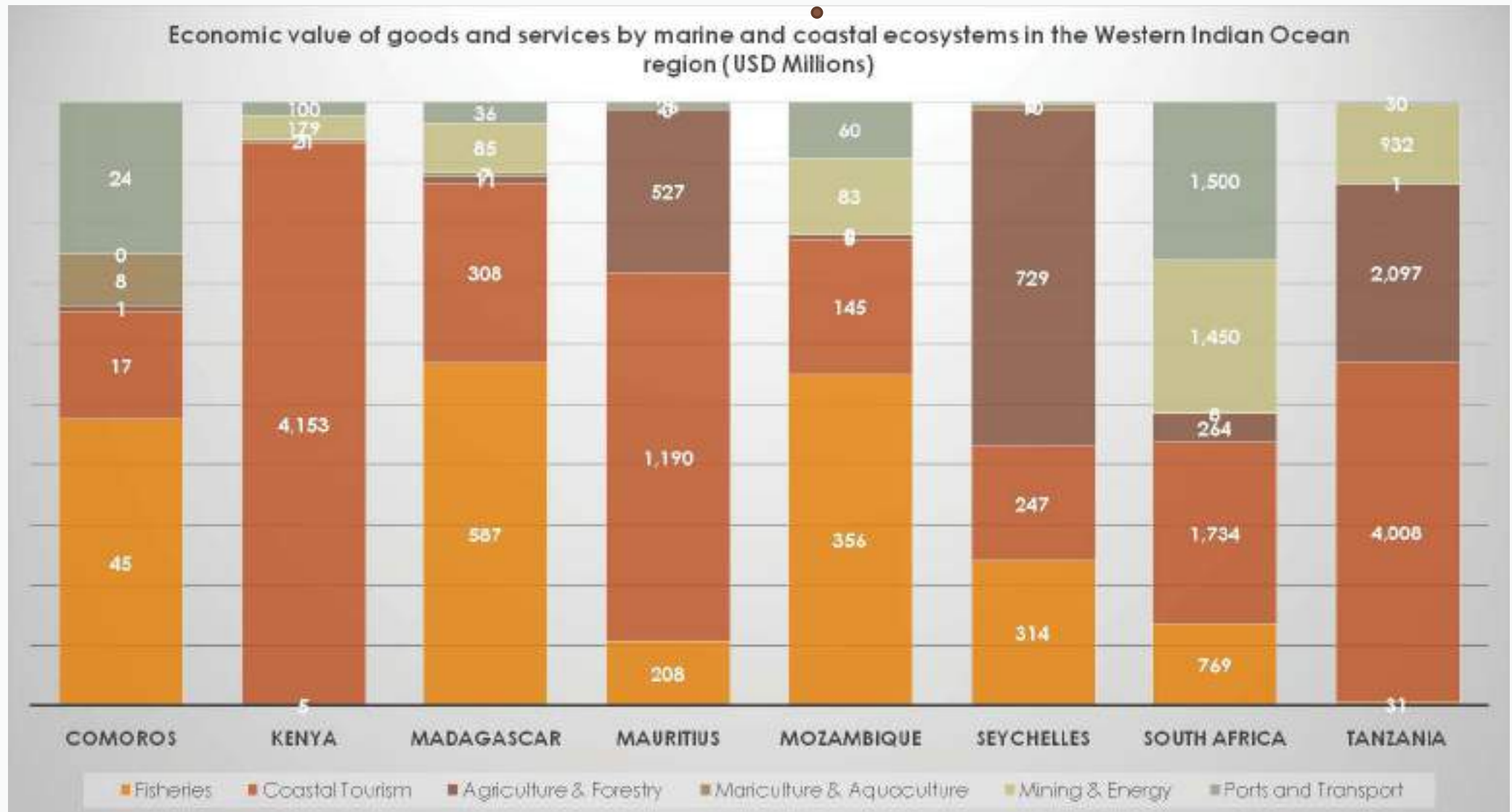
Unlocked over Kshs 170 billion investment in the Blue Economy.

Created over 5000 jobs in various sectors of the Blue Economy



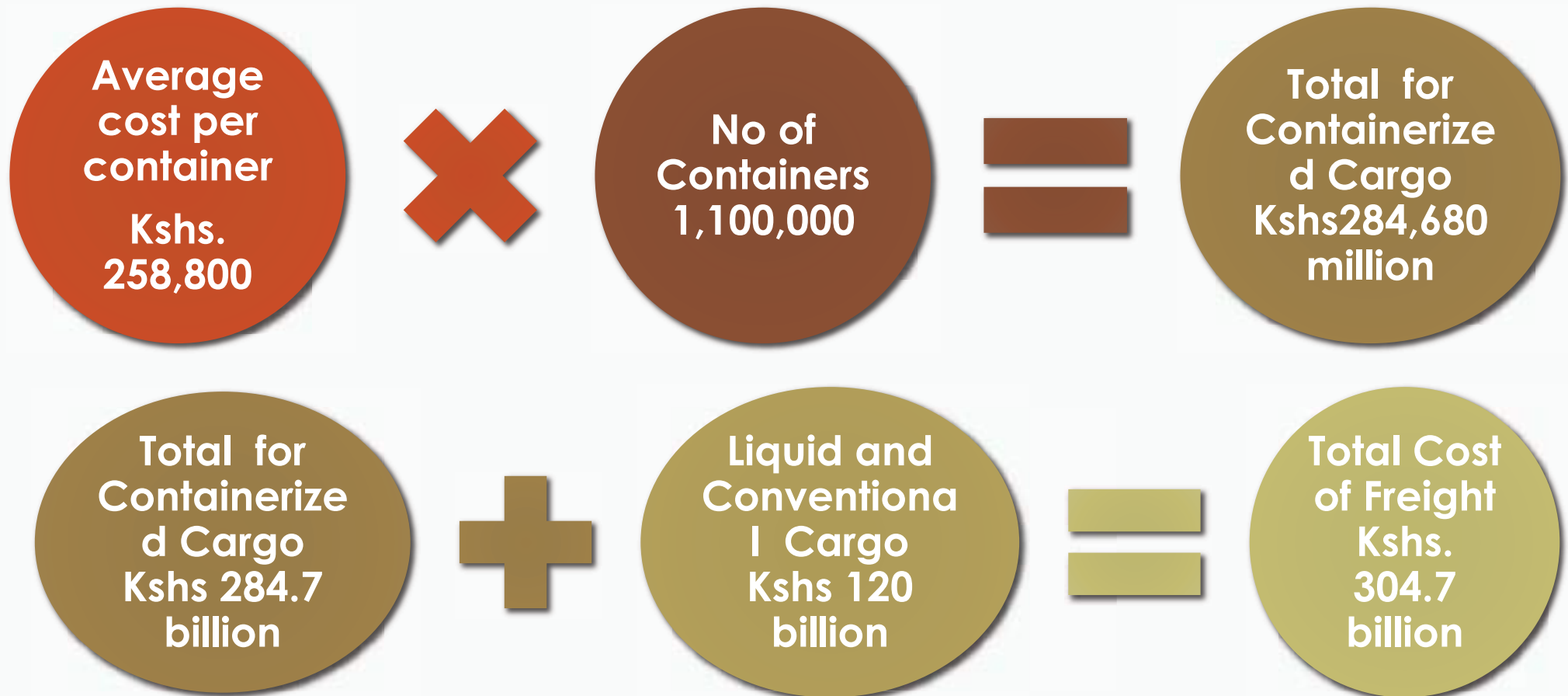
Kenya's Blue Economy remains relatively underdeveloped as compared to other jurisdictions within the region

Kenya's share of the region's Blue Economy is 20 %, 93% of which is from Tourism



Maritime Transport Services

Kenya pays out an estimated total of Kshs. 304.7 billion to foreign shipping lines, PART OF WHICH would be retained if we had a robust domestic capacity



Compare this with the dividends of Kshs. 3.2 billion remitted to the exchequer by the Kenya Ports Authority, the most active maritime service sub-sector in Kenya

Lost Opportunities

Savings on foreign exchange (Kshs 300 billion to foreign shipping lines and ships agents);

Ability to influence reduction/removal of destination charges estimated at **Kshs 37 Billion** a year for containerized cargo;

Potential to train **10, 000 seafarers** with estimated annual remittance of **Kshs 25 Billion**;

What are we doing?

Revival of the Kenya National Shipping Line

Revival of Coastal Fisheries

Retrieval of lost assets

Capacity and capability building

Interventions to reverse losses

Coastal Shipping

- Port infrastructure in Shimoni, Diani, Mtwapa, Kilifi, Malindi and Lamu;
- Enact cabotage laws and promote Regional Policy;
- Establish a framework for financial support and awareness campaigns;

Inland Waters

Port infrastructure for lake transportation;

Protect the lakes from invasive weeds;

Address security challenge in Lake Turkana;

Establish a framework for financial support and awareness campaigns;

Shipbuilding and Repairs

There are good ship building and repairs yards for ship repairs and production of prefabricated ship and barge sections and other specialized services;

Reduce cost of construction materials through lower or zero rating taxation on ship/boat making materials;

Interventions to reverse losses

Container Repair Industry

- On average 30% of containers need repair and cleaning;
- The economy pays about Kshs 8.73 Billion for repair and Kshs 0.6 Billion annually for cleaning containers;
- Undertaking repairs locally would provide 5000 job opportunities for our polytechnic and university graduates;
- Train human resource in container repairs (Bilateral Arrangements with India and others);
- Reduce the cost of container repair materials through lower or zero rating taxation on the raw materials

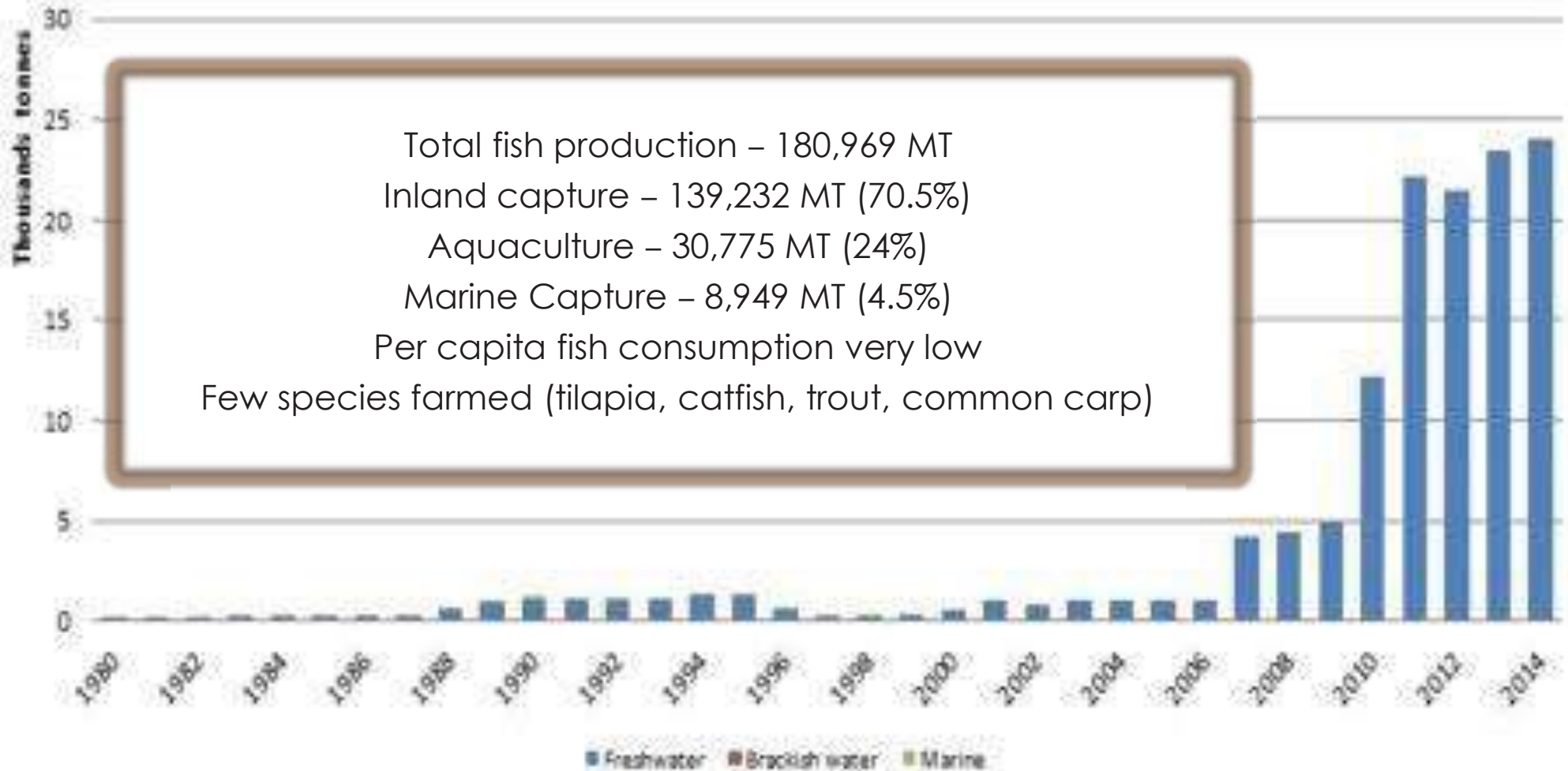
Marine Cargo Insurance

- Kenyan traders send out every year over Kshs 20 Billion in Marine Cargo Insurance (MCI) Premiums to offshore Insurers contrary to Section 20 of Insurance Act
- Mandatory purchase of marine cargo locally
- Awareness campaigns
- Strengthen monitoring framework for compliance;
- Improve clients care and claims management;
- Develop standardized and secure marine cargo insurance Certificates

Fisheries, Aquaculture and Mariculture

Kenya's fish production has performed well, when proper policy measures have been effected

Aquaculture Production



Other areas of intervention

Securitization of BMUs and Landing Sites

- Mapping of Landing Sites
- Linking BMUs to Landing Sites
- Training and Equipping the BMU's and linking them with the security agents to improve on the security & Safety on the beaches
- Capacity building for BMUs

Building Industrial Fishing

- Development of the National Fishing Fleet
- Enforcement of compulsory of fish landing, approximately 42,400 MT
- Increase the number of fish processing factories as well as enhance value addition
- Expand fish marketing domestically and regionally

MARICULTURE

1. Upscaling Seaweed and Artemia:

Increase farms from 150 to 500 short term (1,000 jobs)
and diversify species & venture into deep water farming in medium term
(15,000 jobs)





2. Upscale fin fish and crab fattening

In the Short Term

- Upscale milkfish farming to commercial levels in 3 sites in Kilifi and Kwale – Construct 10 ponds per site
- Provide seed, farm equipment, and establish cottage feed production
- Train farmers and value chain actors
- Up scale mud crab farming by supporting 5 youth groups
 - 300 direct beneficiaries ~ 500 jobs

Mid Term – Long Term

- Upscale fin and shell fish farming in 6 coastal counties
- Network of hatcheries; one per coastal county, one multi-species hatchery
- Commercial feed manufacturing
- Map site suitability for mariculture
- Build capacity and train farmers, input providers and extension workers
- Aquaculture centers of excellence for marine and inland aquaculture

Cage Culture in Lake Victoria



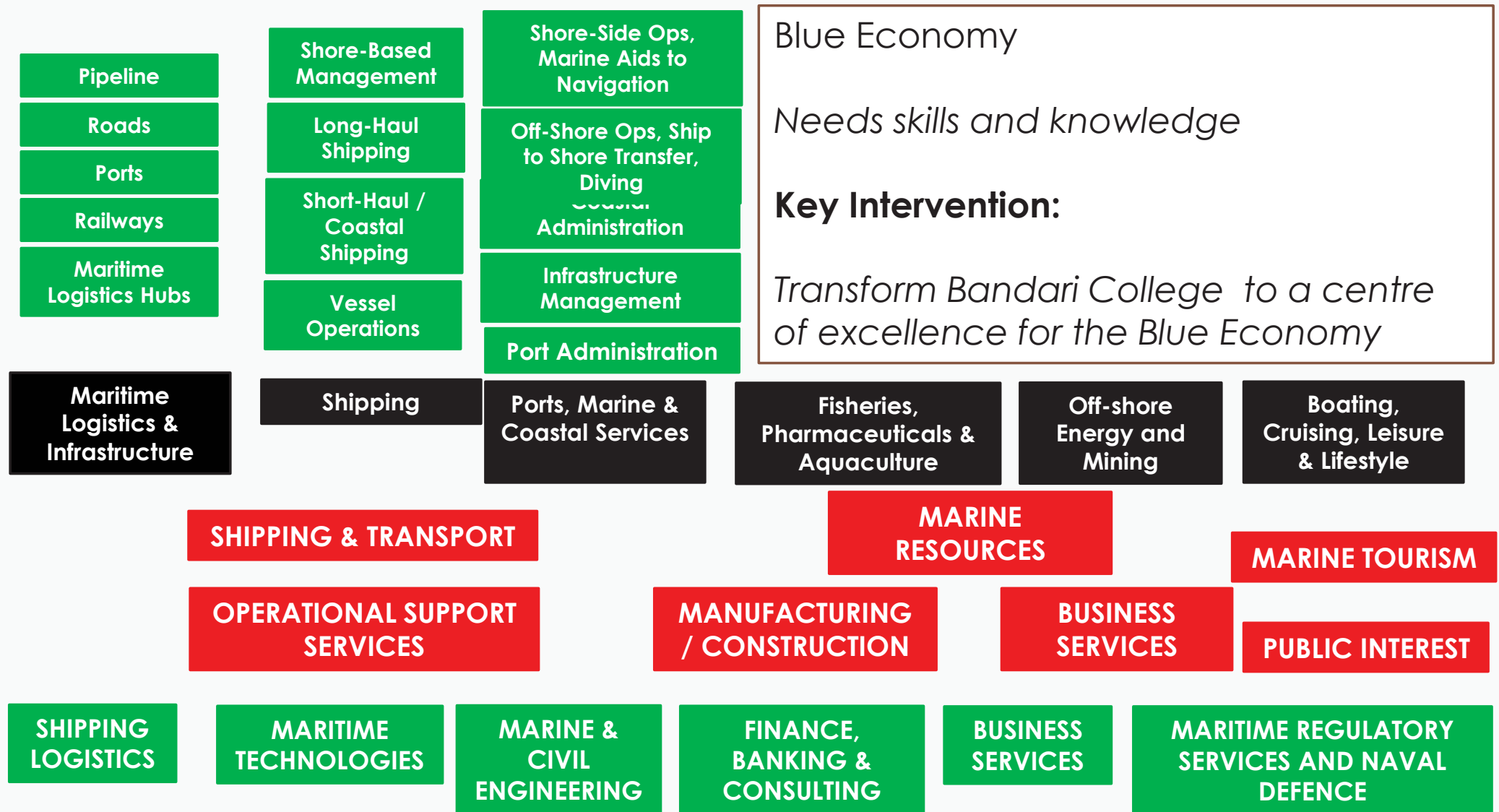
~ 3,000 Cages and ~ 2,000 Jobs

Over the long term, we expect to move to fully fledged agro-processing of seaweeds

Cosmetics – *other valued added products*



Maritime education and training



Bandari College to specialize training in low to mid – level skills (Bilateral agreements with partners)

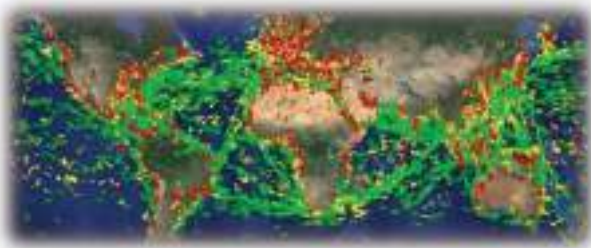
Degree programs for designated universities - Pwani University, Technical University Mombasa, Jomo Kenyatta University of Agriculture and Technology amongst others

Some key anticipated results

Increased production of fish from 181,000 MT to 848,000 MT in the long term.

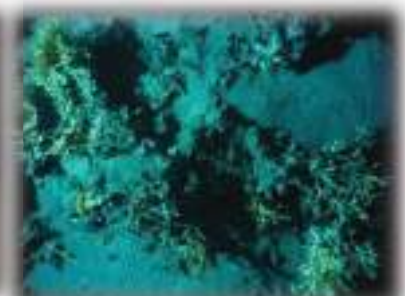
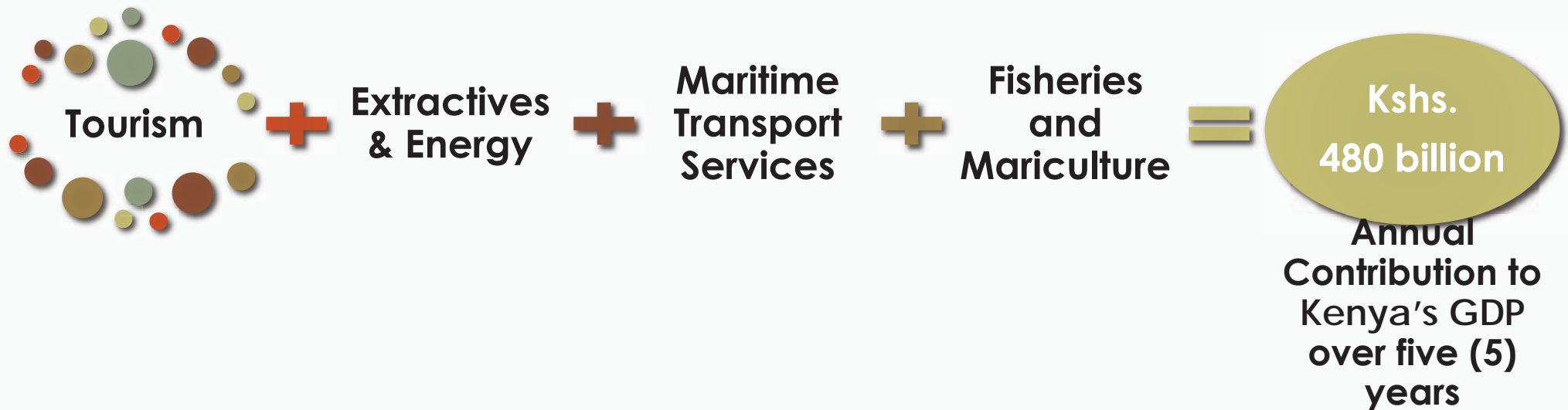
Increase the per capita fish consumption from 4.5 kg to 10 kg

Jobs increased by **144,190** along the value chain (from **92,365** to **236,555** jobs)

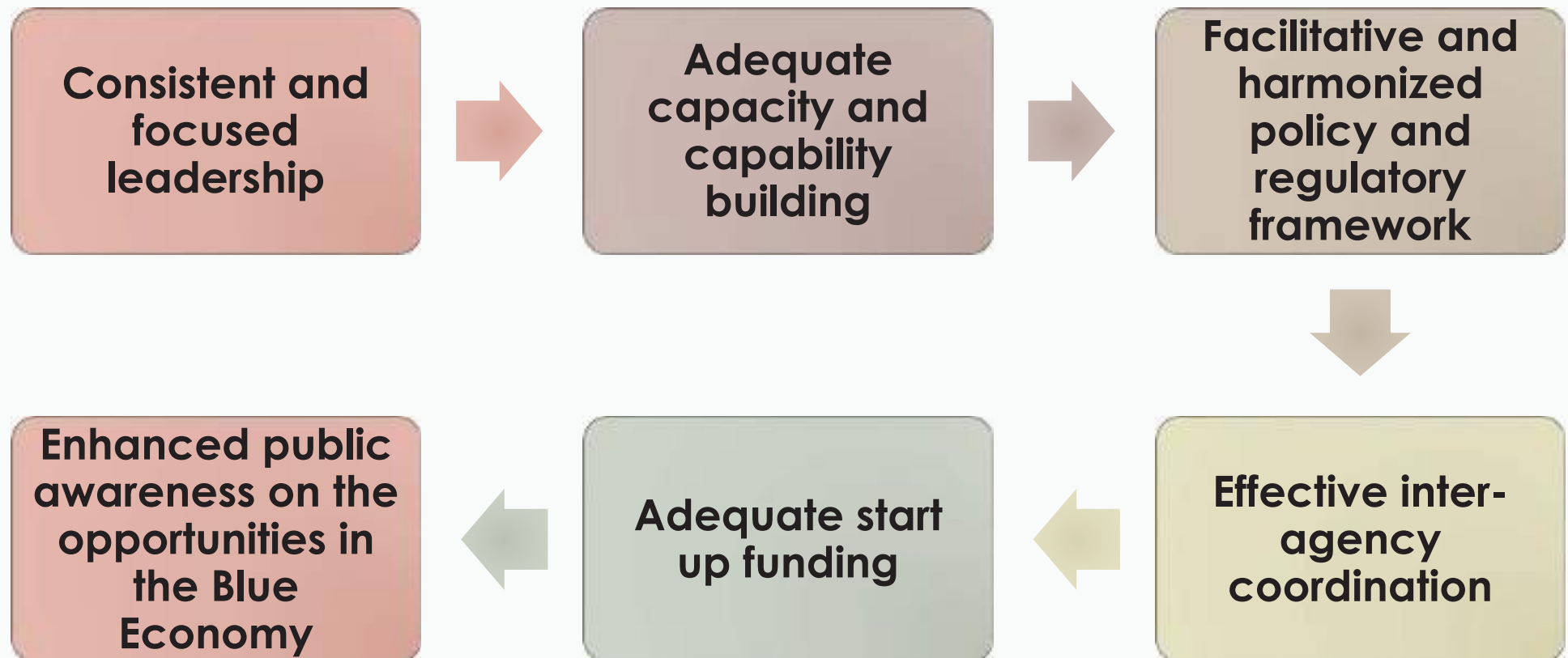


The investments that are being requested are essential to leveraging the blue economy in Kenya

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The critical success factors to ensure achievement of these benefits and mitigate the risks include



[Summary of Discussion]

1. Food Value Chain

Participants agreed that The Kenya-Japan Platform for Food Value Chain Development will be established to facilitate information exchange and cooperation between the public-public, private-private and public-private of Kenya and Japan with the aim of developing of food value chain in Kenya under the leadership of CAS of the Ministry of Agriculture and Irrigation of Kenya.

Participants shared the importance to consider new projects and cooperation between Kenya and Japan, which contribute to upgrading in areas such as irrigation, mechanization, research, fertilizer, data collections for weather and crops, and food value chain development with TICAD 7 in 2019 in mind. Because close cooperation among departments of the Ministry of Agriculture and Irrigation of Kenya is also critical in considering the projects, information sharing and collaboration will be enhanced among relevant departments within the ministry and between the ministry and relevant organizations.

The Ministry of Agriculture and Irrigation of Kenya and relevant organizations will take into consideration requests for business environment improvement in particular concerning agricultural machinery that was mentioned by Japanese companies.

2. Food and Nutrition Security

Taking into consideration efforts and requests made by the Kenyan government, the Ministry of Agriculture and Forestry of Japan will continue their initiative to develop new nutrition evaluation methods and promote awareness on nutrition improvement for food business operators and academia.

Noting TICAD 7 will be scheduled in 2019, participants shared the understanding that working-level meeting(s) will be held to discuss a-way-forward contributing to promotion of IFNA based on the IFNA Country Strategy for Actions formulated by the Kenyan government.

3. Blue Economy

Taking into consideration the result of the data collection survey currently underway by JICA and the Kenyan government priorities, the concerned departments and organizations of the both sides will discuss on what project will be possibly formulated in the run-up to TICAD 7.