

COUNTY GOVERNMENT OF ISIOLO

**INVESTORS
HAND BOOK**

GOVERNOR'S MESSAGE



I am excited to present the latest 'Isiolo Ripe for Investment' investors' hand-book. This hand-book is packed with full of information on the Isiolo County business environment which ranges from the attractive attributes of Isiolo to sectoral pockets of excellence and incentives. This information plays a critical role in providing potential investors and businesses alike with key information they need around doing business in Isiolo.

Isiolo County is a fast-growing investment destination. The County has a diverse population with diverse cultures, communities and nationalities found in our great County. Our residents are our greatest asset and the diversity of the population makes it an ideal place to work, live and play as well as invest.

Isiolo continues to receive interest as an investment destination and is the ideal springboard for investors looking to expand their operations across, the Northern Kenya Region, Kenya and the African continent.

We are positioning Isiolo as a regional, national and globally competitive business destination and our message is clear, we are open for business. Our county's economy is diverse with flourishing sectors such as; mining, green economy (renewable energy), hospitality industry, leather tanning and processing, agro-processing and value addition of milk and fish, affordable housing, business process outsourcing and ICT, film industry, and clothing and textiles, among others, contributing significantly to the growth of the economy.

In addition to having high growth sectors, Isiolo is home to the Horn of Africa Gateway Development Project (Isiolo-Mandera highway, Isiolo International Airport and other unparalleled LAPSET projects. The County is working with key stakeholders to operationalize the Isiolo International Airport. We have in place an Air Access team tasked with increasing direct flights to Isiolo. This will increase air access to and from Isiolo to boost investment and tourism. These initiatives are being implemented together with key stakeholders like Ministry of Investments and Trade, Kenya Airports Authority, and the National Government.

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ABOUT ISIOLO

Isiolo is a county in the former Eastern Province of Kenya but considered to be part of Kenya's Northern frontier regions. Its population is estimated to be 300,000. Its capital and largest town is Isiolo. The County is the first county to be developed as part of the Kenya Vision 2030 program.

The local topography is arid or semi-arid low plains. Ewaso Nyiro River flows through the county and partly bounds it. It has two constituencies: Isiolo North Constituency and Isiolo South Constituency. The county is divided into six Sub-counties: Central, Garba Tula, Kinna, Merti, Oldonyiro, and Sericho.

LOCATION

Isiolo County is the heart of Kenya, a crucial and strategic gateway between Northern and Southern Kenya both by road and air. Isiolo Airport is located in the town of Isiolo, in Isiolo County with half of the runway extending into Meru County. Its location is approximately 283 kilometres, by road, and about 200 kilometres, by air, north-east of Jomo Kenyatta International Airport, the country's largest civilian airport.

TRANSPORT AND INFRASTRUCTURE

Isiolo Airport is a civilian facility, serving Isiolo and neighboring counties. The airport is expected to promote growth and unlock the economic potential of the region and the neighboring pastoralist areas; boost trade between Kenya and neighboring countries such as Somalia, Ethiopia and ease transport of livestock products from the region to markets such as the United Arab Emirates. Kenya's fifth international airport is already up and running with several airline companies showing interest to operate.

The County government is already working with the National Government which will invest 100 Million U.S Dollars to construct an additional 1.5 kilometer runway to facilitate large cargo for

export standard, fully equip the airport and construct a modern control tower. Once complete the airport will decongest Wilson airport as Miraa, beef and animal products from the region will find its way to Somalia and other countries.

The Kshs 2.7 Billion investment has the capacity to handle approximately 350,000 passengers annually. The airport, which sits on a 260 hectare land parcel has a 4,500 square Metre, state of the art passenger terminal building and is one of the key vision 2030 flagship projects in Isiolo County.

The Great North Road into Sudan and Ethiopia traverses through the region as well as the

expected Standard Gauge Railway line. The earmarked oil refinery and industrial park in the county shall spur the region's rapid growth in both human population and economic growth.

Already the Horn of Africa Gateway Development project has commenced and is expected to be completed in 3 years. This project

commonly referred to as the Isiolo –Mandera regional road corridor will improve the movement of people and goods and digital connectivity to the communities along the targeted sections. Another important road infrastructure that will open the region for investment in diverse industries is the Isiolo-Merti road.

1.1 MINING INDUSTRY POTENTIAL

According to a recent survey done by the Ministry of Mining, Blue Economy and Maritime Affairs, Isiolo County is among 15 other Counties in Kenya that are richly endowed with minerals classified as precious metals, rare earth and

radio-active minerals, base metals, industrial minerals, construction and building materials and gem stones. These minerals include; gold, rare earth elements, gypsum,

1.1.1 Gold in Kom-Durte area

The Kom area in Isiolo is well-endowed with gold deposits that are quantities of economic viability. However, miners currently undertaking mining utilize rudimentary ways that are a danger to the environment. There is need to introduce modern machinery that integrates environmental conservation. This offers a significant investment opportunity.



1.1.2 Aluminum in Belgesh

Bauxite ore which is the main source of aluminum is found in an area within Isiolo County called Belgesh. Aluminum is widely used cans, foils, kitchen utensils, window frames, and aeroplane parts. The presence of this mineral presents a huge investment opportunity.

1.1.3 Mable Stones in Oldonyiro

Isiolo County and specifically Oldonyiro ward is endowed with quantities of Mable stones that are economically viable. Therefore, this presents a huge investment opportunity for those in this industry.



1.2 Isiolo County's Renewable Energy Potential

With a favorable environment for climate-friendly investment, Isiolo County is a center for green industrial energy production hub. The County, under the leadership of His excellency Governor, Abdi Ibrahim Guyo, is exploring the prospect of Green and renewable Business investment energy mix bucket ranging from solar, wind, Biomass as well as Hygro-electric Sources of energy to reduce the cost of energy,

and position itself in the carbon-free economy in the coming years.

The County has recently experienced great progress in the various areas of development. Varying from an International standard abattoir facility at 85% completion rate, to an International Airport, Horn African gateway road to Mandera which is already in high gear to

Kenya Off-Grid Solar Access Project(KOSAP)- which is a world Bank funded Energy Projects with an aim of increasing access to modern energy services-electricity and modern cooking solutions-in households, businesses, and community & public facilities in the county through Construction of Solar Minigrids, Equipping of Public facilities and boreholes with Solar energy systems as well as creating favorable private business ventures through provisions of facilities such as Result-base financing and debt for Green investments.

With all these humongous opportunities in its belly to offer, The County is yet to scale-up an active private sector micro-environment for investment. A newly constituted department of Renewable Energy is in the process of Developing County Energy Master Plan-which aims at guiding the investments prospectus by

relevant stakeholders in Energy sector. Isiolo Energy Master Plan is as well envisioned to be in line with the integrated national Energy plan and other government development blueprints to create a favorable business environment.

To have an elaborate pathway towards Energy Investment in the County, The County Government is focusing on these 2 Objectives:

- i. Creating favorable Business investment environment for Green and Renewable Energy;
- ii. Sustainable exploration of County's natural resources.

i. Creating favorable Business investment environment for Green and Renewable Energy;

The county Department of Trade and Investments presents the investment

environment with regard to investors' priority requirements in terms of support. This range from policy requirements to any other statutory regulations as pertains to what is required from the county government.

At the energy sector level, Kenya has a strong institutional framework, supported by experienced government agencies, and a healthy private sector has introduced special Renewable Energy tariffs and Power Purchase Agreements (PPAs) in order to ensure returns on investment and to facilitate borrowing by private sector investors. The government (National) provides Partial Risk Guarantees (PRG) for investors and de-risking investment - e.g. for Renewable Energy generation projects - by undertaking resource assessment and feasibility studies. In addition, it provides the necessary grid infrastructure to distribute

power and reach consumers, even subsidizing consumer connections to enhance demand.

With the County Energy Masterplan in the offing, this will accelerate the achievement of Sustainable Development Goal (SDG) 7, socio-economic growth and environmental sustainability of the County, in accordance to the county's development objectives. Isiolo County currently has low energy access rates with 85% of the population in Isiolo County relying on solid fuels for cooking and less than 30% have access to electricity.

ii. Sustainable exploration of County's natural resources

Isiolo County is endowed with vast natural resources from mineral deposits to huge under water sources to Renewable Sources of energy such as Solar, Wind and Biomass all spreading across the County.

1.2.1 Solar Energy



Solar energy has an enormous potential in Isiolo County. According to SOLARGIS, the County

stands to give out a long-term average of daily 5.2kwh/kwp of solar energy power potential. This figure is translated to around 1899kwh/kwp yearly. Due to nomadic pastoralism's way of live of larger inhabitant of the county, decentralized electrification will play an important role in providing electricity access to underserved communities where the grid cannot be extended given their remoteness. Therefore, using these unique opportunities the county is experiencing, it is opening up to business prospectus in the field of solar home systems and decentralized systems of electrification such as solar mini-grids for investment as well as clean cooking technologies.

1.2.2 Wind Energy

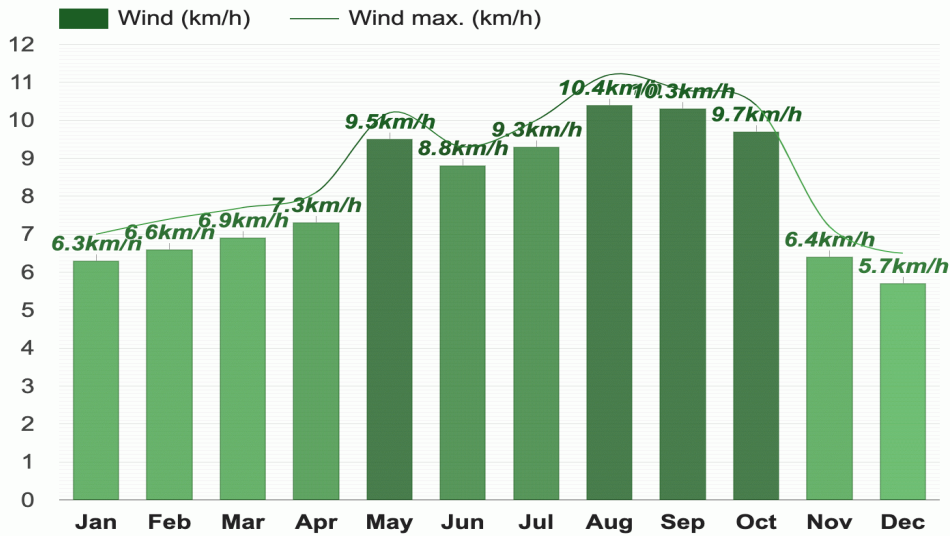


Wind energy has the greatest potential among all RES in Isiolo County. Around half of the County's territory has an average wind speed of about 4 to 5 m/sec at a height of 30m. The windiest month (*with the highest average wind speed*) is August

(10.4km/h). The calmest month (with the lowest average wind speed) is December (5.7km/h). The Greatest wind potentials are in the Oldonyiro, Cherab and Sericho wards in the Isiolo, Merti and Garbatulla Sub- County respectively.

Of important to note is that the two last regions of the County enjoy relatively higher wind speed, with land topography and geology fairly flat, with vast open space to accommodate larger turbine sizes. As for Oldonyiro ward, the area is of interest to wind power investors because of its unique geographical location sandwiched between drier isiolo areas and the cold Mount Kenya region on the side of Laikipia region, with beautiful smooth rounded hills and valleys causing natural flow of wind that can be tapped to produce high capacity of wind power.

Wind - Isiolo, Kenya



1.2.3 Biomass

The National Cooking Sector Study has shown that many Kenyans still require interventions that will increase their access to improved and clean cooking solutions. Statistics from the study show that 93.2% of the rural populations still rely on solid fuels as their primary fuel source, while a 2019 census data from KNBS indicates that 31,196 Household still relays on firewood as their primary source of cooking fuel while only 256 HH which uses biogas in Isiolo County. This means that there is need to deeply look into the clean cooking sector at the county level and visualize a shift to alternatives for all populations, especially vulnerable populations to access clean, renewable, affordable and cheaper sources of Energy.

It is in the Context above that the County government of Isiolo under its blue prints of

Renewable Energy investments venture in line with the governors' manifestos exploring options of creating favorable environment for huge biogas development initiatives. In addition, Isiolo municipality is generates tones of wastes from restaurants and market stalls, Liquid sewage wastes from growing household populations as well as slaughter-house waste effluent makes a perfect receipt for biogas productions on a scale to sustains county's municipal cooking and heating energy needs and demands. With an International standard abattoir to be coming soon, the initiative is coming at the right time as there will be enough waste generated from the facility to sustain a feedstock for this lucrative venture.

1.3 Livestock and Agriculture Sub-sectors

Livestock keeping is the economic mainstay of Isiolo County. Herders keep thousands of cattle, camels and shoats. However, due to adverse impacts of climate change locals are now slowly adopting agro-pastoralism that has resulted to crop and fruits farming. Therefore, both the livestock and agriculture subsectors provide huge investments opportunities.

1.3.1 Leather Tannery

The Isiolo Export Abattoir has the capacity to handle 10,000 shoats, 500 cows and 300 camels per day making available an enormous volume of hides and skins. This huge amount of raw material makes the leather tanning industry a viable investment option in the county. In addition, with the Isiolo International Airport now fully operational, this facility will enable

locals to export leather products to the African Continent, Europe and the Middle East countries where the demand is high.



1.3.2 Milk Processing, Value Addition and Packaging

Camel Milk processing and packaging:

There is strong and growing domestic demand for fresh as well as processed camel milk products in the county. According to the available data, milk production has remained low compared to demand for example Six thousand (6,000) liters to seven thousand (7,000) liters of camel milk is exported daily to Nairobi from Isiolo and still this doesn't meet the demand. Equally, the rising population puts pressure on camel milk production as demand outstrips supply leading to heavy reliance on camel milk from other counties. There is also high demand for camel milk products cheese, butter, yoghurt, and buttermilk. Despite the county having camel processing plants, there is a sizeable amount of unprocessed milk.

Processed milk products:

Investments in diversification of processing into value-added products like yoghurt, ghee, cheese and butter offer a lucrative opportunity for private equity investors since these products have profit margins.

Milk Quality:

Investments in technology and processes to assess and certify milk quality will allow private dairies to build brand recognition and trust amongst buyers.

Investment in partnerships:

Investments in building efficient and transparent partnerships with distributors and in own retail networks can help private dairies overcome inefficiencies in milk distribution network.



1.3.3 Gums and Resins

The county is richly endowed with different and unique species of Gums and Resins. However, county residents are yet to fully exploit this natural resources. Investments in this can include; manufacturing ink, making adhesives, crafts making, in cosmetic products, medicine, and dentistry products, confectionary and foodstuff industry.



1.3.4 Cotton Value Chain Development

The revamping and equipping of the once collapsed Malkadaka irrigation scheme, promises to revive cotton production in huge volumes. This will need value chain development in terms of; aggregator, ginning and processing factory, spinning mills up to garment manufacturing.

1.3.5 Fruits Processing

County residents engaged in fruit farming experience huge post-harvest losses that destabilize market prices. This presents an opportunity to establish a fruit processing plant that will entail extraction of juices, Pasteurization, freezing, drying and packaging of fruits mainly in Kinna – Garbatulla Sub-County.



1.3.6 Fish Value Addition

Though a new delicacy among residents, fish consumption has gained a lot of popularity in the county and therefore presents different investment opportunities. These could include but not limited to: Fish processing plants, Ice plants, Fish feeds production, Establishment of fish hatcheries, Fish farming inputs and equipment supplies and fish cage culture in natural water bodies like Ewaso Ngiro river.



1.4 TOURISM AND ENTERTAINMENT

Isiolo County's diversity of wildlife species, breath-taking scenic landscapes and beautiful terrains combine perfectly with patches of extensive Savannah grassland that provide broad opportunities in tourism.

1.4.1 Hotel Industry

The County's three game reserves; Shaba, Buffalo springs and Bisan Adhi game reserves are home to, diversity of wildlife species, impressive extensive landscape and ranges of hills and natural springs. This presents opportunities for investments in; hotels, homestays, tented camps, resorts and guest houses.



1.4.2 Wildlife and Site seeing Tourism

The county is very rich in terms of diversity of wildlife species. The special five that is found in Isiolo County are; Reticulated Giraffe, Biesia oryx, Gerunuk, Somali Ostrich, and the Grevy Zebra, other wildlife species found includes; African wild dog (*Lycaon pictus*), elephant, monkeys,

antelopes, impala, giraffe, leopard, waterbuck, lesser kudu, greater kudu, hippo, buffalo, lion and over 300 species of birds. Investment Opportunities in; tented camps, wildlife conservation and tours and travel operators.



There are 21 natural springs within the three game reserves, with Natural swimming pool at Buffalo springs which is believed to have medicinal value, treating body rashes hence making it one of the tourist's attraction sites. The county is also home to; The sleeping lion and tortoise hill around Shaba game reserves are among the adorable features. Investment opportunities in; tented camps, health spas, cottage industry for cat-fish, ecotourism, wildlife conservation and tours and travel operations.



1.4.3 Sports Tourism

Isiolo County presents unapparelled opportunities for sports tourism in Camel Derbies. The county is seeking investment partners in football academies, stadia for Rugby and cricket, dessert quad biking, and other sporting activities tied to tourism. Two of her main sports tourism events include the Shaba Challenge and Dessert Wheel Race.



1.4.3.1 Shaba Challenge

The Shaba Challenge aims to promote sports tourism for fundraising towards development projects that changes the lives of communities affected by recurrent drought, human-wildlife conflict and other disasters in Isiolo County. Held annually through partnership between County government of Isiolo and Sarova

The Shaba Challenge features epic obstacle courses within the scenic Shaba landscape and tens of team events specially curated to make it the most engaging and fun team event yet.



1.4.3.2 Desert Wheel Race

The Desert Wheel Race is one of the more unique travel experiences in Kenya. Held annually in November, the Desert Wheel Race is the biggest sporting event in the country for the people living with disability. Done in a partnership arrangement between the County Government of Isiolo NONDO, the annual event presents branding strategy and investment opportunities for corporates through their respective Corporate Social Responsibility (CSR) initiatives.



1.4.4 Cultural Tourism

Isiolo County is home to dissimilar communities with diverse cultures. This presents opportunities for cultural tourism in:

- i. Handicrafts and visual arts
- ii. Music and performing arts
- iii. Gastronomy and culinary
- iv. Social practices, rituals, and festive events
- v. Oral traditions and expressions
- vi. Knowledge and practices concerning nature



1.4.5 Film Industry

The film production industry perfectly works as tool for tapping into the artistic energies of creative Kenyans. Endowed with unique natural features, diverse wildlife species, diverse cultures, challenges related to climate change and a growing youth population, the county is ripe for investment in the film industry.

1.5 Manufacturing and Light Industries

Areas of investment consideration under these include; Manufacturing and supply of water treatment chemicals, manufacture of aluminum cans for use in packaging, establishment of fertilizer manufacturing factory that could include organic manure, electrical and electronics, component manufacture among others.

1.6 Business process outsourcing and ICT

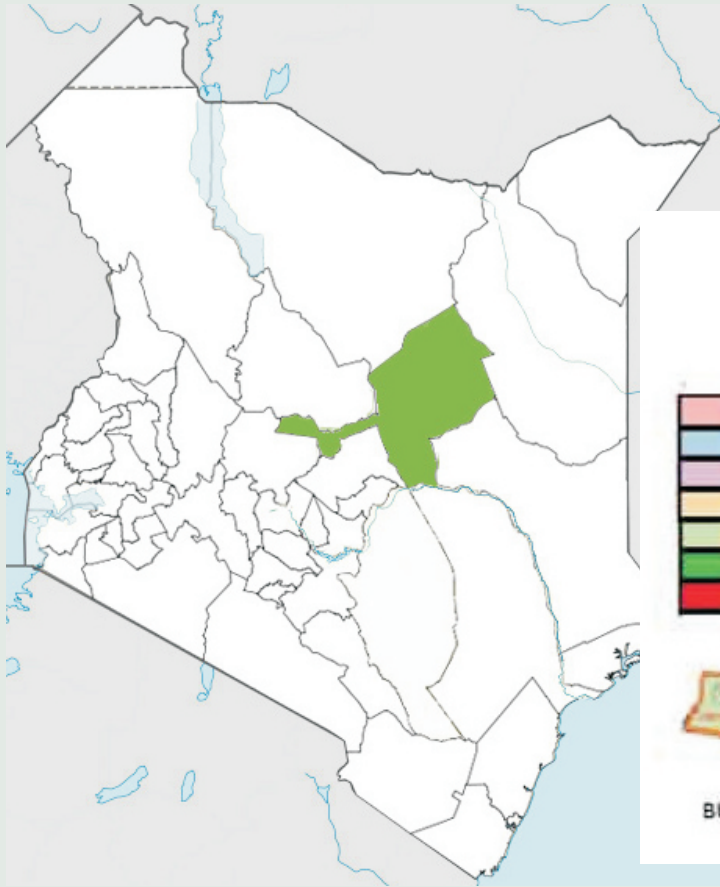
With a growing number of businesses, a youth population and high number of job seekers, the county is ripe for investment in: Provision of internet services in settlements mostly Wifi, Science and Technology Parks, Business Process Outsourcing (BPO), Information Technology Outsourcing (ITO), Knowledge Process Outsourcing (KPO) and Creative Services Outsourcing (CSO).

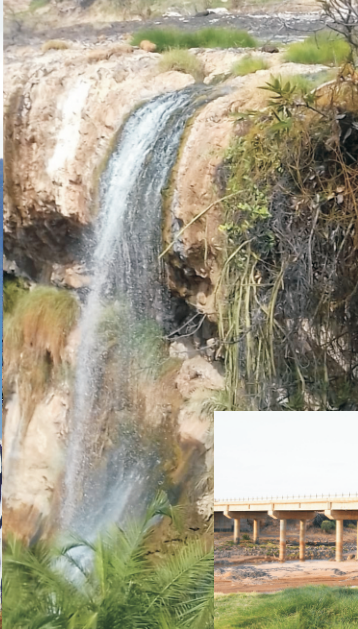
1.7 Cement Factory

Isiolo is experiencing a high population growth which has resulted to increased demand for housing, business premises and subsequently construction materials more so cement. Studies have shown that mining the limestone deposits found in Barambate, Malkadaka and Qubi Dimtu is a viable investment opportunity for cement manufacturing within Isiolo County. The market for this product is both within the county, Kenya and export to East Africa Community (EAC).

Isiolo municipality is experiencing a rapid population growth of 6.6% annually emanating from increasing business and investment opportunities. The growing population generates tones of wastes from homes, restaurants and market stalls. Areas of investment in this area include; garbage collection, waste sorting and waste recycling. Private recyclers in Nairobi willing to purchase and collect sorted waste if readily available







Reticulated
Girrafe



**ISIOLO'S UNIQUE SPECIES
AT ISIOLO GAME RESERVES**

Somali
Ostrich



Grevy Zebra



Oryx



Generuk Antelope



Artistic Impression of Isiolo Resort City



Conceptual Design Of Isiolo Resort City
(Kipsing Hill)



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