OPPORTUNITIES IN THE KENYAN SECURITY SECTOR

FACT PACK

April, 2017
Business Sweden in Nairobi
KENYA IS THE NATURAL HUB IN THE REGION BECAUSE OF ITS STRATEGIC LOCATION

BASIC FACTS

- Population: 46,1 million (2015)
- Area: 582,645 sq. km
- Capital: Nairobi
- Languages: Swahili (official), English (official), numerous indigenous languages
- Currency: Kenya Shilling (KES)
- GDP: USD 63.4 billion (2015)
- GDP growth: 5.6% (2015)
- Inflation: 6.6% (2015)
- Exports: USD 5.9 billion (2015)

The security sector is estimated to be Kenya’s single largest employer

Employment Contribution by Sector* (2016)

- **Informal Sector**: 81%
- **Security Sector**: 2%
- **Formal Sector**: 17%

Private Security Firms by Employment**

- **G4S**: 5%
- **KK Security**: 3%
- **Other firms**: 92%

Market Introduction

- Banks, institutions, extractive firms, and telecom companies serve as the largest clients, but there is a growing demand for basic security in the public sector as well as commercial and residential developments.
- The government has made a substantive push towards strengthening the security sector – much due to heightened security concerns in the aftermath of recent terror attacks.
- The informal sector is the leading sector in creating employment (albeit non-taxed), with roughly 11.8 million employed. The formal sector, which includes the security sector, employs around 2.4 million people.
- Recent estimates indicate there are between 2-4000 private security firms operating in Kenya today, many of which are smaller entities with small scale operations.
- The Kenyan Security Industry Association (under a new regulatory framework) has set standards for minimum wage, legal compliance and strategies.

Private Security Services are in high demand in the country


*Formal Sector Employment = 2.4 Million
**Private Sector Employment = 300,000, G4S employs 15,000 & KK Security 10,000.
A LABOUR INTENSIVE SECURITY SECTOR IS SHIFTING FOCUS TOWARDS HIGH-TECH SOLUTIONS

**Investments**
- Large companies and SME’s capable of investing.
- Increased investment focus by the government.
- Large investments by providers within the Private Security Industry.

**Players**
- Suppliers of new and high-tech security solutions.
- Large security clusters supported by the government.

**Opportunities within the security sector**

**Network**
- Access to key decision makers within public and private sector.
- Identification of business opportunities.

**Challenges within the security sector**

**Market**
- Growing focus on new and efficient technologies within several security segments.
- Positive elements to security and public sector reforms.

**Market**
- Growing (and somewhat) unregulated market with hundreds of private security firms.
- Highly differentiated and highly competitive.
- Labor focused market not relying on tech-solutions.

**Investments**
- Despite a budget increase, the security sector remains largely underfunded.
- Investments geared towards people centred labour makes slows growth for high-tech solutions.
A NUMBER OF PUBLIC STAKEHOLDERS ARE EXPANDING AND DEVELOPING THEIR SECURITY SEGMENTATION

<table>
<thead>
<tr>
<th>Airports</th>
<th>Ministries</th>
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| - Kenya is investing in expansion and modernisation of its airports.  
- New and dynamic technological solutions have been tested at Jomo Kenyatta International Airport. | - The ministry for transport, infrastructure, housing and urban development is revamping its focus on security through ongoing upgrades in infrastructure.  
- Surveillance and monitoring, risk reduction systems, and wireless solutions all in demand. |

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<thead>
<tr>
<th>Hospitals</th>
<th>Police and Fire Departments</th>
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| - Hospitals have begun expanding their security arsenal, with new technology being adapted.  
- Storage and handling material, data and network security and risk reduction systems in demand. | - The police and fire departments are modernising.  
- New vehicles and upgrade in technology is being pursued.  
- More policemen to be employed in coming years. |

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<th>Parastatals</th>
<th>Military</th>
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| - Since the implementation of a private security sector reform, companies enjoy a more transparent and regulated market.  
- Surveillance, monitoring and access control part of a revamped focus on security. | - Military spending continues to increase. From USD 696 million in 2014 to roughly USD 905 million in 2015.  
- Anti-riot, anti-terror and body armor clothing in demand as well as new technology within air and land defence. |

POSITIVE TRENDS IN PUBLIC SPENDING ON SECURITY PRESENTS BUSINESS OPPORTUNITIES FOR A WIDE RANGE OF COMPANIES

SOURCE: KENYA INDUSTRY SECURITY ASSOCIATION, OXFORD BUSINESS GROUP, BUSINESS INSIDER, BBC, PWC
The government has made it a goal to strengthen the police force. Forensic laboratories and increased numbers in the police force are focus areas.

Under Vision 2030, Kenya has made it a priority to enhance security in public spheres. A strengthened public-private partnership is on top the agenda.

Kenya has established a national data security center in order to propel the sharing of information between security and police agencies.

CCTV Surveillance Projects in four major Kenyan towns, within both institutions and public spaces has been launched in addition to Improvements in street lightning.

Under Vision 2030, Kenya has made it a priority to enhance security in public spheres. A strengthened public-private partnership is on top the agenda.

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DEVELOPMENTS WITHIN SECURITY ARE HIGH ON THE GOVERNMENT AGENDA

ANNUAL REPORTED CRIMES IN KENYA INCL. NAIROBI, NUMBERS IN THOUSAND (2010-2015)

<table>
<thead>
<tr>
<th>Year</th>
<th>Rest of Kenya</th>
<th>Nairobi</th>
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<tbody>
<tr>
<td>2010</td>
<td>64,6</td>
<td>6,1</td>
</tr>
<tr>
<td>2011</td>
<td>67,2</td>
<td>8,5</td>
</tr>
<tr>
<td>2012</td>
<td>68,5</td>
<td>9,5</td>
</tr>
<tr>
<td>2013</td>
<td>62,9</td>
<td>8,9</td>
</tr>
<tr>
<td>2014</td>
<td>62</td>
<td>7,2</td>
</tr>
<tr>
<td>2015</td>
<td>68,1</td>
<td>4,3</td>
</tr>
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REVAMPED GOVERNMENT FOCUS ON SECURITY

- **CCTV Cameras**: CCTV Surveillance Projects in four major Kenyan towns, within both institutions and public spaces has been launched in addition to Improvements in street lightning.
- **Data Security**: Kenya has established a national data security center in order to propel the sharing of information between security and police agencies.
- **Partner-projects**: Under Vision 2030, Kenya has made it a priority to enhance security in public spheres. A strengthened public-private partnership is on top the agenda.
- **Policing**: The government has made it a goal to strengthen the police force. Forensic laboratories and increased numbers in the police force are focus areas.

ENHANCING COMMUNITY SECURITY THROUGH SURVEILLANCE AND NEW STREET LIGHTINGS ARE GOV. PRIORITIES

SOURCES: BUSINESS SWEDEN ANALYSIS, KENYA VISION 2030, KENYA NATIONAL BUREAU OF STATISTICS, THE KENYA NATIONAL POLICE
### DYNAMIC TOOLS AND HIGH TECH-PRODUCTS A PRIORITY FOR THE PRIVATE SECTOR

| **Industries** | **The market for industrial security is expanding. There is now a solid base of local distributors of (e.g.) access controls, alarms, lights and safety systems focusing on the industrial sector.** |
| **Hospitality Industry** | **This is a sector severely affected due to security concerns.**  
| | **Remote technology, physical security, risk reduction instruments, and access controls in demand.** |
| **Malls and Shopping Facilities** | **Increased coordination between security agencies, the police, and the military to provide a safer environment.**  
| | **Growing demand for monitoring and security systems.** |
| **Banks and Financial Institutions** | **Cyber and IT insecurity is a rising threat to banks and financial institutions.**  
| | **Demand for data protection and interception systems as well as IT-forensic systems.** |
| **IT and Telecom Industries** | **As with the financial institutions and banks, cyber and IT insecurity is a rising threat.**  
| | **IT-forensic systems and secure data transaction systems in demand as well as monitoring and interception systems.** |
| **Oil and Gas** | **Securing key natural resources whilst managing further exploration potential is fundamental to Kenya’s economic prosperity.**  
| | **Risk assessment, integrated security applications for surveillance, and access systems in demand.** |

**NEW TECHNOLOGY IS NEEDED FOR THE PRIVATE SECTOR TO TAKE THE NEXT STEP**
WILDLIFE CRIME POSE A SERIOUS CHALLENGE TO KENYA’S ECONOMY AND WILDLIFE HABITAT

NUMBER OF POACHED ELEPHANTS AND RHINOS IN KENYA, 2009-2014

<table>
<thead>
<tr>
<th>Year</th>
<th>Elephant Poaching</th>
<th>Rhino Poaching</th>
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<tbody>
<tr>
<td>2009</td>
<td>267</td>
<td>21</td>
</tr>
<tr>
<td>2010</td>
<td>267</td>
<td>22</td>
</tr>
<tr>
<td>2011</td>
<td>289</td>
<td>25</td>
</tr>
<tr>
<td>2012</td>
<td>384</td>
<td>59</td>
</tr>
<tr>
<td>2013</td>
<td>302</td>
<td>29</td>
</tr>
<tr>
<td>2014</td>
<td>164</td>
<td>35</td>
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WHAT THE GOVERNMENT IS DOING

- **Wildlife Act**: In 2013, the government adopted the Wildlife Conservation and Management act. It rests upon the urgent need for improved security protection of wildlife and natural resources.

- **Mandate**: The Kenya Wildlife Services is legally mandated to enforce Kenya’s wildlife laws and regulations. In doing so, the agency has created its own law enforcement unit.

- **Wildlife Crime**: Wildlife crime has made new and improved technological approaches grow high in demand. Wildlife crime poses challenges to both the economy and biodiversity.

- **New Tech**: New technology within thermal imaging, monitoring systems and tracking devices are being targeted to improve efficiency in combating wildlife crime.

THERE IS A HIGHTENED URGE WITHIN GOVERNMENT TO FIND NEW WAYS TO COMBAT WILDLIFE CRIME

SOURCE: KENYA WILDLIFE SERVICES, UN CHRONICLE
BUSINESS SWEDEN IN EA CAN ASSIST YOU FURTHER
FROM STRATEGIC ADVICE TO HANDS-ON ESTABLISHMENT SUPPORT

Our team in Eastern Africa

- Business Sweden’s assignment is to facilitate for Swedish companies to grow internationally and for foreign investors to invest in Sweden
- We promote Sweden as an attractive, innovative and competitive business partner. An important part is to support Swedish companies in reaching export markets with their products and services
- We are jointly owned by the Swedish government and the private sector, represented by the Ministry for Foreign Affairs and the Swedish Foreign Trade Association
- Business Sweden offers a variety of consultancy services, for example the following:

<table>
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<tr>
<th>Market Analysis</th>
<th>Business Support</th>
<th>Visiting Programme</th>
<th>Recruitment</th>
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<tr>
<td>Deepen your knowledge on local market dynamics in your sector</td>
<td>We offer office space and administrative support on the ground</td>
<td>Searching and visiting relevant partners, e.g. distributors</td>
<td>We support in finding and recruiting the right local representatives</td>
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