February 2017

KENYA MANUFACTURING SECTOR SURVEY – 2016

Dear Sir/ Madam,

RE: REQUEST FOR PROPOSALS FOR THE SURVEY

Kenya Association of Manufacturers (KAM) is requesting for submission of the proposals for consultancy services in respect to Kenya Manufacturing Sector Survey 2016.

To facilitate submission of the proposals KAM has enclosed the following:


b) Annex II: Requirements for submission of proposals for consultancy services.

The proposals are to be submitted to AAM resources, P. O. Box 45931 – 00100 GPO, Nairobi, Purshotam House, Chiromo Lane, Next to Diagnostics centre, by 10th March 2017 at noon.

Late submissions will not be opened.

CHIEF EXECUTIVE
Kenya Manufacturing Sector Survey – 2016

Terms of Reference

1.0 Background

Kenyan Association of Manufacturers (KAM) is the leading and most influential industrial organisation in Kenya - especially when it comes to advocating for the manufacturers interests. The Association aims to promote competitive local manufacturing in a liberalized domestic market. In executing its mandate, KAM is constrained with up to date information/data on the sector. The last comprehensive study of the sector was undertaken in 2012. The information may not be current or updated for any policy advice. The results of the survey will be expected to be used as a basis for developing strategies and action plan for the sector as well as form the basis for the development of a Manufacturing policy.

2.0 Purpose

The main purpose of the manufacturing survey is to determine the status of manufacturing sector in Kenya, assess its current performance, review the recent developments in the sector and examine its potential. The survey will establish also the impact of Government policy on the manufacturing sector in seeking to enhance the effectiveness of the current policies in promoting the manufacturing sector in Kenya. The manufacturing survey will inform the development of Kenya’s manufacturing policy, whose objective would be to address binding constraints that exists in the sector, especially, the un level playing field between locally produced goods and imports. A Manufacturing Policy will not only guide government in making decisions concerning the sector, but will also provide industry players and investors with information to determine the opportunities that exist and the interventions required in order to grow the manufacturing sector as envisaged in the Kenya Industrial Transformation Programme (KITP), the Kenya Green Economy Strategy and the economic pillar of Vision 2030. This, in part would be achieved through availability of sectoral information and databases that will inform the KAM advocacy agenda to drive industrial transformation between 2017 and 2019.

The survey also seeks to study the current situation with regard to environmental challenges faced by the Manufacturing sector, with the aim of providing solutions for industries to make them resource and energy efficient in order to contribute to sustainable manufacturing.

3.0 The scope of the survey
The manufacturing sector will include the following components forming the scope of the study; policy reforms in the country since 2012, policy reforms in the sector growth, sector performance, sector analysis, inputs requirements, production levels, fiscal policies affecting access of raw materials, market access of value added products, technological capacities, access to finance, regulatory environment, exports performance, skills and skills gaps, industry geographical location, local and global competitiveness, sector economic contributions, employment, utilization capacity, investment opportunities, priorities for improvement of the sectors among others. The survey will entail sampling of KAM members in Nairobi, Mombasa, Nakuru, Machakos, Thika, Uasin Gishu, and Kisumu.

4.0 Specific tasks for survey

Specifically, the consultant will be required to undertake the following tasks

4.1 Manufacturing sector survey

4.1.1 Determine the:

- Structure of Manufacturing sector
- Contribution of Manufacturing sector to the Economy
- Employment level and labour costs in Manufacturing sector
- Ownership/Turnover of Manufacturing sector
- Technology in use in Manufacturing sector (e.g. age)
- Distribution of manufacturing industries (county-wise)
- sectors influence on trade performance
- manufacturing influence of flow of FDI in Kenya

4.1.2 Analyse the performance of the manufacturing sector in terms of:

- GDP and growth rate.
- Installed and Production capacity
- capacity utilisation including trends and constraints,
- Productivity of manufacturing sector
- Trade (Quantities and values of imports and exports to EAC region, COMESA, Africa and EU and rest)
- The main export markets (of each commodity).
- Manufacturing Anchored on Global Competitiveness

4.1.3 Identify the main raw materials and their sources.

4.1.4 Determine the type of manufactured products exported to EAC region.

4.1.5 Determine the types of utilities consumption (Electricity, Industrial fuel etc) and their
4.1.6 Look at the level of investment in the manufacturing sector (including planned expansion and diversification, amount of new investment anticipated)

4.1.7 Examine the business operating environment and competitiveness of the manufacturing sector

4.1.8 Identify options for industrial financing (e.g. sources)

4.1.9 Identify the constraints affecting the performance of manufacturing sector

4.1.10 Examine the role of the informal sector in Manufacturing

4.1.10 Examine the impact and challenges of manufacturing activities with regard to the environment and climate change

4.1.11 Examine the potential of manufacturing sector and its future

4.2 Development of Industrial Sub Sector Profiles

KAM aims to consolidate the available information on 12 industrial Sub Sectors to be used produced as sector profile for investment decisions, planning and prospective investors

4.2.1 Structure of the industrial sub sector

- Industrial sub sector
- Players in the sub sector
- Ownership – Local/foreign
- Range of goods produced and traded
- Installed and production capacity
- Employment and labour cost
- Technology
- Turnover

4.2.2 Local and imported raw materials.

4.2.3 Regulatory environment

4.2.4 Barriers to entry into the sub sector

4.2.5 Sector’s economic contributions

4.2.6 Exports and Imports performance (Key exports and destination. Key raw materials and sources)

4.2.7 Opportunities for additional investments

4.2.8 Key issues facing the sector and proposed way forward.
5.0 Methodology

5.1 The objective is to collect both quantitative and qualitative information on the Kenyan manufacturing sector.

5.2 It is expected that the survey should be carried out as a combination of desk research and field research, but with a main emphasis on the latter.

5.3 Ms. Wambui Ndung’u will be the contact person at KAM in connection with the manufacturing survey and will be available for assistance and additional information to the consultant undertaking the survey.

5.0 Timeframe

We estimate that the survey will be conducted within 90 working days. We aim to commission the survey on 10th April 2017 and therefore anticipate delivery of the first draft by 20th August 2017.

6.0 Qualifications of Consultant

The Lead Consultant must have at least Master’s degree any of the following fields; economics or international trade, statistics, or business administration, with demonstrable experience in conducting research on trade related issues. Most desirable, the consultant should have experience in conducting such kind of studies and must have logistical capacity to carry out the study within the determined timeframe.

7.0 Submission

7.1 To finalize the 1st Draft of Survey and submit to KAM Secretariat for validation by KAM Tax and Trade Committee.
7.2 To undertake powerpoint presentation to KAM Tax and Trade Committee and review feedback before finalizing the Survey.
7.3 The final draft of the study will be submitted to the Chief Executive of KAM by 20th August 2017. A forum will be organized where Consultant will present the findings to the wider stakeholders.
7.4 To submit to KAM Chief Executive 4 bound copies of the final survey as well as a soft copy.

8.0 Confidentiality

The Consultant will be required to maintain confidentiality of the companies participating in the survey.
9.0 Contact

Chief Executive,
Kenya Association of Manufacturers (KAM)
P.O Box 30225 Nairobi 00100
Tel: 3746021/2; Fax: 3746028

Other contacts:

Wambui Ndungu
Email: wambui.ndungu@kam.co.ke
ANNEX II

Manner of submission

a) Your proposal shall be prepared in the English Language
b) Your proposal shall comprise the following documents:
   ● Technical component and
   ● Financial component.
c) Each copy of the above component will be on a separate envelope clearly marked and indicating the name of the firm and whether the proposal is technical or financial;
d) Please attach a copy of your PIN certificate, VAT and ETR registration;
e) All the proposals will be enclosed in one sealed main envelope titled ‘TENDER FOR THE KENYA MANUFACTURING SECTOR SURVEY – 2016’
f) Do not indicate the name of the firm in the outer envelope.

Content of Proposal

I) Technical Component [Not more than 3 pages]

a) Description of the firm and the firm’s qualifications;
   b) Proposed approach and methodology;
   c) Timing of activities and reports
   d) Outputs, including how to measure those outputs;
   e) Proposed team structure; showing detailed profiles of proposed project team members, Minimum qualifications:
   f) Note that inclusion of such profiles constitutes a commitment to use those members and substitution in the event that the contract is awarded will lead to cancellation of the contract.

ii) Financial (Price Component)

The price component shall have a cover letter wherein your firm / institution’s authorized representative affirms the following:

   a) A summary of the price;
   b) The period of its validity;

In addition, the price component must cover all the services to be provided and must itemize
the following:

a) Unit and total fees per person for each team member to be assigned to the mission in the field and a rate for his/her work at the office, if any.
b) Other costs if any (indicating nature and breakdown)
c) Summary of total cost for the services proposed
d) Taxes

**Payment terms (provisions)**

The policy of KAM is to pay for contractual services based on performance of contractual services rendered or to effect payment upon the achievement of specific milestones.

**Evaluation of proposals**

A two-stage procedure will be utilized in evaluating the proposals. There will be Technical and Financial Evaluations. The Technical component will form part of the basic requirement for the next stage of financial component.