



2020

GROWTH & GAINS

Great Strides Together







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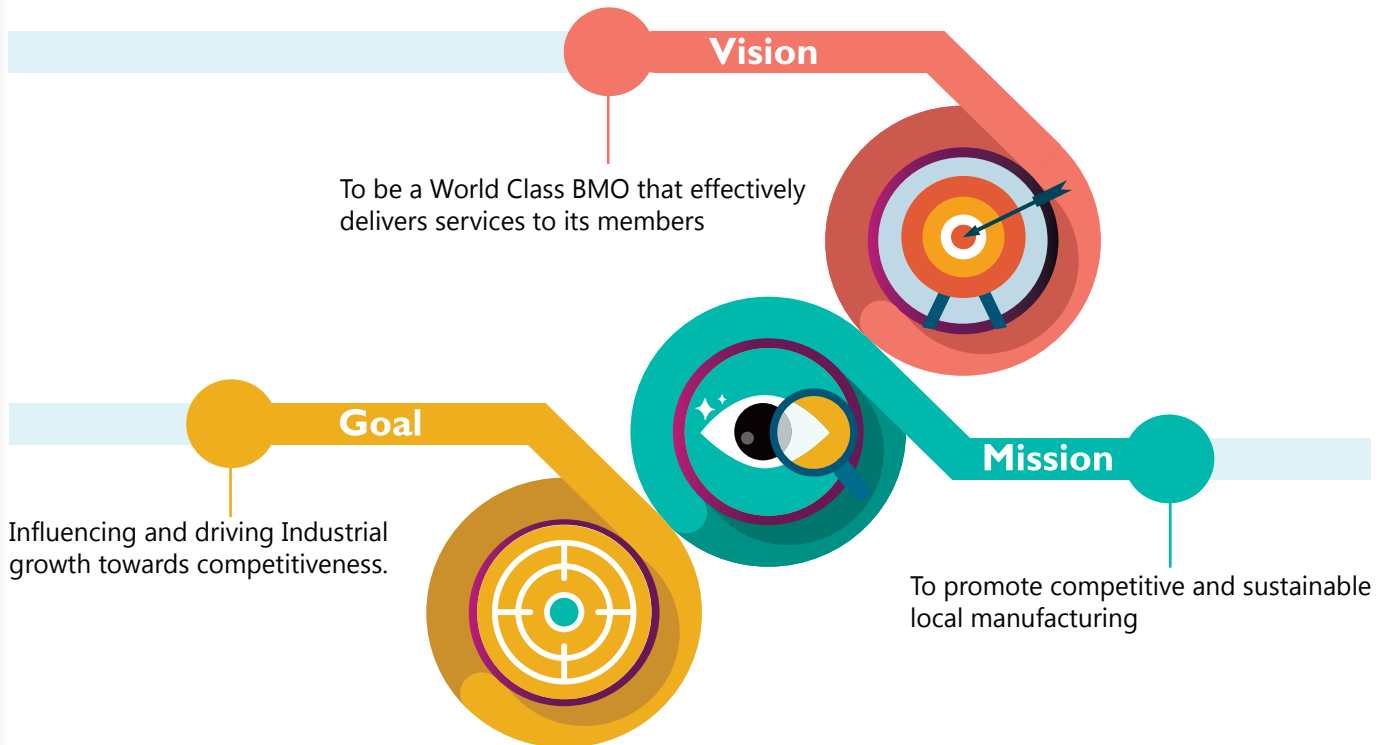
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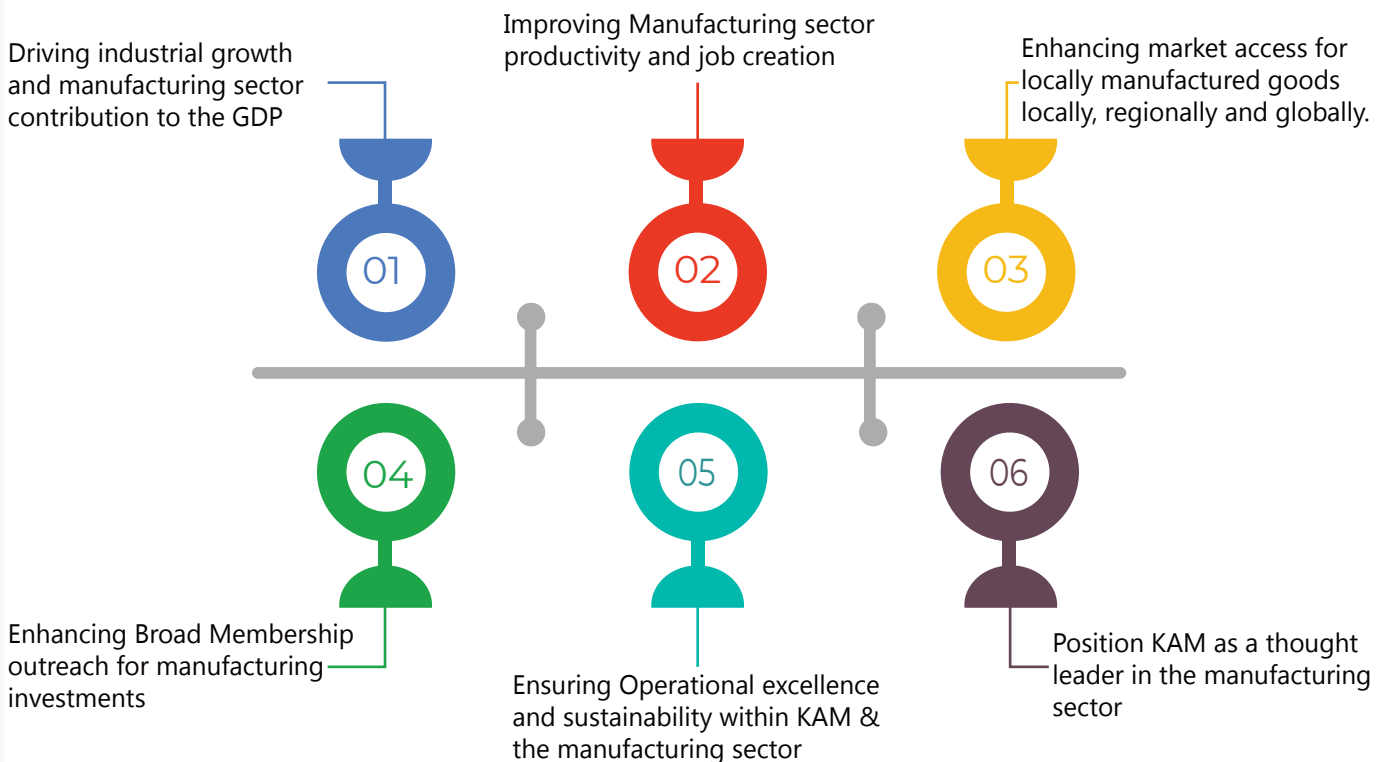
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ABOUT KAM

Established in 1959 as a private sector body, Kenya Association of Manufacturers (KAM) has evolved into a dynamic, vibrant, credible and respected business association that unites industrialists and offers a common voice for businesses.



Strategic Priorities



Core Values



Membership

KAM Membership constitutes 80% of manufacturing value-add industries in Kenya and comprises small, medium and large enterprises. Over 65% of these are based in Nairobi region, and the rest are located in Coast, Central, Lower Eastern, Nyanza/Western, South Rift and North Rift Regions.

Membership at KAM is structured in three categories, namely:

Ordinary Membership

Ordinary membership is extended to companies that are directly involved in processing, manufacturing or any other value addition activities.

MSME Membership

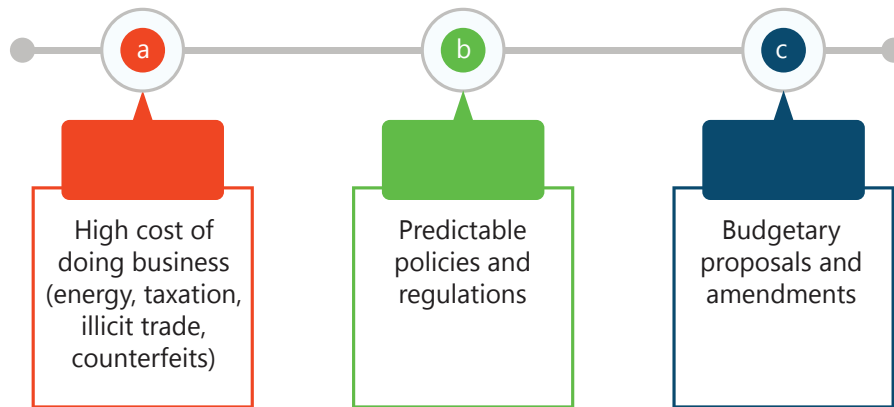
MSME Membership is a subcategory of Ordinary Members, which targets Micro, Small & Medium Enterprises manufacturing value add Industries.

Associate/Consultancy

Membership Associate/Consultancy membership is extended to firms, which have direct interest in the expansion of industries, either through the provision of services or other inputs.

OUR SERVICES

1. Advocating on behalf of our Members for a conducive business environment. We articulate to the government and other stakeholders, the following issues.



2. Providing trade information on Local, Regional, and Global markets such as



3. Facilitating Exports under Duty Remission Scheme as well as Africa's Growth Opportunity Act (AGOA)
4. Facilitating licensing and permits
5. Energy and green growth services
6. Intervention and engagement of county governments
7. Providing relevant Training, Seminars and Workshops through our Manufacturing Academy and Manufacturing SME Hub
8. Assistance on monitoring and evaluating progress on Global Compact commitments
9. A chance to promote your business on our website
10. Access to regulatory and compliance requisites to set up your business

SUBMITTING OUR REPORT CARD

Welcome to Kenya Association of Manufacturers' (KAM) Growth & Gains - Great Strides Together report for 2020.

This annual publication seeks to highlight the progress made on our policy advocacy, business development and social impact, in the past year.

As we kicked off 2020, we had ambitious plans to take advantage of the new opportunities that the new decade promised. Unfortunately, the COVID-19 pandemic threw an unwonted curveball on these plans.

The pandemic notwithstanding, this year has seen us win big on some advocacy initiatives geared towards cushioning the economy from the impact of the pandemic and on some issues that have long hindered our ability to do business competitively.

Although not all our battles were won, we are proud of your dedication and commitment to Keep Kenya Moving. Your initiatives not only showcased the innovations that the manufacturing sector can offer to the local and export markets but also why a resilient sector matters for the economy.

The Association has over the years worked towards ensuring that we give you, our Member, world-class services that will ensure that organisations achieve profitability in their businesses. As we head to 2021, we remain hopeful that we will tap into the opportunities that the year has to offer and those presented by the pandemic.

On behalf of my colleagues at the Secretariat, I invite you to look at how far we have come and join us in celebrating these achievements with us.

Happy Holidays!



Ms Phyllis Wakiaga
CHIEF EXECUTIVE

2020 Board of Directors

1.	Mucaj Kunyiha	Chairperson
2.	Rajan Shah	Vice Chairperson
3.	Sachen Gudka	Director/Ex-Officio
4.	Kaushik Shah	Director
5.	Lutaf Kassam	Director
6.	Stephen Brooks	Director
7.	Bharat Shah	Director
8.	Pankaj Bedi	Director
9.	Linus Gitahi	Director
10.	Ciiru Waweru Waithaka	Director
11.	Hitesh Mediratta	Director
12.	Rohin Vora	Director
13.	Rajan Malde	Director
14.	Ashit Shah	Director
15.	Marion Gathoga	Director
16.	Mihir Chalishazar	Director
17.	Mary-Ann Musangi	Director
18.	Jane Karuku	Director
19.	Beverley Spencer-Obatoyinbo	Director
20.	Bimal Kantaria	Director

CHAIRMAN'S MESSAGE



2020 has been an incredibly difficult year, full of tests on our ability to adapt and work together, as a nation; it has also taught us valuable lessons for 2021 and beyond.

COVID-19 has dealt a huge blow to the livelihood of many as measures to mitigate its spread turned most mundane aspects of everyday life up-side-down – hurting businesses, increasing unemployment and shrinking our economy. Far worse, has been the impact of the disease on the health of many and lives lost to the pandemic.

We salute the heroic efforts of our frontline personnel, for their unwavering commitment and service despite the risks, and various organizations that have continued to support their community to ease off the impact of the pandemic.

The Association is specifically grateful to you, our Member, for your relentless efforts to Keep Kenya Moving. It is through your in-kind and financial support, and repurposing of production lines to meet the demand of essential items, that we have managed to achieve this. This is truly remarkable!

The pandemic has led to major shifts in the Association's operations, including the adoption of teleconferencing facilities that have enabled us to host you this evening, from the comfort of your workplace or home. The use of these facilities enhanced our engagements with you to address challenges you faced, offer you our business development services, including trainings, and advocate, on your behalf, for a conducive and competitive business environment. We will continue digitizing KAM's operations as we seek to be more efficient and effective.

Our membership base has also grown during the year. To serve you better and improve sector governance and efficiency, we kicked off a three-year sectors strategy. Part of this has been the restructuring of our sub-sectors, beginning with the Food & Beverage Sector and Agriculture sector. We also restructured our board committees to strengthen their effectiveness and enhance value for you. This includes dedicated committees to address environment and sustainability and sector-specific matters.

The Association continued to spearhead major policy gains for the manufacturing sector. At the beginning of the year, we launched the 2020 Manufacturing Priority Agenda to guide our advocacy towards establishing a competitive manufacturing-led economy for job and wealth creation. Whilst the pandemic slowed down our engagements at National and Regional (Chapter) levels, we have realized some accomplishments in the year. These include the adoption of KAM's proposals to cushion Kenyans from the impact of the pandemic, procurement of locally manufactured Personal Protective Equipment and sustained fight against illicit trade, among others.

In the endeavour to champion inclusivity, we launched the first-ever Women in Manufacturing Report to pivot KAM's advocacy drive of the Women in Manufacturing Program in Kenya, by providing concrete data on the necessary areas to improve. The report will inform stakeholders on mainstreaming gender equality and inclusion in the manufacturing sector. The Association established the Women in Manufacturing Program to bridge the gap between existing opportunities in manufacturing and the skills required to increase women's participation in the program.

KAM continued to promote the adoption of critical tenets of sustainable development and green growth towards actualizing a green economy. To this end, we launched the Centre for Green Growth and Climate Change to provide a one-stop solution to deepen industry level interventions, promote a circular economy, promote climate change actions, and financial linkages that prioritise people and planet. We also hosted the 16th Energy Management Awards where we recognized enterprises that have made major and sustainable gains in energy efficiency through the application of modern energy management principles and practices, and in the process made significant energy and cost reductions.

Additionally, we continued to advocate for the circular economy in the year and, created valuable links with stakeholders in Government and Industry to champion for holistic waste management solutions that not only bring about economic opportunities but also, shift the socio-cultural perception of waste as the end of a life cycle. In line with this, we launched the Strategic Business Plan for the establishment of a Plastic Producer Responsibility Organization (PRO) in Kenya. The PRO will drive collective Extended Producer Responsibility (EPR) in the country, whereby a producer's responsibility for

a product is extended to the post-consumer stage of a product's life cycle, whilst turning plastic waste into valuable resources. We also partnered with various stakeholders to create awareness on proper waste management, nationally and in the counties.

Next year presents us with a window to leverage the opportunities that COVID-19 brought. The year also offers a sign of relief through promises of vaccines and treatment options to manage the pandemic.

Even so, we must be cognizant of the fact that COVID-19 will still be a major factor, shaping our decisions and strategic goals come next year. Additionally, with the government's rollback of COVID-19 tax incentives, 2021 will have tougher economic effect as disposable income for both businesses and consumers shrinks.

Competitiveness and productivity challenges will still impact on the sector's potential, in 2021. Competing in local and export markets is the key path to realizing productivity gains, creating better-paying jobs, and a good strategy to insulate the Kenya economy against swings in commodity prices. Increased productivity ensures efficient utilization of resources available to the economy, such as labour, capital and business expertise, to produce goods and services.

Next year, our advocacy will focus on the need to rethink and restructure our economic models, leveraging on increasing markets through regional and international Free Trade Agreements, predictable and reliable policy, fiscal and regulatory environment. All geared towards increasing Industry's competitiveness and productivity. Additionally, we shall focus on fine-tuning the provisions of our services to meet your specific needs, thereby, enable you to build your capability to face the new norm.

Let me take this opportunity to thank you, our Member, for your continued support and confidence in the Association. I would also like to reiterate our commitment to advocating for competitive and sustainable local manufacturing.

Happy Holidays!

Mucaï Kunyiha,
CHAIRMAN

CHANGE OF GUARD

Mucaí Kunyiha takes over as the Chair of the KAM Board

Mucaí Kunyiha was appointed as the new Chair of the Kenya Association of Manufacturers (KAM) Board of Directors to lead the Organization for a two-year term.

Mr Kunyiha had been on the driver's seat in championing the Association's Sustainability Agenda and Circular Economy through his role as the PET Sub-Sector Chair.

He played a key role in the development of the Kenya Plastic Action Plan, a private sector – led policy and action plan, aimed at enabling a circular economy for the environmentally sustainable use and recycling of plastics in Kenya, launched in 2019.

Mr Kunyiha will focus on advocating for the development of coherent policies that support industrial growth, pushing for predictability in fiscal and legislative regulations and support for SMEs through policy advocacy and championing Kenya's circular economy through enhanced partnerships and driving the waste management agenda through the Kenya Plastic Action Plan.

The new Vice Chair is Mr Rajan Shah, the CEO of Capwell Group of Companies which include Capwell Industries Ltd. He has also served on the KAM Board in various capacities and served as the regional Chairman of KAM Central Region.



Mr Mucai Kunyiha (L) takes over as the new KAM National Chair from Mr Sachen Gudka (R) whose term has come to an end



POLICY ADVOCACY



KAM launches 2020 Manufacturing Priority Agenda

This year's Manufacturing Priority Agenda (MPA), themed, Establishing a competitive manufacturing-led economy for job and wealth creation was driven under five main pillars, namely Competitiveness and level playing field, Enhanced market access, Pro-industry policy and institutional framework, Government-driven SME development, and Industrial sustainability and resilience.

The Agenda outlined immediate actions to yield tangible in the short term, to address challenges hampering the growth of the manufacturing sector as we aim to transform Kenya into an industrial-led economy.

About 38 per cent of the proposed actions have been taken up by government ministries, departments and agencies for implementation. Implementation was inhibited by the current COVID-19 pandemic.

The summary of the achievements include:

▶ **Government approves list of manufacturers for reduced RDL and IDF rates**

The government approved the list of manufacturers developed by Kenya Association of Manufacturers (KAM) for reduced Import Declaration Fee (IDF) and Railway Development Levy (RDL) rates at 1.5%.

▶ **KRA approves applications for duty-free importation of Industrial Spare Parts**

Kenya Revenue Authority (KRA) approved and issued 136 companies with three-year certificates for duty-free importation of industrial spare parts.

The certificate authorizes manufacturers to import duty-free replacement parts for machinery of Chapters 84 and 85 in accordance with the provisions of Item 31 Part B of the Fifth Schedule of the East African Community (EAC) Customs Management Act.

▶ **KRA adopts Green Channel treatment**

Following concerted efforts by KAM and the Government of Kenya to reduce the impact of COVID-19 on the economy, KRA announced the immediate implementation of Green Channel treatment.

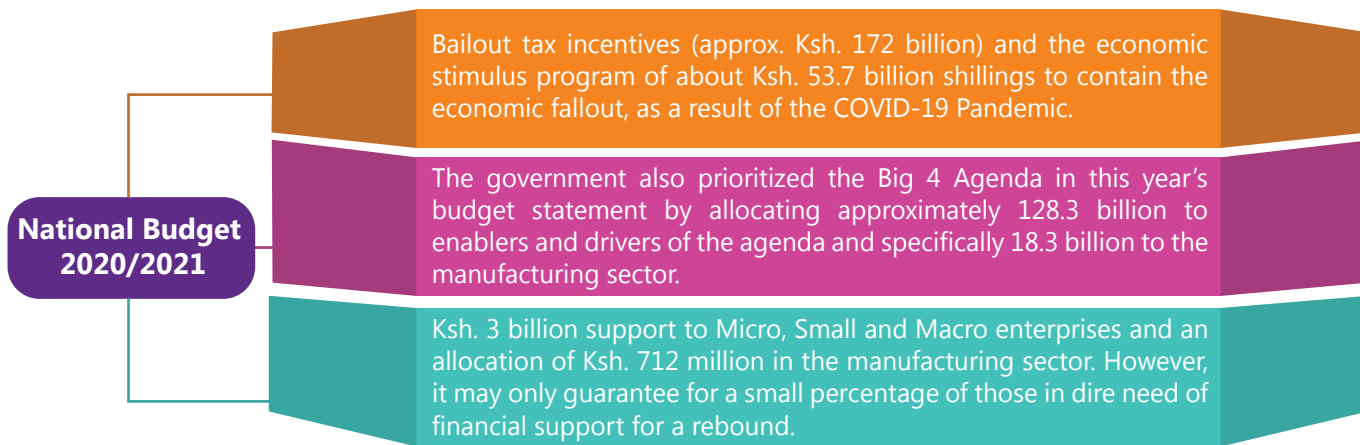
This is an efficient and expedited cargo clearance process for no/low risk imported consignments imported by compliant manufacturers.

The Green Channel treatment is carried out on a selective basis using Risk Management Techniques. A post-clearance audit may be carried out in case of identified gaps, for example, the wrong declaration.

National Budget 2020/2021

The Association continued to engage the National Treasury on the 2020/2021 budget proposals, particularly on measures to cushion businesses and citizens as the country puts in measures to combat the pandemic.

Among the proposals featured in the 2020/2021 national budget include:



The Association also continued to engage the government on some of the key amendments proposed in the Bill affecting the manufacturing sector, including:

- 01 Introduction of Minimum Tax in the Income Tax Act as the base income tax, payable by all companies regardless of whether or not they make a profit.
- 02 Introduction of Digital Service Tax (DST) which shall be payable by a person whose income from services is derived from or accrues in Kenya through a digital marketplace.
- 03 Deletion of several allowable expenses, for example, entrance fee or annual subscription paid during that year of income to a trade association, capital expenditure on legal costs and other incidental costs.
- 04 Changes in the requirements for claims of input tax.
- 05 Introduction of VAT on items that were previously exempt like plant, machinery, and equipment used in the construction of a plastics recycling plant, tractors other than road tractors for semi-trailers, stoves, ranges, grates, cookers etc.
- 06 Introduction of 1.5% Import Declaration Fee (IDF) on goods imported under the East African Community Duty Remission Scheme

To unpack the National Budget 2020/2021 proposals, the Association hosted the KAM Budget Live. The discussions unpacked the proposals on whether they were a hit or miss for the sector.

During a 2020/2021 budget forum to analyse the impact of 2020 half-year Manufacturing Tax Proposals on the sector's economic growth strategy, manufacturers raised concerns on shrinking market share. This is due to, among others, unpredictable tax measures making industry uncompetitive, and derogated EAC Common External Tariff (CET) regime, undermining industrialization efforts in the region.

The Association also partnered with like-minded Associations, to advocate for the abolition of the Minimum Tax.

► **KAM, KEBS boards meet on PVoC Challenges**



(L-R) KEBS MD Lt. Col. Benard Njiraini and KAM Chair Mucai Kunyiha

KAM engaged the Kenya Bureau of Standards (KEBS) Board on the decline of Pre-export verification of conformity (PVoC) exemption applications, which affects the timely delivery of raw materials. As a result, manufacturers' inputs (intermediate goods and final products imported for use as raw materials) were required to undergo inspection at the country of supply.

Based on KEBS concerns that some manufacturers import raw materials outside PVoC requirements, KAM and KEBS agreed to share responsibility, and have formed a joint committee to review other intermediate and final products (imported by different manufacturing sectors for use as raw materials) for exemption for sectors affected and develop a framework of control to prevent abuse.

► **KAM engages KRA on Domestic Tax Challenges**

KAM engaged Kenya Revenue Authority (KRA) to deliberate on domestic tax challenges facing manufacturers. The meeting focused on implementation of refund/offset of WHVAT credits, implementation of reduced WHVAT rate of 2%, monthly VAT refunds by KRA, refund of VAT credits out of the new formula, refund of excise tax for industrial kerosene users, refund of Anti Adulteration levy on Kerosene to manufacturers.

► **KAM engages KRA on Tax Concessions**

The Association continued to engage the government in a quest to cushion industry from the adverse effects of the coronavirus pandemic.

In line with the above, the Association engaged Kenya Revenue Authority (KRA) to expedite payment of VAT refunds and allow the offsetting of Withholding VAT against other taxes as directed by the President. KAM also sort concessions on domestic taxes and customs to keep businesses.

► **6th Tax Round Table**

KAM participated in the 6th Tax Round Table between Kenya Revenue Authority (KRA) and the Private sector. Some of the key issues presented by KAM include VAT and Withholding VAT refunds, Credit Adjustment Vouchers (CAVs), Excise tax refunds for industrial kerosene, Excisable Goods Management System (EGMS), responsiveness of KRA's Relationship Managers and VAT input claim challenges at the Port.

▶ **KAM, KRA Boards meet**

The KAM and KRA Boards held a fiscal strategy session. Some of the issues discussed include the implementation of lower Railway Development Levy (RDL) and Import Declaration Fee rates, budgetary allocation for VAT refunds, refund of excess credits arising out of withholding VAT, VAT Auto-Assessment (VAA), migration of legacy final ledger balances to iTax and implementation of Excisable Goods Management System (EGMS).



KAM, KRA Boards meet on taxation issues facing manufacturers

▶ **KRA Business Tax Roundtable**

KAM participated in KRA Business Roundtable where the Board articulated taxation issues affecting manufacturers including, VAT refunds, guidelines to operationalize Minimum Tax provisions in the Finance Act 2020 and Excisable Goods Management System (EGMS) challenges facing manufacturers.

Other issues raised include missing withholding VAT certificates on iTax, VAT Auto Assessment (VAA) system, Credit Adjustment Vouchers (CAVs), Import Declaration Fees (IDF) & Railway Development Levy (RDL).

▶ **Cessation of Custom Bonded Warehousing Deadline**

Kenya Revenue Authority (KRA), for the third time, agreed to extend the implementation date of Gazette Notice No. 3350, that restricts goods eligible for bonded warehouses.

The postponement allowed KRA to undertake internal consultations, following KAM's submission of manufacturers' concerns to KRA Commissioner of Customs and Border Control. KRA is accepting goods for warehousing until an agreement is reached on widening the warehousing scope.

▶ **Prompt Payment**

KAM meets Interior CS and CAK

The Association engaged Cabinet Secretary for Interior and Coordination of National Government and Chairman of the National Development Implementation and Communication Committee, Dr Fred Matiang'i on retail sector challenges facing manufacturers.

The Association also met the Competition Authority of Kenya (CAK) Director-General, Mr Wang'ombe Kariuki to address late payment under the Competition regime, specifically on competition compliance and measures.

As part of this initiative, the Association and the Authority conducted a compliance seminar to help members understand and comply with key requirements under the Competition regime. The Association also escalated information collated from members on late payment concerns to CAK for addressing.

KAM engages Tuskys on retail sector issues

The Association engaged Tuskys Supermarkets management to deliberate on delayed payment concerns raised by members.

KAM expressed concerns on the payment status of goods supplied to the retail store, especially at a time when the economy is shrinking due to the COVID-19 pandemic. Tuskys acknowledged some delays in payments arising from an unfavourable business environment as a result of COVID-19. To mitigate risks, Tuskys is engaging all its suppliers to align with the new business realities and is undertaking measures to trim costs and ensure business continuity.

1st Prompt Payment Committee Meeting

The Prompt Payment Committee, comprised of the Chairpersons and CEOs of the Retail Trade Association of Kenya (RETRAK), Association of Kenya Suppliers (AKS) and Kenya Association of Manufacturers (KAM), held its first meeting in August 2020.

From the meeting, it was agreed that the Associations (RETRAK, AKS and KAM) implement the Retail Code of Practice and consider and discuss strategies for trade promotion. This will be done through promotion of local content, supporting Buy Kenya Build Kenya and jointly raising awareness to encourage the signing of Supplier Agreements and Joint Business Plans among the Associations' Members.

Industry to curb late payment through Industry Credit Group



L-R Association of Kenya Suppliers CEO Ishmail Bett, Veri Credit Director Stephen Mills, KAM Chair Mucai Kunyiha and KAM CEO Phyllis Wakiaga

KAM, Veri-Credit and Association of Kenya Suppliers (AKS) partnered to promote the proactive mitigation of credit risk management by businesses.

This was through the signing of a Memorandum of Understanding towards the establishment of an Industry Credit Group, that will seek to curb the late payment culture which is the biggest impediment to liquidity for businesses.

The KAM Industry Credit Group, managed by Veri-Credit, is the first-ever system that will be established in the country to promote best credit practices between businesses and their suppliers under trade associations. It will also seek to significantly improve businesses' cash flow and drive a change in overall payment culture in Kenya.

Globally, Trade Association Industry Credit Groups are membership-based and work by permitting credit professionals (in different association member companies) serving the same customer, to compare payment practices. They compare negative information on collective history and exchange data on payment practices.

► Launch of Naivasha Inland Container Depot

The Naivasha Inland Container Depot (ICD) was commissioned on 17th December 2019 and is at the heart of Kenya's ambition to become the transport corridor of choice for neighbouring countries. The anticipated benefits of the facility are:

- To increase throughput for the Port of Mombasa through enhanced efficiency in the clearance of cargo and container handling. This is in line with the Port of Mombasa's strategic objective of retaining its 'hub port of choice' status.
- Bring port services closer to hinterland customers including the Transit Markets of Uganda, Rwanda, DRC, Burundi and South Sudan. Customers based in the hinterland can have access to the same services offered at the Port of Mombasa without having to travel all the way for the same, thus saving time and money
- Decongest the Port of Mombasa – the ICD in Naivasha will decongest the container terminal at the Port of Mombasa by reducing container dwell time through enhanced take-off of import cargo for clearance at the ICD.
- Enhanced safety and security to transit cargo. Cargo transported by rail is safer and more secure therefore ensuring the safe transportation of cargo to and from the Port of Mombasa. In addition, the facility will offer high security standards in line with the ISS guidelines on Port Security.

► Fight Against Illicit trade

World Anti-Counterfeit Day, 2020

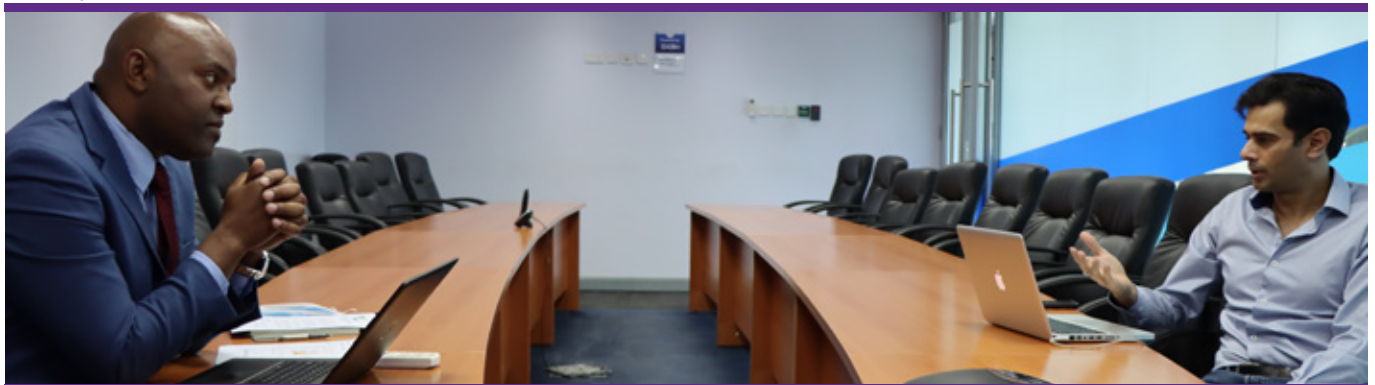
The Association in partnership with the Anti-Counterfeit Authority (ACA) marked World-Anti-Counterfeit Day on 10th June 2020. During the commemoration, ACA launched the National Baseline Survey on Counterfeit and other Forms of Illicit Trade in Kenya.

Practitioners' Guide for Enforcement Officers on Combating Illicit Trade and the Enforcement Manual to Combat Illicit Trade in Kenya

The Association launched the 2020 Practitioners' Guide for Enforcement Officers on Combating Illicit Trade during the World Anti-Counterfeit Day.

The Practitioner's Guide summarizes the contents of the Enforcement Manual for use by enforcement officers, practitioners, and the general public in the fight against illicit trade.

It is an easy reference tool that highlights the various forms of illicit trade in Kenya; national, regional and international laws relating to illicit trade in Kenya; the procedures for the investigation and prosecution of illicit trade; the institutions involved in combatting illicit trade; and various checklists to be used by investigators, prosecutors and judicial officers in the performance of their duties.





CJ Maraga Launches the 2nd Edition of the Illicit Trade Manual

2nd Edition of Enforcement Manual Against Illicit Trade

KAM launched the 2nd edition of the Enforcement Manual against Illicit Trade, an event presided by the Chief Justice and the President of the Supreme Court in Kenya and National Council on the Administration of Justice (NCAJ) Chair, David K. Maraga.

Just like the 1st edition, the 2nd edition of the Manual will serve as a quick reference point on matters illicit trade including protection and enforcement of intellectual property rights. It shall aid law enforcement agencies, including those involved in the prosecution of crimes related to illicit trade and the enforcement of the laws against the trade offenders. It will also act as a guide for prosecutors handling matters related to illicit trade to assist them to be more effective.

Virtual training of judges and magistrates on matters illicit trade

The Association partnered with the Judiciary, through the Judicial Training Institute (JTI) and the Anti-Counterfeit Authority (ACA) together with other members of the enforcement Multi-Agency Team against Illicit Trade, to sensitize judicial officers on matters illicit trade.

From the training, the judicial officers appreciated the impact of illicit trade on the society and economy at large. This led to the adoption of the proposal for the Judiciary to consider establishing Special Courts to fast track and conclude illicit trade matters since this is a technical field.

Harmonized Standard Operating Protocols for the Inspection, Verification and Clearance of Imported Goods at Points of Entry in Kenya

The Association, in partnership with the government led by the Ministry of Industrialization, Trade and Enterprise Development and the Multi-Agency Team against Illicit Trade launched the harmonized Standard Operating Protocols (SOPs) for the Inspection, Verification and Clearance of imported goods at the points of entry in Kenya.

Through this publication, KAM seeks to improve the process of importation by ensuring seamless collaboration, coordination and cooperation amongst the various agencies involved in the fight against illicit trade in the country. Practical approaches are, therefore, a positive step towards increasing efficiency and accountability at the ports of entry.

► Commercial Law Guidebook

KAM partnered with Kenya Magistrates and Judges Association (KMJA) to develop and launch the Guidebook on Company and Corporate Insolvency Law. The Guidebook is a simplified and quick reference on Company and Corporate Insolvency Law for Kenyan lawyers, judicial officers and business executives.

► Manufacturing Resilience and Sustainability Policy Toolkit

The Association, in partnership with KPMG launched the Manufacturing Resilience and Sustainability Policy Toolkit, to aid in charting forward the growth, development, and resilience of the manufacturing sector to attain the 15% contribution to Kenya's Gross Domestic Product (GDP) as envisioned in the Big Four Agenda.

The Toolkit highlights overarching interventions needed to aid the country's economic and manufacturing sector's recovery from the impact of COVID-19 as businesses navigate challenges caused by shocks arising from the virus.

▶ **Competitive Industrial Performance (CIP) Index – Kenya Report**

KAM partnered with UNIDO to launch the Competitive Industrial Performance (CIP) Index – Kenya Report.

The report ranked Kenya position 115 out of 152 in the Competitive Industrial Performance (CIP) Index Report, 2020. This rank puts the country lower than other competitor African countries but high compared to its East African counterparts. Egypt and South Africa rank at position 64 and 52 respectively, whereas Tanzania is 123 and Uganda is position 128.

It further indicates that China, which is ranked second in the CIP Index report, is very strong in manufacturing due to the use of high technology which is applied by 30.6% of its manufacturers whereas only 9.3% are resource-based manufacturers.

Comparatively, Kenya's manufacturing sector export structure is dependent on resource-based manufacturers at 42.9% with high tech manufactures only accounting to 5.5%.

The Report benchmarks the ability of countries to produce and export manufactured goods competitively. It provides a yardstick against which Kenya can compare its manufacturing competitiveness on a global level.

▶ **1st ever locally manufactured ventilator certified by government**



L-R - Programmer Job Mathenge, Bio-engineer Niraj Hirani, CS Betty Maina, Industry CAS Lawrence Karanja, Industry PS Dr Francis Owino, KAM CEO Phyllis Wakiaga

The 1st ever locally manufactured ventilator developed by Kenya Association of Manufacturers' (KAM) Automotive Sector, led by Mutsimoto Limited, was certified by Kenya Bureau of Standards (KEBS).

The ventilator, dubbed Pumuaishi 3.0, was unveiled in April this year and has been undergoing standards evaluation for certification at KEBS. Following certification, the ventilator shall be patented and produced for both local and export markets.

▶ **KAM engages EAC Principal Secretary**

KAM engaged the State Department for East African Community Principal Secretary, Dr Kevit Desai. The meeting focused on EAC trade challenges facing local industries to grow Kenya's export markets and develop sound policies.

KAM presented a memorandum on issues affecting industry in the region, which, if timely addressed, would make a positive impact in safeguarding and increasing Kenya's market access in the EAC region.

The issues discussed include finalization of EAC CET review, review of the EAC Customs Management Act and unresolved non-tariff barriers, among others.

The PS noted that KAM's concerns on discriminative excise duties and fees have been discussed at various bilateral meetings and brought to the attention of the EAC Heads of State Summit. The State Department committed to looking into value chain incentives of engaging in bilateral trade with the specific Partner States.

► **KAM engages KEBS MD on standardization challenges facing manufacturers**

KAM engaged Kenya Bureau of Standards (KEBS) Managing Director, Lt. Col. (Rtd.) Bernard Njiraini to discuss trade-related standardization challenges.

Some of the key issues discussed include the reintroduction of Destination Inspection (DI) under legal notice 183, delays in issuance of the Standardization mark (S-Mark), lack of implementation of the 3-year S-Mark Certification Processes, denial of PVoC exemption and delays in inspection and issuance of local Certificate of Conformity (CoC), among others.

► **Brief on the EAC Standards Committee held**

KAM participated in the 2nd Extra-Ordinary Meeting of the East African Standards Committee (EASC). The meeting aimed to approve harmonized standards and for the EAC Secretariat to provide updates on their ongoing initiatives on the COVID 19 pandemic.

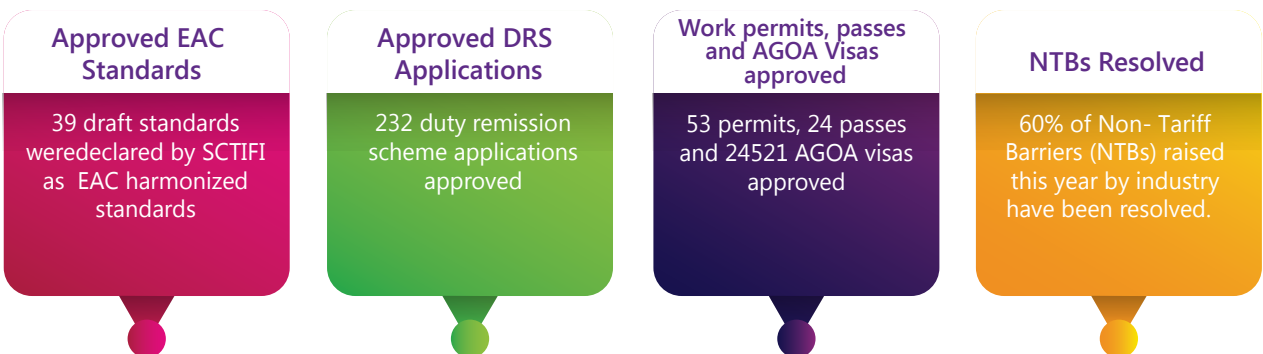
The meeting was attended by Chief Executive Officers of the East African Community (EAC) Partner States' Standards Bodies: Burundi, Kenya, Rwanda, Tanzania, South Sudan and Uganda. The partner states seek to ensure trade facilitation through harmonization of standards and conformity assessment systems in the region.

► **KAM meets EABC CEO**



East Africa Business Council (EABC) CEO, Honourable Peter Mathuki paid a courtesy call to Kenya Association of Manufacturers (KAM) CEO, Ms Phyllis Wakiaga.

The meeting focused on regional trade amidst the COVID-19 pandemic, EABC's presence at the Member States' national levels, comprehensive review of EAC Common External Tariff (CET), Women in Business Programme and SMEs Support Desk to support women in manufacturing and SMEs in the region and the need for negotiating as regional blocs in the Africa Continental Free Trade Area (AfCFTA).



► **KAM engages Nairobi Metropolitan Services (NMS) Director-General, Maj. General Badi**

KAM engaged Nairobi Metropolitan Services (NMS) Director-General, Maj. Gen. Mohammed Badi .

The meeting focused on roads and infrastructure issues within Nairobi Metropolitan Services, water and sewage, health and environment, renewal of permits, compliance guidelines and premise inspection process, manufacturers' participation in county committees, issuance of construction permits and possible areas of partnership between manufacturers and NMS.

► **KAM meets Cabinet Secretary for Labour and Social Protection**

The Association met Ministry of Labour and Social Protection Cabinet Secretary, Mr Simon Chelugui and Principal Secretary, Mr Peter K. Tum. The meeting focused on initiatives to mitigate the effects of COVID-19, adherence to workplace protocols and guidelines and recovery strategies.

► **KAM meets Environment PS**

KAM met Environment PS, Dr Chris Kiptoo to discuss industry's sustainability measures on the environment and the impact of Covid-19 on manufacturers' environmental obligations.

► **Sectors Management**

To enhance its policy advocacy, the Association is implementing a three-year sectors strategy (2020-2022), which is aligned to the Association's Business Development Plan for the same period. The Sectors strategy seeks to increase KAM Membership base and retention ensure sustainable growth for sector members and improve sector governance and efficiency.

To this end, the Association restructured the Food & Beverage sector and Agriculture sector and developed sector profiles for Automotive Sector, Leather & Footwear Sector, Building, Mining and Construction Sector, Salt Sub-sector and Sugar sub-sector.

Sectors restructuring: Food & Beverage and Agriculture sector (table 1)

S/No	Sub-Sector Name	Key Product
Food and Beverage sector re-classification		
1.	Baked Products & Other Processed Cereals	Breads, Biscuits, Cakes, Baby foods, Breakfast Cereals etc.
2.	Confectionery & Snack Foods, Spreads & Condiments	Sweets, Chocolates, Chewing Gums, Crisps, Nuts, Other Snack foods, Honey, Spices, Jams, Sauces, Dressings, Additives, Flavourings, Preservatives etc.
3.	Dairy & Dairy Derivatives	Milk, Butter, Cheese, Yogurt, Ghee, Milk Powder, Ice Cream etc.
4.	Meat & Fish Products	Processed Meat and Fish Products
5.	Alcoholic Beverages	Beer, Spirits, Wines
6.	Non-alcoholic Beverages	Fruit based, Flavoured Drinks, CSDs, Energy Drinks, Cocoa Drinks, Tea & Coffee Roasters, Packers & Blenders, Bottled Water etc.
7.	Edible oil	Edible manufactures
8.	Salt	Salt Manufacturers
Agriculture sector – re-classification		
9.	Grain Processors & Animal Feed	Dry Cereals Derivatives for Human and Animal Foods
10.	Fresh Produce	Potatoes, Tomatoes, Horticultural Produce, Avocado, Mangoes, Passion, Banana
11.	Tea & Coffee	Primary producers of Coffee & Tea
12.	Non-food Based	Pyrethrum, Sisal, Cotton, etc.
13.	Floriculture	Cut Flowers
14.	Edible Oil Sub Sector	Palm, Corn, Sunflower, Soya Oils
15.	Salt Sub-sector	Edible Salt
16.	Sugar & Sweeteners	Sugar, Other Plant extract sweeteners



REGIONAL HIGHLIGHTS

Nairobi Region

One of the key wins in Nairobi Region, Industrial Area, has been improvement of roads, as follows:

- ✓ Enterprise - Likoni road roundabout was finally opened for public use after more 5 years
- ✓ Completion of East Gate Road
- ✓ Dualling of Likoni road (from House of Manji to Jogoo road) and the completion of Enterprise Road (from Kartasi Industries to Mombasa Road)
- ✓ Regular repair and improvement of other roads in the city is ongoing under the performance-based improvement program by Kenya Urban Roads Authority (KURA)

Through Members' Corporate Social Initiative (CSI), Nairobi Region supported Industrial Area, Embakasi and Ruaraka Police Stations to cushion them against COVID-19

Coast Region

Successful lobbying and engagement with the Mombasa County on the Finance Bill 2019/2020 that lead to waiver of land rates.

Support to the Mombasa County in refurbishing the Raimtullah Private and Lady Grig Maternity Wings at Coast General Teaching and Referral Hospital as isolation units with 19 and 150 bed capacity, respectively. This is in addition to a 300-bed capacity treatment centre at the Technical University of Mombasa.

Support to the vulnerable through donation of essential items such as food, sanitizers, and masks.

South Rift Region

KAM South Rift Members were part of various committees in Nakuru County, including the Nakuru City Elevation ad hoc Committee, Water and Sewerage Board, Naivasha Municipal Board and County Budget and Economic Forum and Committee on Elevation of Naivasha to a Special Economic Zone.

KAM South Rift Members supported the County Government and Police Stations in COVID-19 response, through donation of food and hygiene items.

Lower Eastern Region

KAM Lower Eastern Region saw increased Membership, with 25 new members joining the Association. This brings the Membership to over 100.

Kenya Electricity Transmission Company is finalizing on the Lukenya Power Sub Station, which will assist to improve power supply to industries in Athi River and Export Processing Zone (EPZ) area.

Mlolongo/Athi River Water Project: Through support from various members, KAM's Lower Eastern Region installed five 5,000-litre water tanks in several locations within Mlolongo and Athi River for community use.

Formulation of Machakos County Investment and Industrialization policy that will guide taxation and ensure predictability in fees, levies, and charges.



▶ Central Region

Partnership with Kiambu County leading to nomination of KAM Members in critical boards and committees, including County Budget and Economic Forum, the Water and Sewerage Board and Municipal Boards

KAM Central Region Members contributed to the Kiambu County Covid-19 Emergency Appeal Fund.

Central Region Members also supported 27, 772 vulnerable households in Kiambu County, with immediate food relief.

Support to development of the Ksh 25 million, 104 bed-capacity Tigoni COVID-19 Isolation Facility.

The Region supported Kuraiha Primary to construct an ablution block of 16 latrines to enhance sanitation.

▶ North Rift Region

Review of the Moratorium on logging in public and community forests imposed in 2018. Having considered the recommendations of both the Board of Management of Kenya Forest Service and the Multi-agency Team on Mapping, Verification, and Valuation of mature and over-mature forest plantations, the government reviewed the moratorium on logging in public and community forests to allow for harvesting and disposal of mature forest plantation.

The moratorium imposed on logging in public and community forests in 2018 had affected saw millers and timber products merchants leading to massive job losses.

▶ Nyanza/Western Region

The Nyanza/Western Region Members are now represented in the Kisumu City Board; the County Budget, and Economic Forum; and Kisumu Water and Sanitation Company. This ensures that Members' interests and position are well articulated on these Boards.

Support to both the national and county government efforts in combating the COVID-19 pandemic through distribution of hand sanitizers, water tanks, soaps and food hampers.

The Chapter Chair, through Jumbo Quality (Poa Tanks), externally supported several County Governments with 200 litre and 230 litre tanks for hand washing.



SUSTAINABILITY

SUSTAINABILITY



1. SKILLS DEVELOPMENT

► Manufacturing Academy

KAM through the Manufacturing Academy has continued to drive the execution of high-quality manufacturing practices guaranteed to enhance productivity and personal growth. The Association has engaged members through physical and online training.

The Association conducted 24 in-house trainings and 21 open-house trainings, through which 771 people were trained. The Academy also conducted two regional trainings for the Confederation of Tanzania Industries (CTI) and Burundi Association of Manufacturers (BAM).

► TVET

To promote skills development in the country, KAM partnered with German Development Cooperation through the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) E4D/SOGA - Employment and Skills for Eastern Africa to launch a Technical, Vocational Education and Training (TVET) Program in January 2017.

In 2020, the Association undertook the following initiatives:

KAM, German Development Corporation (GDC) launch Youth Employment Project



L-R Thomas Jaeschke, team leader E4D Project GIZ Kenya, Youth PS Dr Julius Korir, KAM CEO Phyllis Wakiaga and TVET PS Dr Julius Jwan during the launch of the E4D Project

KAM in partnership with the German Corporation launched the 'Promoting Youth Employment through Entrepreneurship and Skills Development Project'.

The project seeks to create job and entrepreneurship opportunities, by linking Competence Based Education and Training (CBET) and TVET graduates with opportunities in local industries.

The project will run up to January 2023, after the successful implementation of the first phase which saw 1662 TVET graduates placed on internships, and 878 permanently employed in various industries.



Women and Youth Bankability Conference panel session

Women and Youth Bankability Conference

The Association, in partnership with GIZ hosted the Women and Youth Bankability Conference, which provided an opportunity for manufacturing and aspiring entrepreneurs to directly seek information and guidance from government and financial institutions on attaining support and assistance.

KAM, State Department of Youth partner to promote youth empowerment

KAM signed a Memorandum of Understanding (MoU) with the State Department for Youth to promote youth empowerment through skills and entrepreneurship development.



(L-R) Youth PS Julius Korir and KAM CEO Phyllis Wakiaga during the KAM-SDY MoU Signing Ceremony

2. GREEN ECONOMY

▶ Green Growth and Energy Efficiency

Centre for Green Growth and Energy Efficiency launched

KAM launched the Centre for Green Growth and Climate Change to provide a one-stop solution to deepen industry level interventions, promote a circular economy, promote climate change actions, and financial linkages that prioritise people and planet.

The Centre shall develop a strong pipeline of investor-ready green projects and work with green financiers to reach financial closure, transfer knowledge on a business-case for Climate Change initiatives at the firm level in complying with government policies and regulations.

Additionally, it shall provide industries with the best practices on environmental compliance through capacity building and compliance assessment in line with environmental regulation reduce industrial carbon footprint by creating awareness and promote a circular economy in the manufacturing sector to ensure sustainability.



Industry PS, Dr Francis Owino launches the Centre for Green Growth and Climate Change

Umoja Rubber bags this year's Overall Energy Management Award

Umoja Rubber Products Limited was the overall winner of this year's Energy Management Award. Mombasa Cement, Athi River Unit took the runners up award.

The event themed 'Rewarding Excellence in Sustainable Energy' awarded over 20 companies that have achieved significant reductions in their energy consumption through the implementation of energy-efficient measures and technologies.



Umoja Rubbers wins Energy Management Awards

16th EMA Hall of Fame

No	Award	Winner
1.	Overall Energy Management Award	Umoja Rubber Products Limited
2.	Renewable Energy Award (S&M)	Allpack Industries Limited
3.	Renewable Energy Award (Large Consumer)	Standard Rolling Mills, Mombasa
4.	Water Efficiency Award	Mars Wrigley Confectionary Kenya Limited
5.	Students Awards	Labeler Shortstops Reduction Project by Sharon Shagiri of Jomo Kenyatta University of Agriculture & Technology
6.	Best Energy Management Team Award	Umoja Rubber Products Ltd
7.	Most Improved Award	Umoja Rubber Products Ltd
8.	Best New Entrant Award (S&M)	Kenyatta National Hospital
9.	Sustained High Performance Award	Mombasa Cement – Athi River Unit
10.	Energy Innovation Award	Mombasa Cement – Athi River Unit
11.	Best Energy Management Tea Sector Award	Ngorongo Tea Factory
12.	Best Energy Management Service Sector Award	Kenyatta National Hospital
13.	Fuel Savings Award (SC)	Umoja Rubber Products Ltd
14.	Fuel Savings Award (MC)	Karirana Estates Ltd
15.	Fuel Savings Award (LC)	Kenya Breweries Ltd
16.	Electricity Savings Award (SC)	Ngorongo Tea Factory
17.	Electricity Savings Award (MC)	Umoja Rubber Products Ltd
18.	Electricity Savings Award (LC)	Mombasa Cement, Athi River Unit

Launch of Kenya National Energy Efficiency and Conservation Strategy

The Ministry of Energy launched the Kenya National Energy Efficiency and Conservation Strategy to enhance ongoing efforts towards achieving energy efficiency goals.

These include reducing the national energy intensity by 2.8% per year to achieve a 30 per cent emission reduction by 2030 and to meet the country's targets for Sustainable Development (SDG) 7 on Affordable and Clean Energy by 2030.

The Association is one of the partners who developed the strategy, and is a key partner in its implementation

Forum on impact of COVID-19 on power costs in Kenya

The Association hosted a forum on the impact of COVID-19 on power costs in Kenya. The session provided insights on the introduction of new tax laws. It also highlighted the degazettement of the 30% electricity rebate programme, amidst the current crisis, which will directly impact on the cost of production.

► Waste Management



L-R: KAM CEO Ms Phyllis Wakiaga, NEMA Director for Environmental Education & Awareness Dr Ayub Macharia and KAM Chair Mucai Kunyiha at the launch of the PRO Business Plan

KAM launches Business Plan model for Producer Responsibility Organization

Kenya Association of Manufacturers (KAM) launched the Strategic Business Plan for the establishment of a Plastic Producer Responsibility Organization (PRO) in Kenya.

The PRO will drive collective Extended Producer Responsibility (EPR) in the country, whereby a producer's responsibility for a product is extended to the post-consumer stage of a product's life cycle, whilst turning plastic waste into valuable resources.

The Strategic Plan sets out the direction of KAM's priorities in the waste value chain and a key action in effecting the steps towards a clean Kenya as industry moves from a linear to circular economy.

The launch of the Strategic Business Plan for a Plastic Producer Responsibility Organization (PRO) is in line with commitments made in the Kenya Plastic Action Plan, launched last year.

The Business Plan was developed by KAM in partnership with Sustainable Inclusive Business under the KEPSA Foundation and the Embassy of the Kingdom of the Netherlands.



World Environment Day

KAM hosted World Environment Day in partnership with PETCO Kenya and the County Governments of Kiambu and Kajiado. During the commemoration, the Association, in partnership with Takataka ni Mali, launched the COVID-19 Waste Management and Health Safety Measures Campaign to sensitize the public on proper disposal of COVID-19 waste.

Manufacturers, Bakers partner to manage post-consumer plastic bread bags waste

Kenya Association of Manufacturers (KAM) partnered with Bakers Association of Kenya to manage post-consumer plastic bread bags waste in the country.

Under the partnership, KAM and Bakers Association of Kenya will work together to reduce plastic pollution arising from bread packaging in the country. This is part of KAM's commitments as outlined in the Kenya Plastic Action Plan.



KAM Vice Chair Mucai Kunyihya(L) with Bakers Association of Kenya Chair Dipesh Shah during the MoU signing ceremony

KAM, Takataka ni Mali partner to promote Responsible Waste Management in the Counties

KAM signed a Memorandum of Understanding with Takataka ni Mali. Through the partnership, KAM and Takataka ni Mali will raise awareness on responsible waste management in the counties.

KAM, Recycling Marketplace partner on waste management

KAM signed a Memorandum of Understanding with Recycling Marketplace, to connect businesses to reuse and recycling solutions in Kenya, geared towards enhancing waste management in the country.



(L-R) KEPRO Chair Priyen Shah, Recycling Marketplace CEO Joseph Kabuia, KAM Chair Mucai Kuniyiha, KAM CEO Phyllis Wakiaga and SilAfrica Group MD Akshay Shah

3. INCLUSIVITY

► SME Development

KAM, Ajua partner to promote market linkages for local industries

Kenya Association of Manufacturers (KAM) signed a partnership deal with Ajua, Africa's first Integrated Customer Experience Company, to drive the uptake of Kenyan made goods and unlock markets for local manufacturers through Ajua's SME Connect digital platform – a platform that drives feedback through the entire value chain from consumer to manufacturers.

The SME Connect digital platform enables manufacturers to not only directly access retailers but also provide them access to feedback that comes from their consumers. This allows them to better enhance their products, market positioning and relevant competitive strategies that are critical for survival in the current market dynamics.



(L-R) KAM Head of Membership Tobias Alando, KAM Chemical Sector Chair & Industrial Chapter Chair Manoj Shah, KAM immediate past Chair Sachen Gudka, NMS DG Gen. Mohamed Badi & KAM CEO Phyllis Wakiaga CEO

KAM, Jumia partner to promote market access

KAM partnered with Jumia to enable local industries to sell your products on their online platform.

Inclusive Manufacturing project

KAM partnered with GIZ – Creating Perspective: Business for Development (East Africa) Project to support manufacturing micro enterprises in business management for inclusive growth in East Africa (Kenya, Uganda and Rwanda).

Through the programme, participating companies were sensitized on business diagnostics to establish the challenges facing them, and their remedies. It also incorporated mentorship and coaching by experts to empower the project participants to play an active role in industry, for the region's economic growth.

Women in Manufacturing



(L-R) KAM WIM Chair, Flora Mutahi and KAM CEO, Ms Phyllis Wakiaga during the KAM WIM report

Women in Manufacturing Report Launched

KAM launched the first-ever Women in Manufacturing (WIM) Report in the region in partnership with the International Center for Research on Women (ICRW).

The Report will be a critical advocacy tool to engage government in our objective to increase the participation of Women in sector. The outcomes of the research shall pivot KAM's advocacy drive of the Women in Manufacturing Program in Kenya, by providing concrete data on the necessary areas to improve. It shall inform stakeholders in mainstreaming gender equality and inclusion in the manufacturing sector.

Women and Youth Bankability Conference

The Association hosted the Women and Youth Bankability Conference, which provided an opportunity for manufacturing and aspiring entrepreneurs to directly seek information and guidance from government and financial institutions on attaining support and assistance.



Women and Youth Bankability Conference panel session

Women in Manufacturing partnerships

To support its role in executing the mandate of the Women in Manufacturing Program, the Association continued to partner with like-minded organizations, among them Bill and Melinda Gates Foundation in conjunction with Kenyatta University.

Besides assisting the WIM programme to advance its research on women in the sector, this partnership will also enhance the capacity of the WIM program to actualize in making a difference in women's businesses in the manufacturing sector. The Association has also partnered with the Danish Embassy to host dissemination forums and engagements across the its seven regions, on the WIM Report Research.

Furthermore, our support for women and girls will also be instituted in a partnership agreement between KAM and Awareness Against Human Traffic (HAART). As a corporate social initiative and in the aspect of assisting to build and restore the humanity of human trafficking victims, WIM will engage HAART to identify women and girls (entrepreneurs and innovators) and assist to build technical skills, institute partnerships and provide internship and employment opportunities.

Knowledge exchange forums and visits

The Association hosted a four-part webinar series to ensure they are resilient during this period. The series covered Leading through crisis, Opportunities for Women in Manufacturing during this crisis and restructuring a resilient business beyond the pandemic hosted by Women in Manufacturing.

KAM also hosted a WIM Digital Workshop to equip women industrialists with digital skills to navigate and access better markets for their products.

Additionally, women industrialists participated in an exchange visit to Skanem Interlabels and Sil Africa where they got an opportunity to learn about the Do's and Don'ts of starting a business, valuable partnerships and the importance of mentorship, and practises that help build operational excellence, respectively.

► Sustainable Business Practices

SDGs Readiness Report

KAM, the Office of the Deputy President and Global Compact Network Kenya launched the Sustainable Development Goals (SDGs) Readiness Report that studied the progress of implementation of the Goals from a policy, legislative and institutional perspective in the country.

The report provides a legislative review of Kenyan Laws to identify areas that need to be reformed to align with the SDG commitments. The report has identified gaps in the laws and policies across the 17 goals with an emphasis on how the country can achieve green economic growth and recommends interventions.

The report has also reviewed institutional arrangements for executing SDG commitments and made recommendations on how Parliament should monitor the national and sub-national execution of SDG commitments.

Making Global Goals Local – Africa Forum

The Association participated in the Making Global Goals Local – Africa Forum. The Forum, which brought together more than 2,000 African business leaders from across 35 countries and the UN, aimed to inform, inspire and catalyze collective approaches in this Decade of Action in Africa to realize the 2030 Agenda for sustainable development and Agenda 2063 on the continent.

The forum provided the Association with an opportunity to showcase the role of the manufacturing sector in realizing the SDGs and Africa Union's Agenda 2063 - the Africa We Want.



COVID-19 UPDATES

Introduction

The unexpected turn of events as a result of the global pandemic (COVID-19) threw us an unwonted curve ball on our plans for the year.

Whilst the greatest effect of the pandemic has been loss of life and strain on health facilities, businesses, including manufacturers have not been spared.

Even as the country experienced the first and the second waves of the pandemic, the Association continued to engage its members and the government, among other stakeholders to navigate the crisis.

Your responsiveness, kindness, generosity and solidarity with the Citizens and the government, to ease the pressure that has been felt in recent months, has been remarkable. In-kind contributions, donations, and financial support to on-going efforts to flatten the curve are truly laudable.

► #KeepKenyaMoving



(2nd and 3rd Left) KAM Head of Corporate Communications and Marketing Sally Kahiu and Biersdorf Human Resource Partner Martin Arek handing over hand sanitizers to Matatu Owners Association

Manufacturers have been at the forefront in ensuring that we Keep Kenya Moving and flatten the curve during this crisis. They have gone over and above in ensuring that high standards of hygiene are maintained and that vulnerable members of the society are cushioned from the effects of the pandemic.

Local industry has donated tanks, hand washing stations, soap and washing detergents across the country. Some of these were donated to the Ministry of Interior and Coordination of National Government, to be distributed to police officers across the country.

The Association also partnered with Beiersdorf Kenya to distribute hand sanitizers across the country. The sanitizers were donated to Matatu Owners Association of Kenya, Kenya National Chamber of Commerce and Industry (KNCCI) - Kakamega Chapter and Police Stations in Nairobi Metropolitan Area.

► Local industry to supply critical essential items to be used in the fight against COVID-19

Government committed to locally source critical items to be used in the fight against COVID-19 by frontline medical personnel as well as the general public.

Industry continued to produce and supply protective footwear and ventilator prototypes, full-body suits, headgears, protective footwear, hospital scrubs, hospital linen and surgical gloves.



Kenya COVID Fund Board hands over PPEs to Mathari Hospital

► Kenya COVID Fund

Local industry has donated to the Kenya COVID Fund that was established by the government to contain the spread, effects and impact of the COVID-19 pandemic.

The Fund's initiatives geared towards supplementing government's efforts in the supply of medical facilities and equipment and providing vulnerable communities with their immediate needs, including food.

► Online Directory

We also launched an online directory of locally manufactured goods to supplement local production and forestall disruptions in the local market.

This is aimed at addressing any gaps that may stem from the shortage of finished products in the local market.

► Launch of Covid- 19 impact survey report on Manufacturing sector

KAM in partnership with KPMG launched a survey on the impact of COVID-19 to the manufacturing sector in Kenya.

The survey sought to highlight the challenges facing manufacturers amid COVID-19, how manufacturers are adapting to the changes brought about by COVID-19, measures put in place to combat the spread of the virus, proposals to address these challenges, and perception on the economic measures put in place by the government in response to COVID-19's effect on the economy.

► Launch of Manufacturing resilience and sustainability report

As a follow up on the impact of COVID-19 across all the 14 KAM sectors, KAM and KPMG launched the Manufacturing Resilience and Sustainability Survey Report and Policy Toolkit. The report highlights challenges (pre- and post-COVID) and opportunities available across the 14 sectors. It aids in charting forward the growth, development, and resilience of the manufacturing sector to attain the 15% contribution to Kenya's Gross Domestic Product (GDP) as envisioned in the Big Four Agenda.

► Government Measures to Mitigate Impact of COVID-19

In order to alleviate pains of the crisis, KAM continued to engage the government on interventions to be instituted to contain the spread of the virus and to ensure business continuity in this difficult period.

The measures put in place include:

- 01 100 % Tax Relief for persons earning gross monthly income of up to Ksh. 24,000.
- 01 Reduction of Income Tax Rate (Pay-As-You-Earn) from 30% to 25%
- 03 Reduction of Resident Income Tax (Corporation Tax) from 30% to 25%;
- 04 Reduction of the turnover tax rate from the current 3% to 1% for all Micro, Small and Medium Enterprises (MSMEs);
- 05 Appropriation of an additional Ksh. 10 Billion to the elderly, orphans and other vulnerable members of our society through cash-transfers by the Ministry of Labour and Social Protection, to cushion them from the adverse economic effects of the COVID-19 pandemic.
- 06 Temporary suspension of the listing with Credit Reference Bureaus (CRB) of any person, Micro, Small and Medium Enterprises (MSMES) and corporate entities whose loan account fall overdue or is in arrears
- 07 Reduction of the VAT from 16% to 14%.
- 08 Ministries and Departments, and private sector pay verified pending bills.
- 09 Payment of all verified VAT refund claims, and allow for offsetting of Withholding VAT, in order to improve cash flows for businesses

Some of these measures will, however, be rolled back starting January 2021. We are advocating the government to reconsider this decision as the country navigates through the second wave.

► SGR and Logistics Update

KRA announced the immediate implementation of Green Channel treatment. The clearance was set to be done without routine physical examination of the goods at the customs area. However, a post-clearance audit was to be carried out in case of identified gaps, for example, the wrong declaration. Some shipping lines, for example, rolled out online delivery orders and seaway web bill of lading (for both of these the original documents are not required).

► Members' Engagement

To keep Members updated as we navigate the current crisis, the Association has continued to host a series of webinars and email updates to ensure manufacturers are up to date with measures being put in place by the government.

The webinars also enlightened manufacturers on how countries that had faced the crisis before us adapted to COVID-19 and their rebound strategies.





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