



GROWTH & GAINS

GREAT STRIDES TOGETHER

2023

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OUR STORY

ABOUT KAM

We are the representative body of manufacturing and value-add industries in Kenya. Established in 1959, we have evolved into a dynamic, vibrant, credible and respected business association that unites industrialists and offers a common voice for businesses.



MEMBERSHIP

KAM Membership is structured in three categories:

ORDINARY MEMBERSHIP

This category 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 Membership that targets Micro, Small & Medium Enterprises manufacturing value add Industries.

ASSOCIATE/CONSULTANCY

This category is extended to firms that have direct interest in the expansion of industries, either through the provision of services or other inputs.

OUR SERVICES



MESSAGE FROM KAM CHIEF EXECUTIVE

Dear Member,

Welcome to the Kenya Association of Manufacturers (KAM) Growth and Gains: Great Strides Together Report for 2023.

The report sheds light on the progress made in our initiatives on policy advocacy, business competitiveness and social impact in the past year.

We are proud of you, our members, for your unwavering commitment to driving the country's industrialization agenda and supporting communities. We shall continue to strive to give you world-class services to steer you towards global competitiveness.

On behalf of my colleagues at the Secretariat, I invite you to look at the strides we have made this year and join us in celebrating these achievements with us.

Happy Holidays!

Anthony Mwangi
Chief Executive



MESSAGE FROM KAM CHAIRMAN



We are coming to the end of yet another eventful year for the Kenya Association of Manufacturers (KAM).

We kicked off 2023 by venturing into a new strategic path with a focus on raising the manufacturing sector's contribution to Gross Domestic Product (GDP) to 20% by 2030 as outlined in the Kenya Manufacturing 20by30 Strategy. This strategic path is anchored on four pillars, namely, Global Competitiveness, Export-led Growth, SME Development, and Agriculture for Industry, to drive the 20by30 strategy whilst supporting the government's Bottom-Up Economic Transformation Agenda (BETA), which aims to uplift economic conditions of the "hustlers". The premise for the Association's 2023-2025 Business Development Plan is built on more than six decades of steadfast growth and the impact of the manufacturing sector in transforming the country.

It is through manufacturing that Kenya has made its mark in the world and risen into a regional beacon through job and wealth creation. Since before independence, manufacturing has provided productive jobs that have, in turn, provided security and stability for many Kenyan families. The sector has steered the development of infrastructure that has consequently opened and connected diverse societies to trade and interact with each other. Subsequently, this has led to Kenya's long-standing reputation as a preferred investment destination in Africa.

To actualize this strategic plan, KAM launched the 2023 Manufacturing Priority Agenda (MPA) that continued to guide our advocacy towards resetting manufacturing to achieve Agenda 20by30. This was supplemented by in-depth analysis of the manufacturing sectors, through sector deep dives that outlined the opportunities for local and export market access and solutions to barriers hindering manufacturing sector growth and development. We continued to engage both levels of government in the year, guided by the two initiatives. This includes three meetings with the President, H.E. Dr William Ruto, CGH, on the development of manufacturing value chains on cotton, leather, pyrethrum, edible oils, pharmaceutical, housing, and automotive sectors.

We have seen much accomplished throughout the year through our engagements at the National and Chapter level. Such interventions including the fight against illicit trade, advocacy on national and EAC budget proposals, conclusion of the negotiations for an Economic Partnership Agreement (EPA) among many more. In our endeavour to bolster the integration between agriculture and manufacturing, we identified 32 value chains for deep research and analysis and analysed six, namely pyrethrum, maize, wheat, potatoes, tomatoes, avocados, which unearthed immense benefits to the economy once implemented, including forex savings through import substitution and enhanced local productivity.

Driving sustainable manufacturing practices is still a critical tenet for the Association. Together with Kenya Forest Service (KFS), we planted 21,000 tree seedlings in Kinale Forest Station. This is part of the Framework of Cooperation that KAM signed with KFS in 2022 to rehabilitate 10,000 hectares of degraded forest areas across the country. We also supported members to adopt best practices in energy efficiency and renewable energy through the initiatives under the Centre for Green Growth and Climate Change (CGGCC) and Centre for Energy Efficiency and Conservation (CEEC). This is geared towards enhancing sustainable manufacturing practices in industries within Kenya to drive resource efficiency, save costs and reduce the carbon footprint of the organizations.

We continued to deepen our initiatives geared towards increasing the participation of women and youth in the manufacturing sector. We also developed programmes geared towards driving the growth of Manufacturing SMEs by including them in the supply value chains, enhancing market access and capacity-building. This is because we recognize their role in the country's economy.

Next year presents us with a myriad of opportunities to begin to tangibly realize the goals outlined in Manufacturing 20by30 Strategy. 2024 will be the year to implement some of the proposed solutions by industry, as outlined in the sector deep dives, to achieve low hanging but very impactful results. Hence, we have a huge role to play to ensure that we make these changes in time to reap from global trends and markets, and to build a strong future for our country.

My sincere appreciation goes to the Board of Directors, Region and Sector Leadership, Members of various Board Committees, and our Secretariat that have all contributed immensely to the achievements of the year. Special thanks to the National and County Governments, regulators, government agencies and implementers who continue to give us audience, exchange ideas and jointly work to resolve member concerns.

To our partners and stakeholders, we appreciate your support and for believing in our vision for a competitive and sustainable manufacturing sector.

But most of all, a big thanks to you, a Member of KAM, for your continued support and belief in the Association. We will continue to raise the bar in being the voice of industry, as we focus on rebuilding our nation, to increase and sustain investments in the manufacturing sector, and ultimately, create productive jobs and wealth for Mwananchi.

Happy Holidays!

**Rajan Shah,
Chairman**

POLICY ADVOCACY

KAM launches 2023 Manufacturing Priority Agenda

This year's Manufacturing Priority Agenda (MPA), themed Resetting Manufacturing to achieve Agenda 20BY30, presented proposals that will transform the manufacturing sector, if implemented. Subsequently, contribute 20% to GDP by 2030 from 7.2% in 2022, as outlined in the Kenya Manufacturing 20BY30 Strategy, with a potential of increasing direct jobs from the current circa 348,000 to circa 980,000.

The agenda was driven under four main pillars namely, Global Competitiveness; Export-led Growth; SME Development; and Agriculture for Industry.

I. GLOBAL COMPETITIVENESS PILLAR

Global competitiveness looks at our ability, as a country, to sustainably produce goods and services for which there is a market - at a price and quality that the market is willing to pay for. This pillar advocated for policies and sustainable frameworks to boost production and attract investments as manufacturing is capital-intensive and requires long-term investments.

The notable achievements under this pillar include:

Input VAT on KPA charges now claimable by importers

Through KAM's advocacy, among other like-minded organizations, manufacturers/importers are now able to claim back input VAT on Kenya Ports Authority (KPA) charges. KRA configured iCMS to enable this while the KPA invoices were reviewed to capture importers details including name and PIN which were missing previously.

Fight Against Illicit Trade

o IPR Recordation Program kicks off

The Anti-Counterfeit Authority (ACA) kicked off the Intellectual Property Rights (IPR) Recordation Program, which aims to create a database of IPR, especially trademarks being imported into the country. This initiative is an outcome of KAM's advocacy work towards the fight against illicit trade, which infringes intellectual property rights due to counterfeiting of genuine and trademark protected products.

o Enhanced partnership & collaboration in the fight against various forms of illicit trade in Kenya

KAM engaged key enforcement institutions in Kenya namely ACA, Kenya Revenue Authority (KRA), Kenya Bureau of Standards (KEBS), and the Interpol National Central Bureau - Nairobi to enhance partnership and collaboration through sharing of intelligence information on illicit trade for further investigations and enforcement (addressing the problem from the supply side perspective).

We also partnered with the ACA and Alcoholic Beverages Association of Kenya (ABAK) in creating awareness among targeted groups and regions across the country to sustain the fight against counterfeiting and other forms of Illicit trade.



KAM participates at the first International Symposium on Intellectual Property Protection and Enforcement hosted by ACA

Review and adoption of legislative frameworks

KAM reviewed several key legislations at both national and county levels. Key highlights include:

- Reviewed 30 national and county bills relating to trade and tax matters such as the Finance Bill, 2023 and the Affordable Housing Bill, 2023.
- Reviewed 28 regulations which include, the Social Health Insurance (General) Regulations and the Income Tax (Turnover Tax) Regulations.
- Compiled 30 memoranda on key areas affecting manufacturers which were submitted to the National Assembly, Senate, and County Assemblies.
- Held 28 engagements on legal and regulatory issues affecting manufacturers with government agencies such as Ministries, Parliament (National Assembly and Senate), the Judiciary, and regulators such as Competition Authority of Kenya, Council of Governors, National Environmental Management Authority, Kenya Bureau of Standards, Water Resources Authority, and Privatization Commission.
- Conducted research on legal areas to inform policy and legislative changes including the assessment of public procurement requirements to support the manufacturing sector market access; and anti-corruption documented under a guidebook developed jointly with the Kenya Judges and Magistrates Association.
- Supported regulatory compliance on environmental awareness such as extended producer responsibility and regulatory seminars to create awareness on legal and regulatory requirements.
- Continuous and on-time legal and regulatory advisory to KAM members and at firm level in different sectors and regional areas.
- Filed a case in the High Court against the imposition of the Export and Investment Promotion Levy.

National Taxation Policy and the Medium-Term Revenue Strategy advocacy and engagements with government

KAM reviewed the draft National Tax Policy and the draft Medium-Term Revenue Strategy and submitted proposals to both Parliament, the National Treasury and the International Monetary Fund (IMF). To encourage and draw in investment, the proposals stressed the need for stability in the fiscal policy environment. The proposals also provided strategies that would enhance local manufacturing/value addition and exports.

National and EAC budget advocacy

KAM presented budget and post-budget proposals for FY 2023/24 to the National Treasury and Parliament. Major wins included the elimination of the annual inflation adjustments, removal of the interest expense on local debt from EBITDA restriction and a VAT zero-rated status on exported services. Based on the outcome of the 2023/2024 National and EAC Budget, KAM further engaged the National Treasury, Ministry of Investment, Trade and Industry, Parliament, the IMF and World Bank on the consequences of the enacted policies, including market distortion, uncompetitiveness of Kenyan products and closure of some industries, which would inadvertently lead to loss in revenue.

In addition, KAM filed a case in the High Court against the imposition of the Export and Investment Promotion Levy.

Administration of Duty Remission

Duty Remission Scheme (DRS) is an incentive provided to manufacturers whereby they are allowed to import inputs that are not locally available, at a lower import duty rate than what is provided for in the EAC Common External Tariff for manufacturing process. During the year, KAM processed over 300 duty remission applications, where over 95% of them were approved and gazetted. To ensure that locally available items are not imported under the scheme, KAM Secretariat reviewed the applications with guidance from Sector leadership before submission to the National DRS Committee.

Cashflow challenges and VAT refunds

KAM partnered with other advocacy bodies to collate feedback on the amount of pending VAT refunds and implications of the same on businesses. Further to this, KAM analyzed the data and presented a report on the same to the National Treasury, Parliament, and KRA. The National Treasury committed to work with KRA on a framework that would allow manufacturers, among other businesses, to access the refunds.

KRA engagements

Tax administration was one of the key areas where KAM intervened to facilitate resolution of members concerns. To this end, KAM facilitated over 50 engagements with the KRA where key matters were resolved. Amongst them tariff and non-tariff barrier challenges as well as compliance concerns with some of the government legal provisions and regulations.

Net Metering Regulations developed

To enhance Members' appetite for renewable energy, KAM participated in the establishment of Net Metering Regulations which have been drafted and are awaiting approval from the Attorney General's Office.

Energy efficiency performance benchmark

In an effort to improve industry performance efficiency, KAM together with Energy Petroleum and Regulatory Authority (EPRA) conducted a study to benchmark Kenyan industries in seven sectors against regional and global benchmarks. The study aims to guide industry on how they compare to global best practices and define their pathway to performance efficiency. The report is in the final stages and is expected to be released next year.

Kenya Industrialization Conference

KAM joined the Ministry of Investments, Trade, and Industry, in hosting the inaugural Kenya Industrialization Conference from 20th – 23rd November 2023. The event centered around the theme “Accelerating AfCFTA Implementation through Value Chain Integration for Shared Prosperity.” The event aligned with the Africa Industrialization Week and highlighted the role of the manufacturing sector. The conference called on the need for collective efforts to increase production and value addition of locally manufactured goods within strategic value chains, advancing the economic agenda.



KAM Chair, Mr Rajan Shah speaking during the Kenya Industrialization Conference

II. EXPORT-LED GROWTH PILLAR

Manufacturing growth will not be achieved by solely relying on domestic markets. This pillar not only focused on enhancing domestic market access but also how Kenya can leverage on products where we have a comparative advantage to grow our exports.

Notable achievements under this pillar include:

KAM hosts Changamka Kenya Shopping Festival – Nairobi & Mombasa

The Association hosted the 6th and 3rd edition of the Changamka Kenya Shopping Festival in Nairobi (31st October – 4th November 2023) and Mombasa (30th November – 2nd December 2023), respectively, with calls on Kenyans to take advantage of the festival and shop for quality products at discounted prices.

The Festival, with 183 exhibitors, brought together Kenyan manufacturers and other stakeholders within the sector and gave them an opportunity to showcase the high-quality Made in Kenya products as well as sell to their customers directly. The festival is in line with the Buy Kenya Build Kenya (BKBK) Strategy. The strategy was formulated to address the gap in the consumption of locally manufactured goods compared to imported products.

Buy Kenya Build Kenya verification visits

KAM in collaboration with the State Department for Industry conducted verification visits from 28th – 30th November 2023 to select beneficiaries of BKBK initiative in Nairobi and its environs. In attendance

were representatives from several discipline forces in the country. The verification visits culminated with a dinner on 30th November 2023 where several manufacturers exhibited the products, they supply to the discipline forces.

The BKBK is an initiative by the Government of Kenya through the Ministry of investments, Trade, and Industry to promote local manufacturing by ensuring discipline forces source for textiles and boots from local manufacturers. This is in line with the Local Content Policy that seeks to promote the use of the locally produced products with the aim of promoting local manufacturing.

Sector deep dive reports

KAM through respective sectors developed 17 Sector Deep Dive Reports, as outlined in figure 1, below. The reports outline the opportunities for local and export market access and solutions to barriers hindering respective sector growth and development. The graphical and chronological presentation of research and advocacy engagements on deep dives are highlighted on the figure below.

Figure 1: 17 Sector Deep Dive Reports

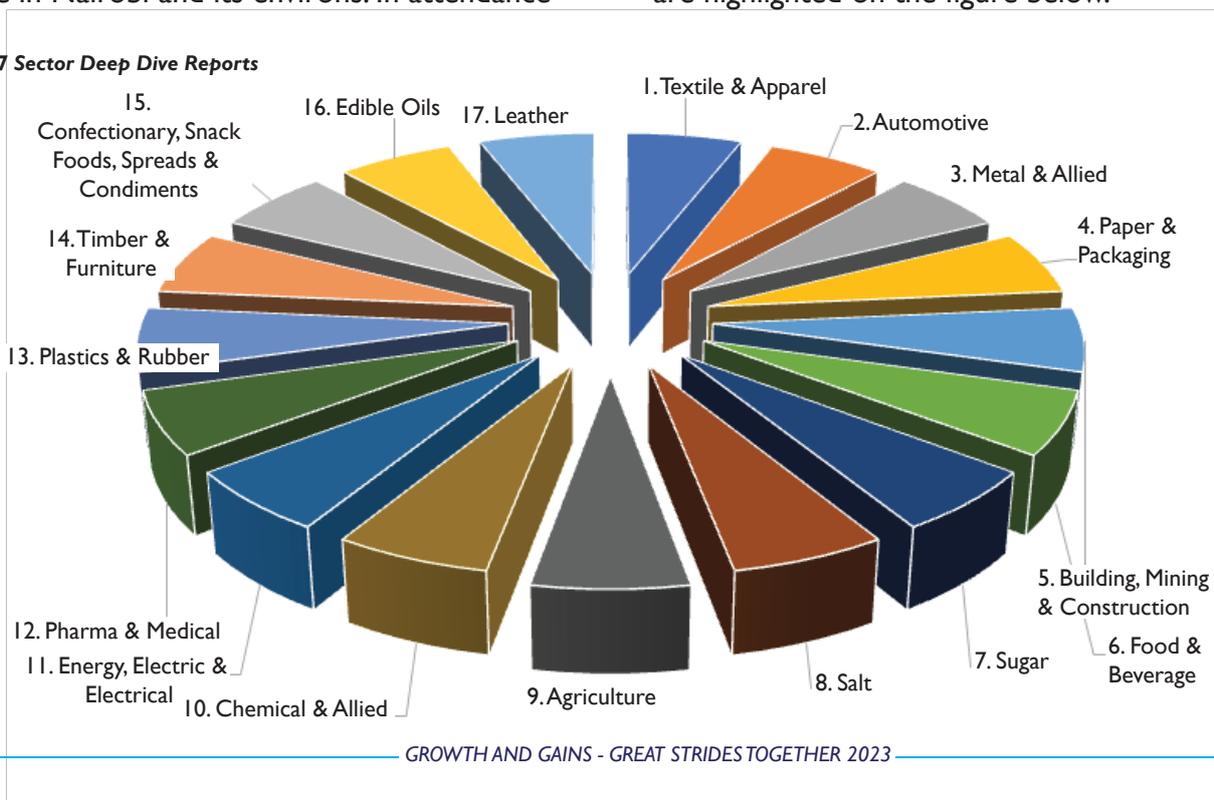
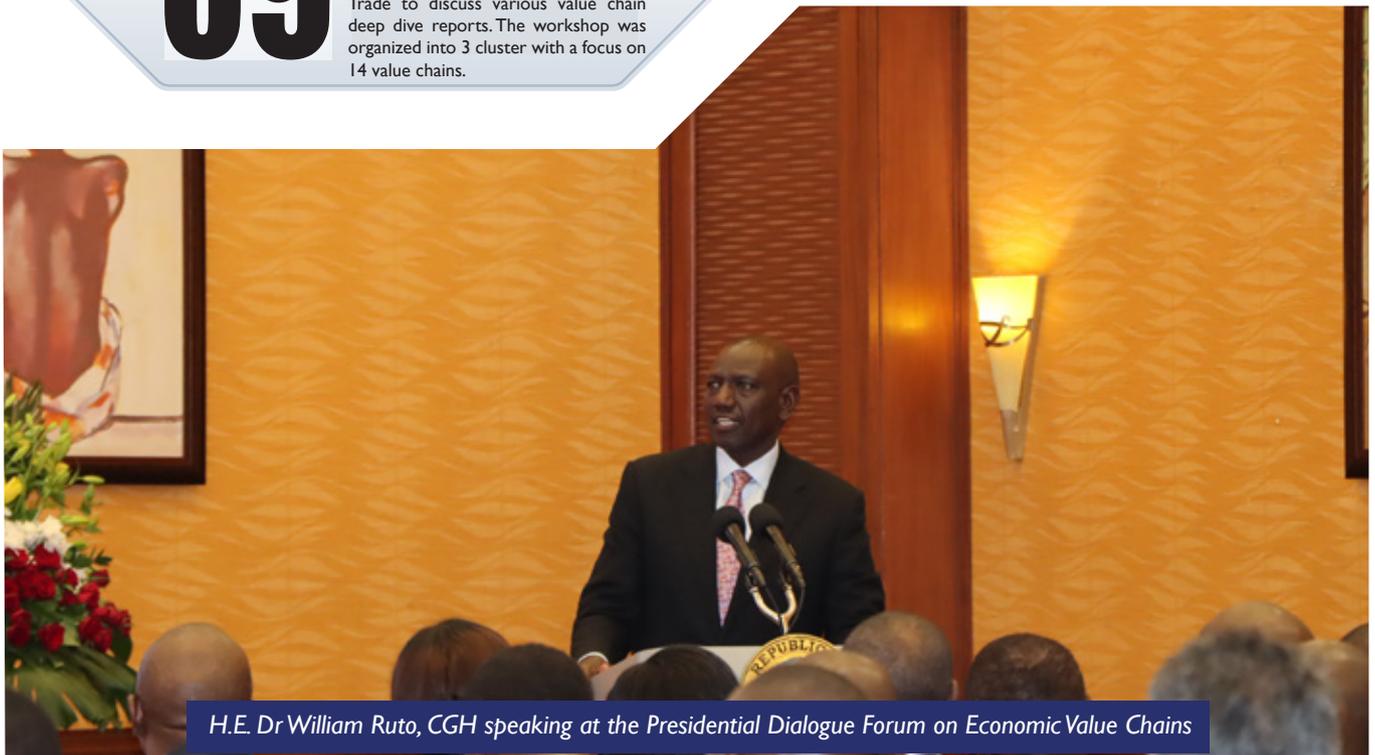
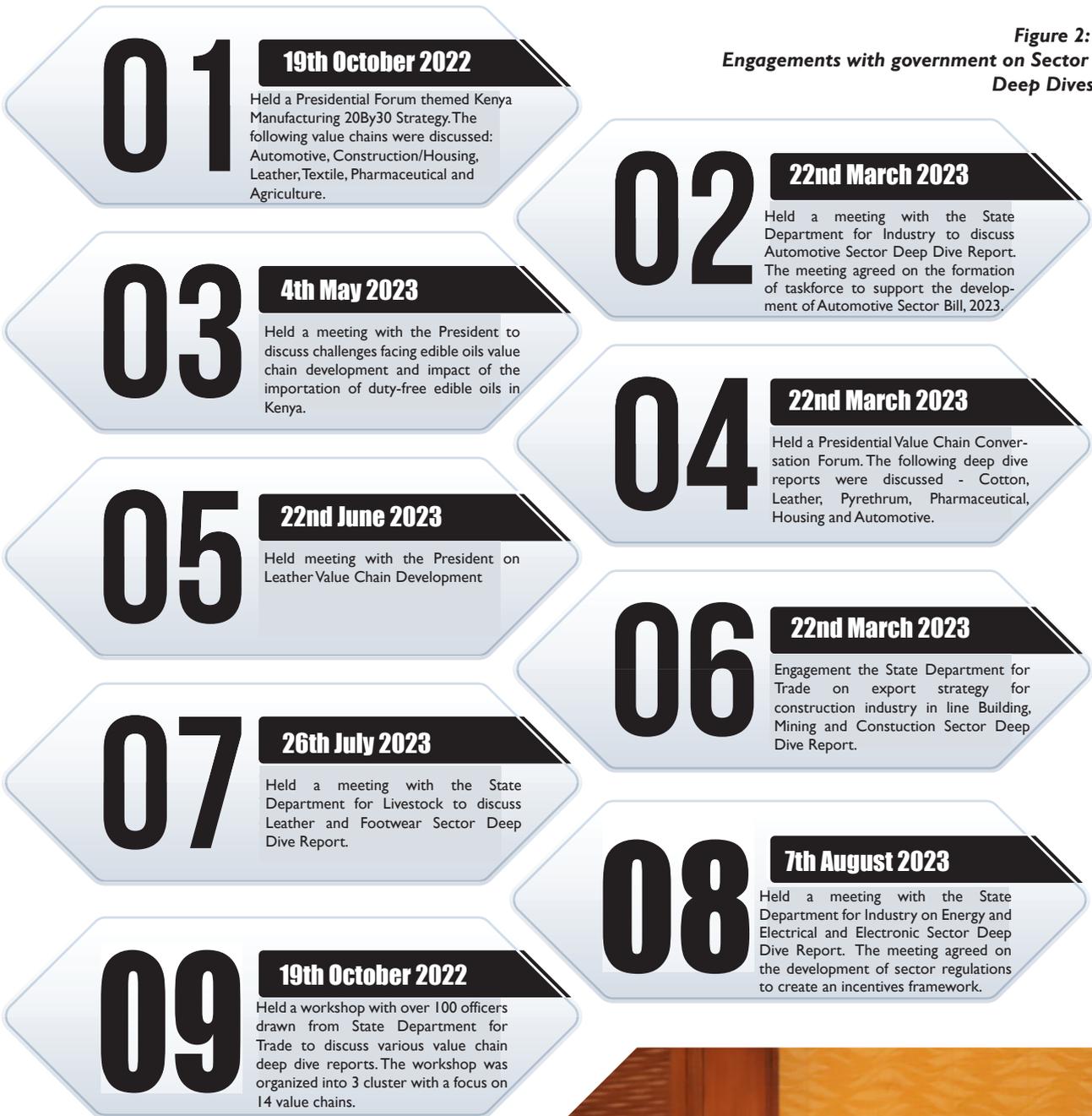


Figure 2:
Engagements with government on Sector Deep Dives



H.E. Dr William Ruto, CGH speaking at the Presidential Dialogue Forum on Economic Value Chains

KAM proposals adopted in the EAC Budget 2023/2024

The East African Community (EAC) Partner States adopted some of KAM proposals in the EAC Budget 2023/2024 released on 1st July 2023. Among the proposals adopted include tariffs under Duty Remission Scheme and various Stays of Application.

EAC Rules of Origin

To solve EAC market access challenges, there was a Joint on the Spot Investigation for cement, juice, lubricating oils, and Sinotruk Howo and Mercedes Benz Actros road tractors manufactured in Kenya. It was established that cement, blended lubricating oils and juices produced in Kenya, and Mercedes Benz Actros 3340 and Sinotruk Howo tractors assembled in Kenya, qualify for preferential treatment under product specific EAC Rules of Origin. The EAC Partner States are now granting preferential tariff treatment on products which are confirmed to meet the origin criteria when transferred to other Partner States.

6 Kenyan non-tariff barriers resolved

In 2023, Kenya faced and raised 11 Non-Tariff Barriers (NTBs) in EAC time-bound NTBs resolution mechanism. Through Joint national effort, 6 have been resolved leaving 5 unresolved within the year covering milk, juices, furniture, excise books, tissues, and confectionary.

SCTIFI declares 65 new EAC standards and endorses 6 international standards

The EAC Sectoral Council on Trade, Industry, Finance, and Investment (SCTIFI) declared 65 new Final Draft East Africa Standards (FDEAS) as East Africa Standards (EAS) and endorsed 6 international standards mainly drawn from animal feeds, food packaging and labelling, cereals, edible oils, sugar and sugar products, milk and milk products, cosmetics, plastics, drinking water among others. Out of this declaration, 42 EAS have been proposed for withdrawal as the new 65 EAS standards and 6 international standards replace them.

Stay of the EAC CET on originating goods imported from COMESA and SADC

SCTIFI resolved to stay application of EAC CET on originating goods imported from COMESA for the Republics of Kenya, Uganda, Rwanda and stay of EAC CET on originating goods imported from SADC for the United Republic of Tanzania from 1st July 2023 to 30th June 2024. The stay awaits amendment of Section 112(2) of the EAC Customs Management Act, 2004 as contained in the EAC Customs Management Bill, 2022 which is pending final approval by EAC Council of Ministers and assent by EAC Heads of State before the end of year 2023.

Stay of Conditions contained in legal notice EAC/39/2013

The EAC Assembling and Manufacturing Regulations aim to promote local sourcing of parts manufactured in the EAC region for the assembling of products. The regulations contain a schedule of raw materials that should be excluded from the imported Complete Knock Down (CKD) kits in the assembly of motor vehicles and motorcycles.

The EAC Assembling and Manufacturing of Products Regulations have not been finalized. As such and following previous Stay of Conditions contained in Legal Notice EAC/39/2013, SCTIFI meeting further stayed the conditions pending finalization of EAC Assembling and Manufacturing Regulations until it comes into force.



KAM engages AfCFTA Secretariat

Progress report on the African Continental Free Trade Area (AfCFTA)

- o 47 AU Member States have ratified the Agreement.
- o 45 Provisional Schedules of Tariff Concessions have been submitted representing 85% of the AU Membership.
- o 44 Category A Tariff Offer have been reviewed by AfCFTA Secretariat.
- o 91% of tariff lines have been agreed under the Rules of Origin. Outstanding tariffs fall under Sugar, Edible Oils, Textile & Apparels and Auto Sectors.
- o EAC Tariff Offer for Category A products (90% of tariff lines to be liberalized over a 10-year period). The EAC Headquarter is currently gazetting EAC initial offer for Category A which are based on year 2019 which was used for tariff reduction instead of offers based on EAC CET Book 2022.
- o EAC Tariff Offer for Category B (Sensitive List and Category C (Excluded List)- Category B (EAC has agreed on 339 out of 393 tariff lines so far to offer other Regional Blocs)- Category C (EAC has agreed on 87 tariff lines out of 171).

Trade regimes

o AGOA

Through KAM's advocacy work with like-minded players in AGOA space, Sen. John Kennedy introduced the AGOA Extension Bill, 2023, a bill that would extend the African Growth and Opportunity Act (AGOA) through September 2045. The bill awaits US Congressional approval.

KAM also engaged the US Ambassador to Kenya, Amb. Meg Whitman and the United States International Trade Commission (USITC) and the United States Trade Representative (USTR) on AGOA renewal and preferential market access to the US.

o Kenya – EU Economic Partnership Agreements

In June 2023, the European Union (EU) and Kenya announced the political conclusion of the negotiations for an Economic Partnership Agreement (EPA) and signoff of intent to ratify the agreement.

The Agreement will boost trade (duty free and quota free market access) in goods and create new economic opportunities, with targeted cooperation to enhance Kenya's economic development. The agreement also includes trade in services and manufacturers to source and supply specialised services from EU including financial services and product design.

o Tripartite Free Trade Area (TFTA)

There are renewed political efforts to fast-track the conclusion of pending negotiation items under the Tripartite Free Trade Area (TFTA). KAM's position was adopted in TFTA including tariff offer modalities. The conclusion of TFTA will bring together EAC, COMESA and SADC countries and provide a large regional market for Kenyan goods.



KAM hosts Trade and Investment Mission to DRC

KAM, in partnership with Equity Bank, hosted a Trade and Investment Mission to the Democratic Republic of Congo (DRC), from 23rd – 26th May 2023, to discuss trade promotion between the two countries. With its formal admission into the EAC, DRC offers various expansion opportunities for Kenyan manufacturers in sectors such as mining, agriculture, energy, and telecommunications.

The Trade and Investment Mission, brought together manufacturers from various sectors, including Food & Beverage; Agro-processing; Pharmaceutical; Chemical & Allied; Timber, Wood & Furniture; Plastic & Rubber; and Energy, Electricals & Electronics; Automotive and Textile & Apparel. It sought to identify export market and investment opportunities; strengthen distributorship networks and gauge the intensity of the competition in the DRC for Kenyan manufacturers.

KAM signs MOU with Afreximbank

KAM signed an MoU with Afreximbank to drive export-led growth and competitiveness. The MOU provides KAM and its members with a chance to tap into the products and services offered by Afreximbank towards growing Kenya's manufacturing capacity to serve the national and continental market.



KAM engages Afreximbank team



III. SME DEVELOPMENT

Micro, Small and Medium Enterprises (MSMEs) have continued to demonstrate their ingenuity and capacity to meet the country's needs over the years. Regressive taxation, access to finance and inadequate capacity-building are some of the hindrances to MSME growth. This pillar focused on supporting SMEs to growth and expand.

The notable achievements under this pillar include:

Inaugural SME Convention

On April 13, 2023, KAM hosted the inaugural SME Convention, with a focus on strengthening the Small and Medium Enterprises (SMEs) ecosystem in Kenya. KAM called on the government to provide a space for manufacturing SMEs to be competitive, have access to regional and international markets, and maximize local agro-based inputs, then, they will have a ripple effect on the economy.

Awareness on Standardization Mark

KAM in partnership Kenya Bureau of Standards (KEBS) conducted an awareness session on the acquisition of the Standardization Mark. The session provided critical information to the SMEs on product certification process, product testing and the utilization of the KEBS platform.

Enhancing market access

The Association supported 40 SMEs to exhibit at the Changamka Kenya Shopping Festival. The Festival brings together Kenyan manufacturers and other stakeholders within the sector and gives them an opportunity to showcase locally made products as well as sell to their customers directly.

Partnership with JICA

KAM collaborated with JICA to organize two key forums for SMEs: the Capital Sourcing and Management Forum and the CEOs' Business Management Forum. The primary focus of the SME Capital Sourcing and Management Forum was to impart insights to SMEs regarding the criteria employed by financial institutions when extending funding to businesses. The central objective of the CEOs' Business Management Forum was to provide training to business owners on effective SME management practices, including the utilization of business frameworks to foster the growth of their companies.

Partnership with COMESA Business Council

KAM collaborated with the COMESA Business Council to organize a workshop aimed at educating SMEs on the application of ITC market analysis tools and utilizing the African Trade Observatory (ATO) to pinpoint potential export markets. Furthermore, in partnership with the COMESA Business Council, KAM conducted a workshop focusing on Digitalization Toolkits to provide comprehensive financial tools. The primary goal of this workshop was to enhance the understanding of digital finance among MSMEs, fostering increased adoption of digital financial services and encouraging their active involvement in intra-COMESA trade.



KAM Chair, Mr Rajan Shah (R) engages CS for MSME Development and Cooperatives at the SME Convention

IV. AGRICULTURE FOR INDUSTRY PILLAR

Through the Agriculture for Industry (A4I) pillar, KAM seeks to bolster integration between agriculture and manufacturing.

KAM has underscored the need to integrate the farmers with industrialists with guarantee of the following as primary objective: availability of local capacity, consistent supply of agricultural raw materials, good and predictable quality, competitive pricing, and fair competition. The A4I integration is further supported by higher contributions to GDP by both sectors at 21.2% and 7.8% for Agriculture and Manufacturing which rank first and fourth overall besides real estate (8.6%) and transportation services (12.4%) according to Economic Survey 2023.

In return, the manufacturers in agro-processing will offer to the country as a common good the much needed jobs from current 352,000 formal jobs (Economic Survey 2023) to 1 Million jobs, investments along value chain from farming to processing, forex savings by maintaining an import cover of more than 4.5 months in a long period and stabilizing exchange rate which has been depreciating in recent times, form part of raising Kenya's per capita income from current USD2,081 to world's average GDP per capita of USD12,235 in 2023.

Further, A4I integration will increase value addition output from current USD7.75Billion (Economic Survey 2023) to USD37 Billion in 2030. A4I will equally assist in balancing the financial ecosystem through vibrant economic activities at the rural counties hence higher per capita, better standards of living at that level in line with Bottom-up Economic Agenda of the current government.

The notable achievements under this pillar include:

MAIZE

National demand (tons /yr)	Local production (tons/yr)	Local supply to millers (tons/yr)	Gap (tons /yr) (imports)	Installed capacity (tons /yr)	Idle capacity (tons /yr)
4,324,324	2,882,883	1,404,000	900,000	2,737,500	1,642,500

- **Strategy identified:** Substituting 100% of imports (900,000MT) by doubling productivity from 8 to 15 bags/ acre.
- **Impact:** KES 58.5 billion forex saving/year.

A4I strategy

To actualize the program, KAM Secretariat, with strategic guidance from the A4I Board Committee is working on processes, tools and inclusive approaches that allow the Association to drive the A4I agenda with support from Members in agro-processing Sectors namely:

32 value chains identified, 6 analysed

So far KAM has identified 32 values chains for deep research and analysis. In Phase I of the research concluded in November 2023, KAM analysed 6 value chains namely - pyrethrum, grains (maize & wheat), potatoes, tomatoes, avocados - which unearthed the followings benefits to the economy once implemented.



WHEAT

Consumption (tons /year)	Local production (tons/year)	Supply to millers (tons/year)	Gap (tons /yr) (imports)
2,400,000	369,914	80,000	2,000,000

➤ **Strategy identified:** Substituting 40% of imports (770,000MT) by doubling productivity and increasing the area to 200,000 acres.

➤ **Impact:** KES 53 billion forex savings/year.

AVOCADOES

Production(MT)	Exports (MT)	Domestic processing (MT)	Domestic fresh market (MT)	Export potential (MT)	Demand gap (Exports)
291,002	103,240	50,000	137,210	258,100	154,860

➤ **Strategy Identified:** Meeting the export gap of 154,860 MT and capturing 10% of the global avocado oil market.

➤ **Impact:** KES 33.5 Billion foreign earnings/year.

POTATOES

Estimated national consumption (tons /year)	How much is produced by local farmers (tons/year)	Quantity of imports (tons /year)	Demand-supply gap
2,650,000	2,107,824	127,526	414,650

➤ **Strategy Identified:** Filling supply gap of 314236MT (186,710 local production; 127,526 import substitution).

➤ **Impact:** KES 7.17bn/ year on forex savings.



TOMATOES

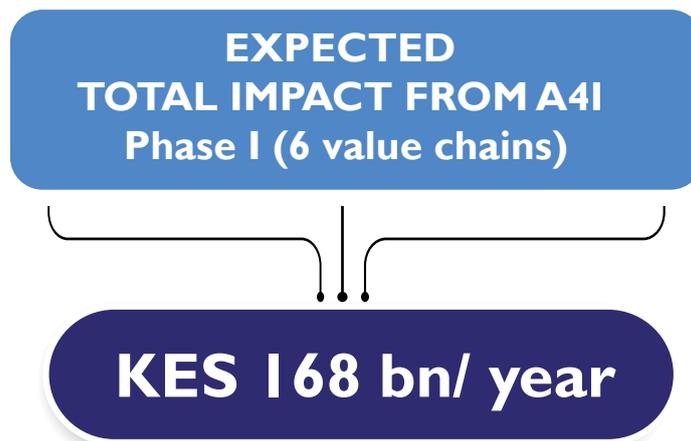
Estimated national consumption (tons /year)	How much is produced by local farmers (tons/year)	Quantity of imports (tons /year)	Demand-supply gap
709,660	658,000	20,000	31,660

- ✦ **Strategy Identified:** Target 133, 326MT/year through filling local supply gap (31,000MT), export potential (67,000 MT) and 50% loss reduction (33,000).
- ✦ **Impact:** KES 4.41bn/Year.

PYRETHRUM

Production of dry flowers (tons /yr)	Production of extract (tons/yr)	Imports of pesticides (tons/yr.)	Production potential for dry flowers (tons/yr)	Production potential of extract (tons/yr)
887	22.2	20,500 (KES 19.9bn)	10,000	250

- ✦ **Strategy Identified:** Increase production from ~900MT to 10000MT of dry flowers (KES 7.5 bn) & Substitute 50% of the currents imports of synthetic imports through value addition (4.28 bn).
- ✦ **Impact:** KES 11.78Billion/ year on forex savings.



SUSTAINABILITY

uKAMilifu

The Association is committed towards the creation of holistic solutions and in ensuring that all aspects of Environmental, Social and Governance (ESG) are incorporated in our day-to-day activities and that of our members. This is through our ESG arm, uKAMilifu.

It is driven under four main pillars, namely:

1 **PILLAR 01** **A Green World**
An industry that seeks to restore and replenish the environment in its approach.

2 **PILLAR 02** **A Futuristic World**
Creating a difference in the future of work and access to technology.

3 **PILLAR 03** **An Inclusive World**
Achieving our economic goals by embracing diversity.

4 **PILLAR 04** **A Sustainable World**
Bringing in more young people to share in industry's vision through their innovations and appealing to their always evolving cultures.

2023 initiatives under uKAMilifu include:

Partnership with Start a Library

KAM partnered with Start-a-Library to enhance literacy in primary schools across the country through establishment of libraries. Under the partnership, we conducted 3 campaigns - Back to School Double Double; Fill a Library Twende Kajjado; and Stories for Smiles: Wrap up the Gift of Reading this Christmas. We also commemorated World Literacy Day, during which we impacted over 4,000 learners in 3 public primary schools in 2 Counties (Nairobi and Isiolo).

KAM plants 21,000 trees Kinale Forest Station

On 10th November 2023, KAM together with Kenya Forest Service (KFS) planted 21,000 tree seedlings in Kinale Forest Station. This is part of the Framework of Cooperation that KAM signed with KFS in May 2022 to rehabilitate 10,000 hectares of degraded forest areas across the country.

The framework envisioned rehabilitating different forests across the country with specific focus in KAM areas of operation which cut across

41 counties. The initiative seeks to support the government agenda to plant 15 billion trees by 2032. Since the signing of the framework, the steering committee was able to reach out to the manufacturing community where over 20 manufacturers contributed cash and in-kind donations towards the inaugural tree planting exercise on 10th November 2023.

Strategic partnerships

The Association partnered with like-minded organizations and continued to enhance its existing ones with the aim of supporting members towards sustainable manufacturing practices. The partnerships focused on enhancing energy efficiency, promoting and mainstreaming sustainable manufacturing in the Textiles and Apparels sector and championing digital transformation in Kenya's industrial sector. The partners include EPRA, IDH, GIZ and Schneider Electric, among others.



KAM partners with Kenya Forest Services to plant trees at Kinale Forest Station

Green Manufacturing

Technical assessments

Through the Centre for Energy Efficiency and Conservation (CEEC), KAM supported members to be more energy efficient by conducting energy audits. The audits were geared towards helping members to identify energy cost saving measures in their facilities. The implementation of energy efficiency measures contributes to about 10% -30% energy savings for the company. Beyond energy savings, the energy audits have helped members to comply with the Energy Management Regulations that require designated facilities (facilities consuming more than 180,000kWh units) to conduct energy audit every 3 years.

In 2023, a total of 47 facilities were audited. The projected savings from a sampled 30 facilities stood at around 31 GWh which translates to KES 777 million. The projected pay back for these projects was averagely 2.2 years. As part of compliance with the Energy Management Regulations, facilities are expected to submit implementation reports annually.

Beyond the energy audits, CEEC also supported facilities to optimize their processes. The objective of the process optimization audits is to minimize cost and maximizing throughput and efficiency. The audits explore the possibility of adjusting a process to make the best or most effective use of some specified set of parameters without violating some constraints.

Capacity building

This year the Centre offered energy-related trainings. The trainings covered a wide scope of courses with practical approaches to energy management by offering hands-on approaches to assist industries successfully implement energy management programs in the current energy scenario.

The trainings serve to equip participants with an understanding on how to apply energy management principles resulting in reduced energy consumption and significant cost savings.

Some of the trainings offered at the CEEC include:

- o Energy Auditing Training
- o Energy Auditors' Refresher Training
- o Boilers and Steam Systems Training
- o Certified Energy Manager (CEM)
- o Pneumatic Conveying and Compressed Air Systems Training
- o Certified Measurement and Verification Professional (CMVP)
- o Solar T3 Training
- o Certified Carbon Auditing Professional Course (CAP)
- o Environmental Compliance
- o Green and Circular Economy Training

These training are a strategic investment for organizations, contributing to financial savings, environmental responsibility, regulatory compliance, and overall competitiveness in the rapidly changing business landscape.



Awareness

Loop Forum

In 2023, CEEC held the 1st edition of the Kenya Loop Forum on 20th February 2023. The event brought together innovators, entrepreneurs, investors, policymakers, development partners, learning centres and research institutions to take part in discussions guided by the Global agenda around energy efficiency and circular economy with the theme 'Accelerating the circular transition – Waste to resources and cleaner production.' The event had 36 exhibitors and about 200 guests attending the conference.

Energy Management Awards

KAM held the 19th Edition of the Energy Management Awards (EMA) on 12th May 2023. EMA is an annual award that encourages participating organizations to strive for excellence in energy efficiency.

It aims to recognize enterprises that have achieved outstanding energy savings, cost reductions, and environment conservation targets and to improve energy management practices in industries and institutions within Kenya to save energy and reduce the carbon footprint of the organizations. This year's award had 71 participants which recorded a total of Ksh. 798,771,175.70 and 402,671.48 GJ energy savings

The Energy Management Awards 2023 winners in various categories are:



No.	Award Category	Winner
1.	Electricity Savings Award – Large Consumer (LC)	Tata Chemicals Magadi
2.	Electricity Savings Award – Medium Consumer (MC)	Standard Rolling Mills Ltd
3.	Electricity Savings Award – Small Consumer (SC)	Isuzu East Africa
4.	Thermal Savings Award – Large Consumer (LC)	Milly Glass Works Ltd
5.	Thermal Savings Award – Medium Consumer (MC)	Kenya Breweries Ltd – Kisumu
6.	Thermal Savings Award – Small Consumer (SC)	Sarova Whitesands Beach Resort & Spa
7.	Best Energy Management Service Sector Award	Sarova Whitesands Beach Resort & Spa
8.	Best Energy Management Tea Sector Award	James Finlay (K) Ltd – Kymulot Factory
9.	Energy Innovation Award	Isuzu East Africa
10.	Sustained High Performance Award	British American Tobacco Plc – GLT Thika
11.	Best New Entrant Award	Ndarugu Tea Factory
12.	Most Improved Energy Award	Wire Products Ltd
13.	Best Energy Management Team Award	Isuzu East Africa Ltd
14.	Water Efficiency Award	British American Tobacco Plc – GLT Thika
15.	Renewable Energy Award, (Large Consumer)	British American Tobacco Plc, Nairobi

16.	Renewable Energy Award, (Medium Consumer)	Umoja Rubber Products Ltd
17.	Renewable Energy Award, (Small Consumer)	Murara Plants Ltd
18.	Green Building Award: Best New Entrant	Aga Khan University Centre
19.	Green Building Award: Outstanding Performance in Energy and Environmental Management	Emboo River Camp
20.	Digitization Award	Isuzu East Africa
21.	Clean Cooking Solutions Award	Koko Networks
22.	Improved Cooking Solutions Award	Wisdom Energy Hub Ltd
23.	Overall Energy Management Award	Isuzu East Africa

Exchange visits and peer learning forums

KAM hosted a sustainable manufacturing forum in North Rift Region on the best practices in energy efficiency and renewable energy. The forum brought together representatives from the Energy and Petroleum Regulatory Authority (EPRA) and the Ministry of Energy and Petroleum. It provided members with a platform to highlight the impact of high cost of power and the poor power quality, leading to the breakdown of machines.

The forum culminated with an exchange visit to Unga Ltd where participants got an opportunity to benchmark on best practices in energy efficiency that the member is implementing to save on energy costs and reduce its carbon emissions. Through energy efficiency, in 2023 alone, Unga Eldoret recorded energy savings of up to 588,000 kWh units translating to KES 6.3 million. By embracing water efficiency, they were able to save an additional KES 200,000 on their water bills.

Additionally, we hosted an exchange visit at Umoja Shoe Company in Coast Region where participants were taken through renewable and energy efficiency measures implemented and energy and cost saving measures reaped.

KAM also hosted an Exchange Visit to Isuzu EA Ltd in Nairobi Region. The visit provided a platform for peer-to-peer learning and networking for EMA 2023 participants as they learnt best practices in energy efficiency that they can adopt in their organizations.

Clean Energy Expo & Conference

The 9th edition of the Clean Energy Expo & Conference took place from 26th – 28th September 2023. The 3-day event presented an avenue for knowledge exchange, networking and linking up marketers with consumers and financiers.

Energy Auditing Forum

KAM held an Energy Auditing forum on 27th June 2023 that focused on bringing together professionals within the energy auditing space with the aim of creating a platform to discuss the next frontier of energy auditing and implementation.



The forum attracted 30 participants drawn from the Licensed Energy Auditors and their technical teams as well as Facility Managers. Some of the key issues raised included:

- The need to introduce and bring out the carbon footprint of the energy efficiency reports.
- Participants were encouraged to familiarize themselves with the ambitions of the Kenya National Energy efficiency and Conservation Strategy (KNEECS) to help the government achieve the targets stated, which include 4000 energy audits to be conducted by 2025.
- The need to reevaluate if the current nature of audits is still relevant and with the draft energy management regulations changing the audit cycle to 4 years, it will be required of us to consider our Implementation around the 4 years.

Africa Climate Summit - KAM commits to combat Climate Change

During the Africa Climate Summit hosted from 4th - 6th September 2023, KAM joined other private sector organizations in the country in signing the Africa Private Sector Commitment to combat climate change. The commitment acknowledges the importance of collaboration between the private and public sectors in achieving the shared goal of building climate action for resilience and green growth.

In line with this, we hosted a webinar that sought to unpack the Africa Climate Summit 2023 Nairobi Declaration for Industries on 3rd October 2023. The Association reiterated its commitment to championing sustainability within the manufacturing sector. This is through actively encouraging its members to adopt comprehensive national green growth strategies aimed at reducing our environmental footprints and turning this into a new competitive advantage.

Responsible Care

KAM launched the Responsible Care Kenya Initiative, in partnership with International Council of Chemical Associations (ICCA). Responsible Care is a voluntary initiative for associations and industries who commit to safety, health, environment, and security in handling chemicals through their life cycle.

Through this initiative, Member companies shall commit to open and transparent reporting as per the guiding principles on Responsible Care. The companies shall undergo voluntary facility audits to certify their performance, thereby giving them an opportunity to work with Government on best practices in Sound Chemical Management by encouraging self-regulation on health, safety and environment matters. Additionally, the initiative shall support manufacturers in operational efficiency, enhance safety and strengthen credibility and liability protection.

The initiative is guided by seven Responsible Care Codes, namely community awareness and emergency response; employee health and safety; product stewardship; process safety; pollution prevention; distribution; and security.



KAM hosts webinar to unpack the Africa Climate Summit 2023 Nairobi Declaration

Inclusivity

Women in Manufacturing Gala Dinner

The Association hosted the WIM Gala Dinner 2023, which brought together women industrialists. The Gala Dinner was themed Leveraging on technology to enhance productivity and sustainability for women in manufacturing.

The forum provided a platform to celebrate women in manufacturing who have harnessed technology and achieved sustainable growth in productivity and to discuss the emerging opportunities in manufacturing from the advancement in technology and innovation. It also provided a platform for sharing experiences among women in manufacturing on influence of technology and innovation in their growth and to bring women in manufacturing together as a common voice to lobby players in the technology space to support their growth initiatives.

Manufacturing Excellence

Market development (Business Information Services)

Through the Business Information Services Desk, KAM conducted several firm-level competitive engagements and sensitized KAM members on several compliance issues.

The engagements covered a wide scope of courses with practical approaches to enhance firm-level competitiveness, including:

- o EPR and Waste management Seminar
- o Industrial Spares and Duty Remission
- o Cushioning Industries against the rising Energy Costs
- o Statutory Regulations and its impact in Businesses
- o Transfer Pricing
- o Duty Remission Schemes
- o Industrial Spares and Duty Remission Scheme
- o East Africa Kaizen Congress
- o DRC Trade Mission

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.

First Annual Gender in Manufacturing Forum

KAM in partnership with IDH Kenya (the Sustainable Trade Initiative) hosted the first-ever annual Gender in Manufacturing Forum. The event highlighted significant opportunities and interventions to help accelerate gender-positive actions in the Textile and Apparel Sector. The event is part of the KAM-IDH Kenya Partnership (Sustainability for Competitiveness Project) to drive the competitiveness of the Textile and Apparel Industry in Kenya. The Project focuses on good governance; job creation; environmental conservation and restoration; inclusivity and sustainability as well as skills development.



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