

Growth & Gains

Great strides
Together





CEO'S MESSAGE

Submitting Our 2018 Report Card!

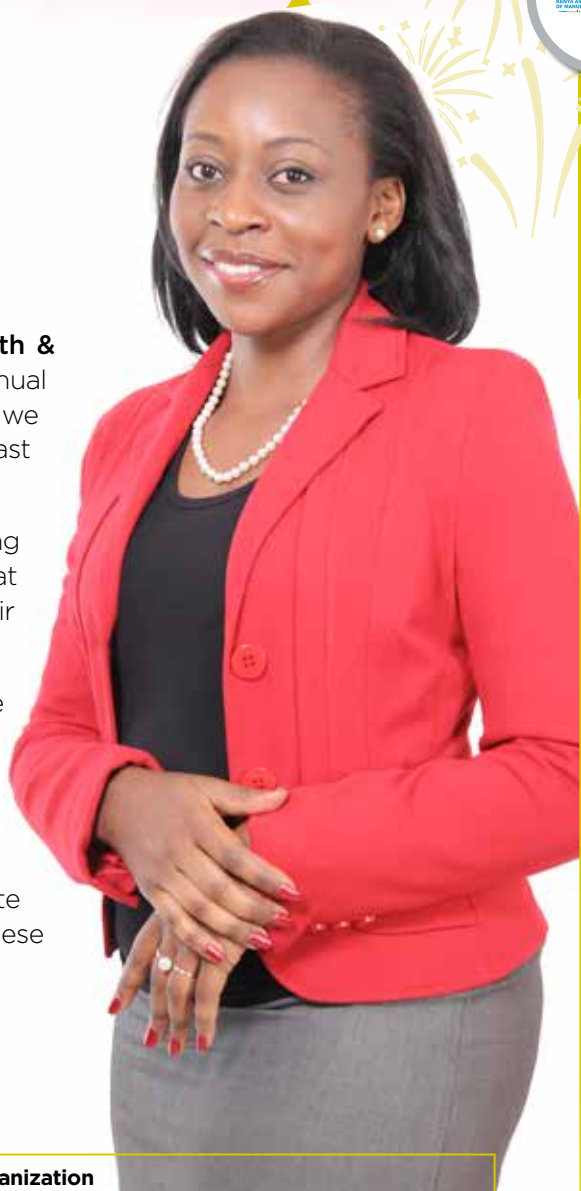
Welcome to Kenya Association of Manufacturers' **Growth & Gains - Great strides Together** Publication for 2018. This annual publication seeks to enlighten you on the achievements we have made on behalf of the KAM Membership in the past one year.

The Association has over the years worked towards ensuring that we give you, our members, world-class services that will ensure that organisations achieve profitability in their businesses.

This year has seen us win big on some issues that have long hindered our ability to do business competitively. Although not all our battles were won, we remain proud and happy to have made this a better business environment.

On behalf of my colleagues at the Secretariat, we invite you to look at how far we have come and celebrate these achievements with us as we prepare for 2019.

Ms Phyllis Wakiaga,
CHIEF EXECUTIVE



THE 2018 BOARD MEMBERS

No.	Name	Position at the Board	Organization
1.	Sachen Gudka	Chairman	Skanem Interlabels Ltd
2.	Mucaï Kunyiha	Vice Chairman	Cooper K-Brands Limited
3.	Flora Mutahi	Immediate Past Chairlady	Melvin Marsh International
4.	Helen Kimani	Director	Kevian Kenya Ltd.
5.	Kaushik Shah	Director	Safal Group of Companies
6.	Mahul Shah	Director	Spin Knit Ltd
7.	Lutaf Kassam	Director	Industrial Promotion Services (K) Ltd
8.	Stephen Brooks	Director	Homa Lime Company Ltd
9.	Bharat Shah	Director	Kenafric Industries Ltd
10.	Rajan Malde	Director	Trufoods Ltd
11.	Rohin Vora	Director	Regal Pharmaceuticals
12.	Rita Kavashe	Director	Isuzu East Africa
13.	Joe Muganda	Director	Vivo Energy Kenya
14.	Ciiru Waweru	Director	FunKidz
15.	Jane Karuku	Director	Kenya Breweries Limited
16.	Bimal Kantaria	Director	Elgon Kenya Ltd
17.	Pankaj Bedi	Director	United Aryan (EPZ) Ltd
18.	Rajan Shah	Director	Capwell Industries
19.	Linus Gitahi	Director	Tropikal Brands (Afrika) Ltd.



Chairman's Message



In November 2017, the government declared manufacturing as a top priority investment area for the country to drive economic growth for the next 5 years.

Hence this has been a critical year for the Association in raising the discourse on industrialization and why Kenya needs to prioritize a strong manufacturing base.

The sector's growth dropped to 8.37% in 2017, compared to 9.2% in 2016. As part of our initiatives to reinvigorate the sector, the Association continued to raise the tenor of discourse of manufacturing through our fact-based advocacy and valuable partnerships. This is in line with the Big 4 Agenda that seeks to drive the manufacturing sector contribution to GDP to 15% by 2022.

At the beginning of the year, we launched the Manufacturing Priority Agenda (MPA) 2018, themed Sparking Kenya's Industrial Transformation for Job Creation. The document is anchored on five pillars, namely; a Competitive and Level Playing Field, Export Driven Manufacturing, Pro-Industry and institutional framework, Government-Driven SMEs Development and Securing the future of Industry - which has guided our advocacy throughout the year.

To supplement the MPA 2018, we also launched the Sector Deep Dive Report that identifies the main cross-cutting constraints to growth, possible solutions and sector-specific interventions to unlock the manufacturing sector growth.

With these interventions, we have seen much accomplished throughout the year through our engagements at the National and Chapter level. Such interventions include, the fight against illicit trade, the ratification of the Africa Continental Trade Area Agreement and the launch of the National Export Development and Promotion Strategy, which seeks to ensure that Kenyan products are competing on a global platform, at the National Level. More so, we successfully lobbied for representation at various County - based forums and institutions.

This year, the Government committed to accord more support to SMEs to increase their productivity and profitability. To complement this, Kenya Association of Manufacturers embarked on a plan in

“ KAM will celebrate 60 years of existence since 1959, next year. This will be a running theme for the whole year marked with significant events both in the Headquarters and in different chapters,.... ”



September 2018, to increase its current SME interventions to institute a fully-fledged SME Hub that will go in tandem the Government's efforts in this regard.

Next year presents us with a myriad of opportunities to begin to tangibly realize the goals outlined in the Big 4 Agenda. 2019 will be the year to implement some of the proposed solutions by industry 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.

Lastly, KAM will celebrate 60 years of existence since 1959, next year. This will be a running theme for the whole year marked with significant events both in the

Headquarters and in different chapters, to acknowledge your contribution, as members of the Association, to Kenya's economic growth since before independence.

To this end, we shall be hosting the largest manufacturing expo and summit next year - dubbed 'Changamka Kenya' - to symbolize our historic journey as a country by showcasing our local products and innovations.

There is no better time to showcase the importance of Manufacturing to the country, than now.

Happy Holidays!

Sachen Gudka
KAM CHAIRMAN



CHANGE OF GUARD: Sachen Gudka takes over as the Chairman of the KAM Board

Mr Sachen Gudka took over as the Chairman of Kenya Association of Manufacturers Board of Directors on 19th July 2018, for a two-year term.

An internationally trained Economist and Certified accountant, Mr Gudka brings to the organization extensive financial and investment management proficiency, as well as a deep knowledge on cutting edge manufacturing trends from his current position as CEO of both Skanem Interlabels and Rodwell Press Limited.

The new Vice Chairman, Mr Mucai Kunyihia is a Lawyer and the Group Managing Director of Kzanaka Ltd, which includes Cooper K-Brands Ltd, Analabs Ltd, Mashiara Park and Qaribu Inn.



Ms Flora Mutahi hands over leadership mantle to Mr. Sachen Gudka

He has been serving on the KAM Board of Directors for five years and has in the past one year led the PET Sub Sector in their endeavour to partner with Government and other stakeholders to manage plastic bottle waste in the country.



KAM Chair Mr. Sachen Gudka with immediate past Chairlady Ms. Flora Mutahi



Bringing a Country's Great strides Together



POLICY ADVOCACY



Manufacturing Priority Agenda 2018



KAM launches Manufacturing Priority Agenda 2018

This year's Manufacturing Priority Agenda themed Sparking Kenya's Industrial Transformation for Job Creation, was driven under five key pillars namely; A Competitive and Level playing field, Export driven manufacturing, Pro-industry policy and institutional framework, Government driven SMEs development and Securing the future of manufacturing industry.

This was aimed at stimulating the sector's multiplier effect in the economy resulting in job and wealth creation.

Implementation

Figure of achievements



82% of the proposed actions have been taken up by the government Ministries, Departments and Agencies for implementation.

However, the implementation has been impeded by several factors key among them slow implementation of crucial policies.

The summary of the achievements include:

➔ **Local procurement of Textiles and footwear products**

KAM engaged the Ministry of Industry, Trade and Cooperatives, Kenya Wildlife Service and the Department of Defence (DoD) on procurement of locally-made textile and footwear products.

Following this, a task force led by DoD visited members in the Leather and Footwear, as well as, Textile and Apparel Sectors to establish their capacity to supply government tenders on both footwear and textile products for the country's disciplined forces.

The tender allocation set to commence in the 2018/2019 Government Financial Year.

➔ **KAM - TFDA engagements on Food Safety, Standards and Procedures**

In collaboration with KAM, the Tanzania Food and Drugs Authority (TFDA) verified the standards, procedures and safety of food products exported by Kenya into Tanzania in May 2018.

Further a meeting between KAM and Kenya Bureau of Standards resolved to review standards for products which faced challenges in exports. This is ongoing.

➔ **Export Development Strategy**

KAM played an integral part in the development of the Kenya National Export Development and Promotion Strategy that was launched in July 2018. The Association reviewed areas touching on manufacturing including, removal of Import Declaration Fees (IDF) and Railway Development Levy (RDL) and treatment of Non-Tariff Barriers.



KAM Chairman, Mr Sachen Gudka welcomes Deputy President Mr William Ruto during the Kenya Trade Week



→ **EAC Common External Tariff (CET) Review**

A submission of a total of 12 sectors on the EAC CET Review was made by the Association to inform the overall National position on the issue.

During the National Preparatory Meeting KAM defended the proposal that consists of a 4 band structure, which was then presented to the EAC Secretariat as part of Kenya's proposal by The Ministry of EAC and Regional Development.

Additionally, the Association lobbied for the extension of the CET review finalization from June 2018 to June 2019.

Technical Working Group meetings of the Tripartite Free Trade Area

Approximately 73% of the HS Chapters and Headings on Tripartite rules of origin have been concluded.

KAM participated in various Technical Working Groups (TWG) expert meetings of Tripartite Rules of Origin in 2018.

Regional position on all outstanding HS Chapters and Headings were agreed upon and EAC negotiated the remaining ones at the various Tripartite TWG on Rules of Origin meetings.

→ **Africa Continent Free Trade Area (AfCFTA) Negotiation Meetings**

KAM participated at the national preparatory meetings for AfCFTA negotiations which were followed by the launch of AfCFTA Agreement Text on 21st March in Kigali, Rwanda.

44 African States out of 55 have joined the AfCFTA and signed the Agreement. As of end of November 2018, 12 countries had ratified the agreement. For the agreement to come into force, we need 22 countries to ratify the agreement.

→ **KEBS Standardization Mark/Permit extended to 3 years**



KAM engages KEBS team on industrial Concerns



The National Standards Council approved the validity of Kenya Bureau of Standards (KEBS) Standardisation Mark/Permit to three (3) years.

Additional Standards Highlights:

- KAM participated in the regional standards committee where the EAC SQMT Act under review was approved. Additionally, 44 draft standards were approved as EAC standards.
- KAM in collaboration with KEBS visited Kisumu, Kisii and Nyamira in May 2018 to create awareness and to involve manufacturers in development of Kenya standards of clay manufactured products.
- KAM also KEBS in October 2018, as a follow up on the delays experienced in the clearance process of industrial sugar and in the issuance of Standardization Mark (SMark).

To enhance clearance of white refined industrial sugar at the port, KEBS;

- ◆ Has equipped the Mombasa Lab to increase operational efficiency in product testing
- ◆ No longer retests imported raw materials where the previous consignments passed KEBS quality requirements
- ◆ Has introduced a risk-based system where sugar consignments from particular suppliers that have passed the conformity requirement test shall be given a green channel.
- ◆ On the other hand, consignments that have failed conformity requirement test shall have to be retested to ascertain quality conformity.
- KAM also advocated for enhanced collection of samples and issuance of the Standardization Mark. Members are now receiving their S-mark permits on time.

Highlights

- **Key thematic annexes such as Customs facilitation, sanitary and phytosanitary (SPS) and Technical barriers to trade (TBTs) and Non-Tariff Barriers (NTBs) have been concluded.**

- **Outstanding thematic areas include Rules of Origin and tariff liberalization. KAM is participating at the National level to prepare the Kenya position on AfCTFA Rules of Origin and tariff Liberalization.**

- **To create awareness on the AfCFTA, KAM hosted Key stakeholders from various Ministries to discuss the Kenya position on the proposed AfCTFA Rules of origin and the criteria for exclusion list. Kenya will negotiate with other EAC Partner States in November and December in order to develop a common EAC position.**

- **Engagement with relevant stakeholders on NTBs**
- Review of the Non - Tariff Barriers (NTBs) Act and draft NTB Regulation
 - KAM participated in the Kenya National meeting to review and finalize Kenya position on the NTB Act under EAC review and the draft NTB regulation. 80% of KAM proposal was adopted.
- Stakeholder engagements on NTBs
 - Various NTBs arising in year 2018 were documented and discussed with relevant stakeholders.
 - Key among this was KAM's participation at the 25th EAC regional Forum on non-tariff



barriers where 6 NTBs were reported resolved mainly on:

- Poultry and poultry products by Kenya,
- lack of preferential treatment for confectionary
- value uplifting
- lack of preferential tariff treatment for paper sacks,
- long lead time to confirm paid taxes and
- lack of recognition of price adjustment by Tanzania.

The Association also supported exporters of paper labels and confectionaries to Tanzania by identifying the shortcomings on their export processes and assisted in making the right entries into the EAC Certificate of Origin.

Further, KAM advocated for regional verification to ascertain origin of the products which was conducted in June 2018. The export issues were resolved.

Some persistent issues still remain with this regard due to Non-Tariff Barriers (NTBs), but the Association continues to engage the relevant authorities for long-lasting solutions.

EAC SCTIFI Meetings

KAM has participated in several Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI) meetings where some resolution was arrived at including:

- The deliberation on the EAC budget proposals for 2018/2019. KAM budget proposals and post budget were adopted. Additionally, the Kenya stays of applications on textile and raw sugar, that had negatively affected Kenya's export were stopped.
- The stay of application of the conditions on duty remission for motorcycle assembly for one year upto June 2019 was granted. The secretariat was also directed to expedite regional verification to enable harmonization of value addition and localization of motorcycle assembly in EAC.
- The continuous resolution of challenges faced under Single Customs Territory has facilitated export within the EAC Region. This has enabled exchange of electronic documents such as manifests, customs declarations, online release, exit notes and arrival notifications among others.
- Further KAM advocated for removal of restrictions and discriminatory levies on animal and animal products where Tanzania removed the restrictions and issued permits for importation of products from Kenya. Tanzania was directed by the EAC secretariat to adhere to the provisions of the treaty, custom union protocol, EACCMA and Rules of Origin
- KAM lobbied for establishment of a Regional Task Force by the Standards Committee to analyse the fees and charges applicable to food, drugs and cosmetics and make appropriate recommendations by March 2019. This is to address the unfair numerous monetary and non standard charges required by various Agencies in Tanzania and Food and Drugs Authority on Kenya export of Food, Milk and Cosmetics.



→ EAC Manufacturers Network Forum

KAM participated in the 10th EAC manufacturers network meeting in March where a framework for developing common position on the proposed EAC CET structure was developed.

Additionally, there was a convergence by the Network Forum on the 4 tariff bands structure and an agreement on the rates for capital goods and raw materials and intermediate products not produced locally.

→ Advocacy for Tax policy proposals

KAM successfully lobbied for legislative changes on the tax policies proposals to manufacturing sectors (Pharmaceutical and Agrochemical) in the Tax law Amendment Bill 2018.

→ KAM/KRA engagements

KAM & KRA have had good quarterly engagement meetings to articulate members issues, these has reduced complains on tariff classification, valuation, delays in release of entries and clearance of goods among others.

KAM continued to engage Kenya revenue Authority (KRA) throughout the year on Fiscal policy matters including

- The need to review the VAT Export Refund Formulae
- Reduction of Withholding VAT rate 2% from the current 6%.
- Excise Tax Refunds for Kerosene
- Duty imposed on metal sector raw materials and other steel products



KAM engages KRA Team on Fiscal policy challenges



Shoprite Agreement

ShopRite Supermarket, a new retailer store in Kenya, adopted KAM proposals on standard terms and conditions agreement for suppliers. An Addendum to the Agreement is in place to guide manufacturers.

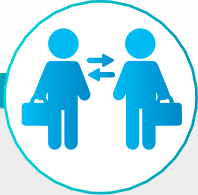
Ban on logging in private forests lifted

Following the notice on the moratorium on logging, the Ministry of Environment and Forestry engaged industry stakeholders to develop short-term solutions to enhance continuity of business during the moratorium period.

The engagements resulted in:

- The lifting of ban on logging in private forests.
- Importation of timber and timber products from neighbouring countries was permitted as well as
- Harvesting, transportation, and export of gums and resins was also permitted

However, the ban on public and community forests has been extended until November 2019.



Business Facilitation

- KAM processed 3582 AGOA visa and 173 work permits/passes



Duty Remission Scheme (DRS)

- 23 verification visits done
- 203 DRS applications were received and processed.
- 6 DRS Gazettes were received and shared with members



Meeting with Environment PS, Charles Sunkuli on logging

Presidential Round Table Engagements



HE President Uhuru Kenyatta at the Presidential Round Table

Growth & Gains - Great strides Together

KAM represented its members in 3 Presidential Round Table (PRT) meetings this year. The first of these meetings was solely dedicated to discussing the Manufacturing sector’s challenges and opportunities. Some low hanging fruits that could be achieved in the short to medium term were identified.

Key outcomes of the meeting include:

- **Fight against illicit trade**

The appointment of Mr. Wanyama Musiambo, to lead an inter-agency enforcement team against counterfeits and other forms of illicit trade, was an immediate result of the Association’s lobby efforts against illicit trade.

Additionally, KAM continues to work with the Government through the Interagency

collaboration model which includes the High Level CEOs Inter-Agency Anti-Illicit Trade Stakeholders Consultative Forum and Anti-Illicit Trade Subcommittee.

Key highlights from this are:

- The fight against illicit trade has seen the seizure and destruction of illicit goods worth more than Kshs 7.7 Billion, through the Multi Agency Taskforce.
- KAM, in collaboration with the Anti-Counterfeit Agency (ACA) and other key enforcement agencies in Kenya, has successfully conducted awareness/sensitization forums at the Namanga and Busia - Malaba borders.



→ Wages

- A Wages Council, which would deal with matters pertaining to wages, productivity and training of workers is to be established under the Ministry of Labour, for EPZ apparels workers.
- It was agreed to de-peg minimum wage from piece-rate EPZ businesses.

→ Prompt Payment

- The Association also played a critical role in the development of a harmonized Code of Practice between suppliers, retailers and manufacturers, as part of the Government Technical Committee on prompt payment
- The Prompt Payment code is now ready for signing by State Department of Trade.



→ Industrial Plastic packaging Renewal Period extended

- The renewal period for plastic bags used for primary packaging was extended to two years for manufacturers and three for users, following the Association's continuous advocacy.



Immediate past Chairlady speaking at the Presidential Round Table

→ Energy

- Following KAM's advocacy to reduce Energy cost to US \$ 9 cents, the Government introduced a 30% tax rebate on Corporate Tax in Finance Act, 2018.
- Through our engagements with the Ministry of Energy and Energy Regulatory Commission (ERC), the tax rebate is subject to the following parameters:
 - Enhanced production,
 - Increase in local employment,
 - Increase in investment capex, and
 - Improved revenues



➔ **Review the proposed SGR freight rate to make competitive:**

- We also successfully lobbied for extension of the promotional SGR freight tariff rates from 30th June 2018 to 31st December 2018.
- In light of the prevailing challenges at the Mombasa Port and Inland Container Depots, KAM is pursuing comprehensive review of the approved tariff rates and a possibility of extending the promotional freight tariff rates for next one year. During which time all government agencies involved would be able to streamline their services for effective and efficient logistic supply chain.



Port issues highlighted in the media

Port effectiveness is crucial if local industries are to enjoy any growth

By Sachin Gudka | Published Tue, October 16th 2018 at 09:00, Updated October 15th 2018 at 19:42 GMT +3

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[Column] Sachin Gudka: Why Kenya's port effectiveness is crucial for growth of industries

07-11-2018 07:12:00 | by: Bob Koigi | hits: 1313 | Tags: East Africa | Government

Infrastructure | Kenya | Manufacturing

It is quite telling that presently, t
business to Dar es Salaam Port.

Granted that one reason for th
Rwanda but, the second and m
efficiency of Dar's port that ha
significantly lesser administrati

Shipping & Logistics
Port effectiveness a crucial factor for growth of industries

Summary
The Port of Mombasa is being a
head of the state's business on Dar
es Salaam Port.

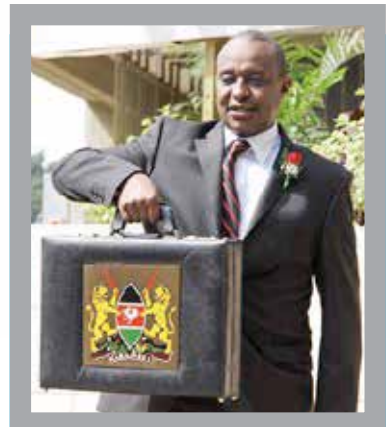


75% KAM's National Budget Proposals Adopted


In this year's National Budget, about 75% of KAM's proposals were adopted as per the Association's recommendations to the Government

Some of these included:

- The increase of import duty for specific materials in select sectors for example, steel, metal, leather by 10 % from the current 25% to 35%. This was done with a view to increase the production capacity for local companies and to stimulate local demand for the end products.
- The 20% Export levy on copper waste and Scrap metals to encourage a level playing field in the steel and metal sector.
- The proposal on the textile and leather sector to impose US D5 per unit or 35% import duty adopted as well.



IMPORT DUTY
 steel, metal,
 leather by 10 %
 from the current
 25% to 35%



Manufacturing Sector Deep Dive Report Launched



KAM Timber Sector Chair Mr Hitesh Mediratta, KAM Vice Chair Mr Mucai Kunyiha, KAM Chair Mr Sachin Gudka at the launch of the KAM Sector DeepDive Report)

Thanks to the invaluable contribution by our membership we successfully launched the Sector Deep Dive Report in October 2018.

With an aim to unlock the sector's growth potential, the Report will provide a critical submission to Government to chart the way in terms of policy development and design for the Big Four Agenda.



BUSINESS DAILY MARKET NEWS
Manufacturers seek cut in import taxes
 THURSDAY OCTOBER 20, 2017 11:06 AM

By JAMES KARIUKI
 KAM said that the country loses the money mainly from tax evasion, pointing out that the uncustomed products for textiles and apparels market is approximated to be 48 billion shillings (\$475 million).

"This is about 2 times the value of local textiles and apparels manufacturing turnover," the association said in a report released in Nairobi.

According to the 'Sector Deep-dive Report', the high cost of electricity was cited as one of the major challenges facing the manufacture of textile products.

"It is sometimes as high as 40% of the unit cost of manufacture. This cost is too high as compared to other key textiles and apparels manufacturing companies," added the report.

"In light of these expected trends, many analysts predict that Kenya will remain one of the top manufacturing exporters in the region over the medium to long-term," writes Landry Signé.

The Kenya Association of Manufacturers (KAM) says this growth has been primarily driven by the agriculture and services sectors.

"The country has thus experienced a premature deindustrialization as evinced by the decline in GDP contribution by the manufacturing sector which was at a paltry 8.4 percent in 2017 and 9.2 percent in 2016," KAM says in its 'Manufacturing in Kenya Under the Big 4 Agenda- A Sector Deep-dive Report' characterised by a rising share of the services sector in GDP.

BUSINESS DAILY MARKET NEWS
Agri-processing declines by 4.18pc
 THURSDAY OCTOBER 20, 2017 07:26 PM

A sector-specific approach is an impactful way to grow the manufacturing sector whilst realising short-term goals in progressive ways.

A case in point is tea production, as a leading commodity in the agro-processing sector (or sub-sector under food and beverage). According to the Sector Deep-Dive Report released last week by the Kenya Association of Manufacturers, in conjunction with Kenya Business Guide, the tea sector has a \$40.5 billion market worldwide and this is expected to grow by \$4 billion by 2022.

As a top foreign exchange earner, how have we positioned ourselves to be a force to reckon with, given the projected growth in global demand for tea?

For starters, we need to come out strategies for value addition in tea production. It is estimated, in the report, that if this is done, foreign exchange income and reserves could double from the current \$12 billion to \$24 billion in 2022. Compared to other major exporters of tea like Sri Lanka, which adds value to at least 50 per cent of its tea, Kenya is faring badly, only adding value to only two per cent of its tea.

BUSINESS DAILY
Why it's a tall order to achieve Big Four targets
 By Florence Ngunjiri | Published Sun, October 22nd 2018 at 9:00 AM. Updated October 22nd 2018 at 10:54 AM GMT+3

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Why it's a tall order to achieve Big Four targets

Why it's a tall order to achieve Big Four targets

BUSINESS DAILY LETTERS
LETTERS: Sector-specific approach can boost manufacturing
 THURSDAY OCTOBER 20, 2017 09:16 AM

By PHYLIS WAKI
 Manufacturers now want a break from the import declaration fee of two per cent and the railway development levy of 1.5 per cent.

Speaking during the unveiling of the sectors deep-dive report on Thursday evening, Kenya Association of Manufacturers chairman Sachin Gudka said the move will help them regain some of the lost export market in the region.

He said the sector is worried about the decreasing optional spending from consumers due to higher taxation that has led to a decrease in the demand for goods.

"While there is an imperative by the government to collect tax, we are worried that we have reached a tipping point of overtaxing consumers and the spending will go down," Gudka said.

report launched day notes that the has cut jobs in many nies
 IN (Kenya) 19 Oct 2016 BY PA-ZSHULA

Kenya Association of Manufacturers report has urged the government to rethink the ban on plastics, saying many of their members had closed up shop.

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Manufacturing Survey 2017 launched

Kenya Association of Manufacturers launched the Manufacturing Survey (MS) 2017 in November 2018.

The Survey highlights the opportunities, challenges and policy recommendations for each of the KAM value add sectors.

The findings of the survey provides Industry with a sound basis for developing strategies and action plans for future development across the manufacturing sector.





CHAPTER HIGHLIGHTS



Industrial Area Chapter



Industrial Area Chapter engages Nairobi County Trade and Investment Team

- Successfully lobbied for Industrial Area Chapter slot in the County Budget and Economic Forum (CBEF)
- 80% of KAM proposals on the County Water and Sanitation Policy adopted.
- Coordinated a meeting with the Kenya Railways for reduced complains around the challenges with the SGR on cargo transportation from Mombasa to ICD.
- Successfully lobbied for reduced harassment by rogue county officers through the leadership of the public health department.

Coast Chapter

- Successfully lobbied for Coast Chapter members slot in the County Budget and Economic Forum (CBEF)



Coast Chapter meets Taita Taveta County Dep. Governor, Ms Majala Mlagui

- Successfully lobbied for Coast members slot in the Mombasa City Board
- Successfully lobbied for Coast members slot in Mombasa Water & Sewerage Company
- Organized a potential investor meeting in Kilifi and Mombasa County which led to establishment of 4 new companies namely: Salwa Industry, Jubilee Steel Ltd, Afrik Stones and Glacier Sweets



Central Kenya Chapter

- Secured one year GIZ funding to improve the skills of technical graduates in the Chapter
- Successfully lobbied for Central Chapter members slot in the County Budget and Economic Forum (CBEF)
- Successfully lobbied for Central Chapter members slot in the Water & Sewerage Company Board
- Formed KAM Mt. Kenya sub-committee to increase KAM services reach to KAM members in Meru, Nyeri, Embu and Laikipia Counties.



Central Kenya Chapter Committee during the Chapter AGM

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Eastern Chapter



Eastern Chapter engages Machakos County Deputy Governor, Francis Maliti

- Successfully lobbied for Eastern Chapter members slot in Mavoko Municipal Board
- Successfully lobbied for Eastern Chapter members slot in the Mavoko Water & Sewerage Board
- Successfully lobbied for formation of sectoral working committees between KAM and Machakos County government.
- Successfully lobbied for recruitment of 10 Quarry owners to register individually as KAM members



South Rift Chapter

- Successfully lobbied for the installation of street lights in Nakuru's Industrial Area as way of boosting security for manufacturers. Proposal has since been approved by the Ministry of Energy.
- Coordinated a KPLC-Nakuru Water and Sewerage Company direct engagement which has secured improved response to reported power related water supply challenges and reduced water supply interruptions among KAM members operating in Nakuru County. This has also led to friendly NAWASSCO water tariff reviews for the period 2017/18 to 2021/22.
- Successfully lobbied for South Rift Chapter members slot in Nakuru Municipal Board



Nakuru County Governor, Lee Kinyanjui hosts Investors Conference Cocktail

- Successfully lobbied for South Rift Chapter members slot in Naivasha Municipal Board
- Successfully lobbied for South Rift Chapter members slot in Nakuru County environmental committee
- Mobilized Kes. 500, 000 to support South Rift Chapter forum

Nyanza/Western Chapter



KAM Western Chapter meets Kisumu County Governor Prof. Anyang' Nyong'o

- Successfully lobbied for Nyanza/western Chapter members slot in the Kisumu County Budget and Economic Forum (CBEF)

- Successfully lobbied for Nyanza/Western Chapter members slot in the County Kisumu County City Board
- Successfully lobbied for Nyanza/western Chapter members slot in Kisumu County Water & Sewerage Company
- Successfully lobbied for reduction of distribution permit fee from Kes. 60,000 to Kes. 30,000 in Kisii County.
- Successfully lobbied for prioritization of harmonization of County fees by the Lake Region Economic Bloc (LREB).



North Rift Chapter

- Successfully lobbied for North Rift Chapter members slot in the Uasin Gishu County Infrastructure committee
- Out of the six key roads leading to industries, five have been done and one in the progress.
- The Chapter has also managed to secure a representation at the Eldoret Water and Sanitation Company (ELDOWAS)



North Rift Chapter engages Uasin Gishu CEC, Education & Courtesy call to the CEC Trade & Industrialization, Uasin Gishu County

Chapter Engagement Pictorials



Courtesy call to Uasin Gishu County CEC, Trade and Industrialization



Launch of Recycling Station at Nairobi National Park



Head of Membership Tobias Alando meets Kajiado County Governor, H.E. Joseph Ole Lenku



Nandi Hills Town clean up



Grow & Gains - Great strides Together

SUSTAINABILITY

I. SKILL DEVELOPMENT

Manufacturing Academy

KAM through the Manufacturing Academy continued to drive the execution of high quality manufacturing practices guaranteed to enhance productivity and personal growth.

In 2018, the Academy conducted:

- 16 trainings
- 382 trained

TVET Program

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.

This year's achievements include:

- 20 new companies participated in the TVET Program
- 8 Work readiness workshops conducted
- 283 graduates were trained on work readiness
- 220 graduates so far placed in industries for internship
- 300 graduates already employed

KAM, GIZ launch portal to improve Manufacturing job search

Furthermore, KAM and GIZ launched the first-ever TVET Job Summit in May 2018, in a quest to reduce the unemployment rate in Kenya.



Competency Based Education & Training (CBET) Awareness Forum in Nyeri

The site will act as a direct link between industries and job-seeking technical skills graduates. It is set to host job opportunities from businesses and industries and targets job seeking graduates from technical institutions.

The event hosted 150 participants

Second Phase of TVET Program Launched

This year, we launched the second phase of the KAM TVET Project dubbed Competency Based Education and Training (CBET) in the Chapters as part of our County engagement initiatives

CBET focuses on the outcomes of learning (what a trainee can do) in line with the demands of industry.

The 2nd Phase of the TVET Program will be rolled out in six TVET institutions with up to 300 students expected for the first intake in January 2019. The units to be covered in this phase include: Welding, Instrumentation Control, Mechanical Maintenance and Heavy Machine Operations



II. GREEN ECONOMY

Energy Efficiency

Renewable Energy & Energy Efficiency Conference Kicks Off

Kenya Association of Manufacturers (KAM) in partnership with the Ministry of Energy and Petroleum hosted a two-day clean energy conference in July 2018 aimed at promoting renewable energy and energy efficiency in the country.

The conference, themed Catalysing Sustainable Renewable and Energy Efficiency in Kenya, highlighted the achievements and challenges by industry on energy management and green growth policy initiatives.



Panel on Renewable Energy & Energy Efficiency



Renewable Energy & Energy Efficiency Exhibition

Manufacturers, energy stakeholders converge to promote Kenya's green economy

In April 2018, Kenya Association of manufacturers (KAM) brought together all stakeholders in the energy sector with the aim of promoting Kenya's green economy.

The forum, themed Captive Energy Mix: The Future of Industrial Energy, looked at sustainable energy options and explored ways of financing manufacturers' initiatives towards a green economy.

Bidco Africa takes top spot at the 14th Energy Management Awards

Bidco Africa bagged the overall winner of this year's Energy Management Award held in April 2018.

The awards, themed 'setting the pace in resource efficiency towards competitive local manufacturing', awarded over 20 companies that have achieved significant reductions in their energy consumption through

implementation of energy efficient measures and technologies.

The awards are geared at encouraging a culture of energy efficiency and conservation, and recognize 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.



Bidco Africa wins 14th Energy Management Awards



14th Energy Management Awards 2018



EMA 2018 Hall of Fame

No.	Award Categories	Winner
1.	Overall Energy Management Award	Bidco Africa
2.	Best Energy Management Team Award	Mombasa Cement
3.	Fuel Savings Award (Small Energy Consumers)	Sarova LionHill Game Lodge
4.	Fuel Savings Award (Medium Energy Consumers)	Associated Battery Manufacturers
5.	Fuel Savings Award (Large Energy Consumers)	British American Tobacco Kenya -Nairobi
6.	Electricity Savings Award (Large Energy Consumers)	James Finlay - Saosa Tea Extract Factory
7.	Electricity Savings Award (Medium Energy Consumers)	Gitugi Tea Factory
8.	Electricity Savings Award (Small Energy Consumers)	Earth Oil Ltd
9.	Best Energy Management Service Sector Award	Sarova LionHill Game Lodge
10.	Energy Innovation Award	James Finlay - Saosa Tea Extract Factory
11.	Sustained High Performance Award	British American Tobacco Kenya -Nairobi
12.	Best New Entrant Award (Large Energy Consumers)	Sotik Highlands Tea
13.	Best New Entrant Award (Small & Medium Energy Consumers)	Executive Residence by Best Western
14.	Most Improved Award	Farmer's Choice

Green Financing

Through the Sustainable Use of Natural Resource and Energy Finance (SUNREF), KAM continued to provide green energy solutions aimed at mitigating climate change.

The SUNREF is a French Development Agency (AFD) Green Label Programme.

In 2018:

- 18 green projects were certified during the year

- 3 short term technical assistance undertaken
- 2 trainings held for partner banks with a total of 20 participants
- 30 new projects were included in the project portfolio

PET Waste Management

➔ **KAM, Confederation of Danish Industry & Embassy of Denmark partner to promote waste management**

Kenya Association of Manufacturers (KAM) in partnership with Confederation of Danish Industry and the Embassy of Denmark explored opportunities for a transition to a new plastics economy in Kenya in January 2018

Under the theme 'Business and environmental opportunities for sustainable production and consumption of plastics in Kenya', the forum

sought to promote environmental friendly plastic consumption, as well as the economic potential of plastics in job and wealth creation.

Last year, KAM launched a PET sector group with the industry's commitment to manage solid waste in the country as a global best-practice. The PET sector Group has partnered with the Government to kick off an advocacy and PET recycling initiative.

➔ **KAM, CS Tobiko agreement on management of PET bottles**

Kenya Association of Manufacturers (KAM) met the new Environment Cabinet Secretary (CS), Mr. Keriako Tobiko to brief him on the existing partnership towards the management of PET bottles in Kenya.

This is geared towards the promotion of a clean, healthy and secure environment within the framework of Green Economy Strategy.

From this meeting, the parties agreed to:

- Mobilize support from stakeholders across Government Ministries, Agencies, County Governments, civil society, religious fraternity and academia to clean up the environment

- Roll out anti-littering public awareness and education campaigns
- Develop comprehensive recycling schemes for plastic bottles, anchored on the concept of extended producer responsibility in order to minimise the impacts of plastic bottles in the environment
- Document these commitment into a memorandum of understanding to be signed in the next meeting.

➔ **Partnerships to enhance Waste management**

KAM, with the support of the Ministry of Environment and Forest and National Environmental Management Authority (NEMA), signed a MoU with the National Transport and Safety Authority (NTSA), Kenya Association of Waste Recyclers Secretary, Dandora Hip Hop City and PETCO Kenya for PET plastic waste management.

As part of the agreement, KAM will establish and implement the agreed Take Back and Extended Producer



Safisha Westy & Kisumu County Mashinani Clean up



Responsibility schemes for PET Bottles. Additionally, KAM will undertake clean-up activities and awareness creation in partnership with County Governments and other government agencies.

To this end, organized clean up activities in Nandi Hills Town - Nandi County, Kilgoris Town - Narok County, Westlands - Nairobi County and Kisumu Town - Kisumu County.

Additionally, the Association participated in the monthly Nairobi Clean Up Initiatives and the launch of the Kenya Wildlife Services segregated bin.

➔ **KAM, Ministry of Environment host first ever National PET Forum and Exhibition 2018**

KAM in partnership with the Ministry of Environment hosted the first ever National PET Forum and Exhibition 2018. The Ministry encouraged more manufacturers to commit to a scheme that promotes the collection and recycling of plastic bottles.

The forum was held to show progress made since the enactment of a Framework of Cooperation (FOC) signed between the Kenya Association of Manufacturers and the government.

The framework provides for the implementation of take-schemes and extended producer responsibility schemes for the PET plastic bottles.



KAM, PETCO Kenya sign agreement of Cooperation on PET waste management

III. INCLUSIVITY

→ Women in Manufacturing

Women Industrialists map out ways to drive industrial growth

KAM hosted the Women in Manufacturing (WIM) Gala Dinner in March 2018 with the aim of bridging the gaps that make it impossible for women to venture and thrive in the manufacturing sector.



Women in Manufacturing Steward, Flora Mutahi with Kate Quartey-Papafio (Ghana) & Mayleen Kyster (South Africa) during the WIM Gala dinner

The WIM platform looks at increasing the value and capacity of these businesses through technical assistance, facilitating access to finance and mentorship from KAM's larger database where they can also seek solutions to scale up their industries through business-to-business linkages

There is great potential for women-run industries to create productive jobs and grow value chain in the country

We also hosted the WIM - Women Empowerment Principles in partnership with UN Women, to educate businesses in the sector on how they can institute the Women Empowerment Principles into their ethos.

The first ever WIM Steering Committee was also held to strengthen the WIM program within the institution.

Women in Manufacturing Programme, launched in 2017, anchors its ethos on the Sustainable Development Goals (SDGs) and Agenda 2063 which centre inclusivity and sustainable economic growth at the core of their industrialization goal.



WIM Logo unveiled



➔ SME Development

KAM Business Growth Program

This year, the Association equipped growth-oriented enterprises with sustainable business practices to enhance scalability, through Business Growth Programme (BGP).

The Programme encourages established businesses to prepare for growth, expansion and diversification of their current operations.

The program trained manufacturing SMEs on seven modules:

- Business Strategy
- Product Design
- Market Development and Penetration Strategy
- Strategy Supply Chain Management
- Financial Management
- Human Resources Management
- Good Manufacturing Practices

KAM, GIZ launch regional SME Project

In August 2018, KAM and GIZ launched a project seeking to promote manufacturing SMEs in East Africa by scaling up their business operations.

The project, dubbed Creating Perspectives: Business for Development, seeks to provide business know-how and technical expertise through individual coaching, training and tailor-made partnerships with German industries.

The pilot phase targeted 60 companies in the EAC region, who have been active for a minimum of 3 years and have an annual turnover of USD 50,000 to USD 5 million, with at least 10 employees.

The project is a joint initiative between German Federal Ministry for Economic Cooperation and Development (BMZ) and Federation of German Industries (BDI) in partnership with the East African Business Council (EABC) and its member institutions.



Industry stakeholders partner to boost manufacturing SMEs in East Africa

IV. ETHICAL BUSINESS PRACTICES

KAM, KNCHR launch a report on salt sector's compliance to Human Rights

Kenya Association of Manufacturers (KAM) in partnership with the Kenya National Commission on Human Rights (KNCHR) launched the Malindi Public Inquiry Audit Report to establish compliance with the Human Rights Principles and Standards by salt manufacturers.

The audit, that was conducted in February 2017 by KNCHR, was premised upon the 2006 Public Inquiry into allegations of Human

Rights violations arising from the activities of salt manufacturing companies in Magarini in Malindi sub- County.

The salt industry is a key sector in Kilifi county, and employs over 1,100 workers directly from the community and contributes substantially to the socio-economic development of the county through various social investments.



Malindi Public Inquiry Report launched

Industry, Academia partner to promote ethical and legal business practices

Kenya Association of Manufacturers (KAM) partnered with the University of Nairobi (UoN) to develop strategies that promote ethical and legal business practices within the private sector.

This partnership seeks to highlight the impact of corruption on the social and economic growth of the manufacturing sector. Strategies discussed at the forum include adopting legal compliance requirements on anti-corruption, undertaking anti-corruption audits on governance and revenue, and stakeholder engagement on comparative perspectives of anti-corruption enforcement.



High Court Judge and Presiding Judge - Anti-Corruption & Economic Crimes Division, Justice Hedwig Ongudi



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