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KAM launches Regulatory Audit Report



KAM launched the Regulatory Audit Report, on Thursday, 25th March 2021. The Report highlights some of the regulatory challenges facing industry at both national and country levels, as well as recommendations to create an enabling business environment.

Speaking during the launch, KAM Chair, Mucai Kunyiha explained that whilst regulations seek to create a level-playing field for businesses, regulatory overreach hinders the competitiveness of local industry.

“At the national level, manufacturers are required to adhere to duplicating requirements, from different regulatory bodies, in addition to meeting numerous tax obligations. In the counties, we have to pay various fees, levies and charges. This drives up the cost of doing business in the country, thus reducing our competitiveness locally, regionally and even globally,” highlighted Mr Kunyiha.

Mr Kunyiha called for the involvement of the business community in the formulation of laws, regulations and policies, by both levels of government., adding,

“I urge both levels of government to align overlapping mandates and roles; reduce fees, levies and charges and reduce the turnaround time for granting permits by businesses. By doing so, the laws, regulations and policies will be industry-centred and in turn, support competitive industrial development.”

Principal Secretary, State Department for East African Community (EAC) in the Ministry of EAC and Regional Integration, Dr. Kevit Desai called for harmonization of regulations across the region, to enhance market access, particularly in the EAC.

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Women in Manufacturing Gala Event

KAM LAUNCHES REGULATORY AUDIT REPORT

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“Addressing regulatory challenges faced by manufacturers will make our exports more competitive in the region. Greater levels of industrial integration and promotion of value addition shall enhance the overall diversity of our products and services.” said Dr Desai.

KAM participates in the Climate Change stakeholders’ meeting

KAM participated in the initial stakeholder meeting for the development of regulations to implement the Climate Change Act.

The regulations are MRV (Monitoring, Reporting and Verification) and Duties of Public and Private Entities.

Way Forward

- KAM shall continue to provide input and participate in the development of the regulations.



KAM WIM Chair, Ms Flora Mutahi gives remarks during the Gala Event

KAM hosted the Women in Manufacturing (WIM) Gala Virtual Event. The event hosted great speakers, including UN Global Compact Executive Director, Sanda Ojiambo and Global Women in Manufacturing Founder and CEO, Ms Saadia Lakelal.

KAM WIM Chair, Ms Flora Mutahi noted the importance of increasing women’s participation in the manufacturing sector, saying, *“Involving women is smart economics. We must therefore continue to advocate for equality in all aspects of our economy, including industry.”*

During the virtual event, the Association also held the 1st-ever Women in Manufacturing Awards, to recognize trailblazing women in the sector. The winners include:

WIM Recognition Awards 2020

- Small and Micro Companies/Enterprises (Best Practise/Innovation) - Scrumptious Eats
- Medium Enterprises/Companies (Organization/ governance structure) - Line Plast Group

Multinational Companies (Supporting in the value chain)

- Coca Cola Beverages Africa
- BAT Kenya

WIM Recognition Awards 2021 ‘Celebrating WIM in the Counties’

- WIM Recognition Awards 2021 ‘Celebrating WIM in the Counties’ (Eastern Region) - Jane Ndungo, Safal Group
- WIM Recognition Awards 2021 ‘Celebrating WIM in the Counties’ (Coast Region) - Pauline Karanja, Mwananchi Bakers
- WIM Recognition Awards 2021 ‘Celebrating WIM in the Counties’ (North Rift Region) - Rachel Miami, Ramm Millers
- WIM Recognition Awards 2021 ‘Celebrating WIM in the Counties’ (South Rift Region) - Marion Waithera, Marlow Link Timber Products
- WIM Recognition Awards 2021 ‘Celebrating WIM in the Counties’ (Kisumu/Western Region) - Christine Jackino, Building Concepts

The Inclusivity Legend Award

- Ms Beverley Spencer-Obatoyinbo

KAM meets EAC Secretary General



KAM Leadership, led by Chairman Mucai Kunyiha (seated right), with incoming EAC Secretary General, Dr Peter Mathuki (seated, second right)

KAM Leadership met the East African Community (EAC) newly appointed Secretary General, Dr Peter Mathuki.

The meeting focused on Dr Mathuki's vision for the EAC and possible areas of partnership to strengthen regional integration and enhance trade.

Dr Mathuki committed to:

- Increase intra-EAC Trade to match up regional blocs.
- Complete the comprehensive review of the Common External Tariff (CET) at EAC level.
- Conclude pending agreements in the EAC and ensure the region

creates a conducive environment for trade, as trade commences under Africa Continental Free Trade Area (AfCFTA).

- Advocate for the harmonization of double taxation across EAC member states.
- Address non-tariff barriers in a timely manner.

KAM meets Kenya Power

KAM, led by KAM Chair, Mr Mucai Kunyiha engaged Kenya Power Managing Director and Chief Executive Officer, Mr Bernard Ngugi, on 23rd March 2021.

The virtual meeting focused on power issues in the regions, including cost and quality.

The Kenya Power Managing Director noted that manufacturers account for a major percentage of the company's revenue, from

electricity sales.

He added that Kenya Power seeks to devolve operations, by targeting counties as business centers, and revamping their regional strategy.

Way Forward

- KAM shall continue to partner with Kenya Power, to host Energy Management Awards (EMA). The annual awards promote excellence in energy

management and recognize enterprises that have achieved a significant reduction in their energy consumption through the implementation of energy efficient measures and technologies.

- The Association's regional offices shall have continued engagements with the Kenya Power regional business managers, to ensure timely resolution of members' issues.

KAM meets Council of Governors Leadership



KAM Leadership, led by Chairman Mucai Kunyiha (seated second right), with CoG Chair, H.E Martin Wambora and Trade, Investment and Manufacturing Committee Chair, H.E Charity Ngilu

KAM led by the Chair, Mr Mucai Kunyiha engaged the Council of Governors (CoG) leadership - CoG Chair H.E Martin Wambora EGH and the Trade, Investment and Manufacturing Committee Chair, H.E Charity Ngilu, EGH.

The meeting, held on 17th March 2021, focused on the Manufacturing Priority Agenda (MPA) 2021, with a key underpinning on Trade in Counties.

The discussions focused on creating a friendly business environment for local industries through:

- Reduction of the overall cost of locally manufactured goods by reducing taxation.
- Ensuring seamless movement of goods and services and curb unpredictable, multiple county fees, levies and charges which continue to hinder trade in the counties. The Association urged COG to digitize payment systems in the current fiscal planning cycle, to reduce the cost of doing business.
- Enhanced collaboration, coordination and cooperation among both levels of government to ensure harmonization of policies and legislation and create more opportunities for local manufacturers.

Way Forward

- KAM and CoG to lobby the national government for incentives for manufacturers in all counties as well as implement the Buy Kenya Build Kenya strategy which promotes consumption of locally produced goods. This is in line with the list of 334 products that has been developed by the Ministry of Industrialization, Trade and Enterprise Development.
- Counties, with support from KAM's regional offices, shall prioritize manufacturing in the current fiscal planning process. They shall also identify areas of specialization with a keen focus on agro-processing and reaching out to youth and women in manufacturing.
- KAM to work with CoG to address outbound challenges affecting manufacturing. These challenges include logistics turnaround time, delayed payments, county levies and charges and harassment.
- Counties to prioritize reintroduction of incentives to spur manufacturing.

KAM hosts Regulatory Compliance Webinar

KAM hosted a sensitization webinar on 17th March 2021, to address new and recurring issues raised by the Members.

During the session, Members engaged Nairobi Metropolitan Services (NMS) on:

- Public Health compliance

- Building and Planning
- Environmental compliance
- Inspection processes – dos and don'ts

Way Forward

KAM shall continue engaging and

providing support to Members regarding enhanced compliance.

The Association shall organize more sensitization webinars to enable Members understand the regulatory environment and Standards of Procedures.

KAM presents National Budget proposals to the National Treasury

KAM, led by CEO Ms Phyllis Wakiaga, presented its national budget proposals for the FY 2021/2022 on 10th March 2021.

The proposals highlighted the need to encourage investments in the country through tax expenditures, improved competitiveness, predictable tax environment, green

growth and circular economy and need to grow exports.

Some of the proposals presented include:

- Reduction of IDF and RDL rates for manufacturers,
- Prompt payment of refunds, and

- Annual inflation adjustment, among others.

Way Forward

KAM shall engage the National Treasury, to present the EAC Common External Tariff (CET) proposals.

KAM presents budget proposals to Industry CS

KAM presented its EAC Common External Tariff and National budget proposals to the Cabinet Secretary, Ministry of Industrialization, Trade and Enterprise Development on 15th March 2021.

A total of 288 EAC CET proposals from KAM sectors were presented. Some of these include requests for tariff protection and reductions through stays of applications, duty remission schemes, tariff splits and

tariff revisions.

The Association further appealed to the Ministry to take a lead in spearheading the EAC CET review process at the national level and take advantage of the current goodwill from the partner states with the aim of concluding the process.

Way Forward

- The Ministry shall write

to the National Treasury recommending the adoption of KAM's budget proposals.

- KAM shall present the impact of fiscal policy interventions adopted by the government through the annual budget process in recent years on the manufacturing sector.

Paper & Paperboard, Pharmaceutical Sectors engage on local sourcing of packaging materials

The Paper & Paperboard and Pharmaceutical Sectors held a business to business (B2B) session to agree on the best working strategy to support the local packaging industry.

The Pharmaceutical Sector agreed to support the Paper & Paperboard Sector by gradually increasing their

local orders for packaging materials, ranging from folding cartons, flexible packaging, labels, leaflets, and aluminium foils.

Way Forward

- The Paper and Paperboard Sector shall develop a list of printers with details of what

they are capable of supplying to the Pharmaceutical Sector.

- On the other hand, the Pharmaceutical Sector shall develop a list of packaging materials required in their packaging processes.

Independent Clinker Verification Mission Commences

The constituted National Independent Clinker Verification Committee to assess the quality and quantity of clinker manufactured in the country commenced its month-long mission on 24th March 2021.

The Committee members are drawn from the State Department of Industrialization, Kenya Bureau of Standards (KEBS), State Department

of Mining, Representatives from Cement Grinders & Clinker Manufacturers and KAM.

Way Forward

- The committee shall visit all cement grinders and clinker manufacturers to assess clinker quality and quantities. The committee shall develop a

report, for adoption by KAM's Trade and Tax Committee.

- The report findings shall be shared with the National Treasury and Ministry of Industrialization, Trade and Enterprise Development for a decision on the import duty on clinker importation.

Bridging the Skills Gap in Nyanza/Western Region

KAM's Technical Vocation Education and Training (TVET) Team paid a courtesy call to the Nyanza/Western Region Chair at Jumbo Mattress.

The meeting focused on key processes and activities at the industry floor, skills gaps and the new Cooperative Training approach,

being implemented in partnership with the German Embassy.

Way Forward

Jumbo Form Mattress agreed to support the KAM TVET Project and bring on board other companies in the region.



AFRICAN CONTINENTAL FREE TRADE AREA (AfCFTA) IMPLEMENTATION STRATEGY

KAM participated in the development of the AfCFTA Implementation Strategy meeting to develop a road map for conclusion of outstanding negotiation areas in the AfCFTA and launching of the AfCFTA implementation strategy.

The Workshop received comments from participants from the public and private sectors and a follow work workshop to conclude the Strategy before it is launched was planned from 22nd to 26th March 2021.

KAM MARKS WORLD CONSUMER RIGHTS DAY

KAM participated in a public awareness forum on World Consumer Rights Day on 15th March 2021 in Kajiado County.

During the forum, KAM raised awareness on waste management – policy frameworks, opportunities, converting waste into resources and the need for multi stakeholder approach in electric and electronic waste management.

Way Forward

It was decided that more awareness should be raised among consumers, on products management.

KAM meets State Department of Industry on Breast Milk Substitute Regulations

KAM met the State Department of Industry and the Technical Barriers to Trade Committee.

The meeting was held to discuss the Breast Milk Substitute (Regulations and Control Act 2012), Regulations 2020.

Additionally, KAM shall meet the National Assembly Committee on Delegated

Legislation to present the memoranda on the draft regulation.

Way Forward

- The State Department of Industrialization pledged to support KAM by engaging the Ministry of Health on the draft regulations.
- During the meeting

with Technical Barriers to Trade Committee, the Ministry of Health confirmed that clause 26 in the draft regulation that was affecting water bottlers and cereal millers has been deleted.

KAM, McKinsey host Manufacturing Africa Summits

KAM partnered with McKinsey to host the Manufacturing Africa Summits.

The summits targeted manufacturers under the Textiles & Apparels, E Mobility, Electronics, Agro-processing and Plastics Sectors.

Manufacturing Africa is a program funded by UK Aid that aims to increase investments

in manufacturing in Africa.

The program seeks to address employment and enhance social development and economic empowerment.

The sector specific webinars presented sector and value chain specific opportunities for investments.

Way Forward

- KAM shall link up Members who wish to be part of the Manufacturing Africa program, for investment opportunities.

WE VALUE YOUR FEEDBACK

Dear Member,

KAM is committed to improving service delivery, through continuous policy advocacy.

To help us serve you better, we have developed the Member Satisfaction Survey, to review our performance during the year, and understand your expectations for 2021.

Kindly click on the link below to participate. Your feedback will be treated with utmost confidentiality.

FEEDBACK FORM

Thank you.

Regards,

KAM Team

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Kenya Association of
Manufacturers



Kenya Association of
Manufacturers

Textiles & Apparels EAC Verification mission

KAM participated in the convention of a Kenya Preparatory meeting on 11th March 2021 to discuss the planning of a Verification Mission by the EAC secretariat on Textile.

The purpose of the Verification is to assess the industrial manufacturing capacities of textiles in the EAC, identify products that should be exclusively sourced from the EAC

and address any duty anomalies that may distort trade within the EAC and develop a Roadmap for the EAC to support the textile value chain.

Way Forward

KAM to support its members through the verification mission scheduled to start in April 2021.

KAM participates in the AAFA Executive Summit

KAM participated in the American Apparels and Footwear Association (AAFA) Executive Summit.

The Summit provided insights into the future of sourcing and global textiles and apparels sector.

Sustainability, adaptability, shorter

lead times and scenario planning were all identified as key drivers to buyer decisions in the future.

Way Forward

KAM shall initiate a working relationship with AAFA to deliver more value to its Membership.

TOP POLICY ISSUE IN THE MEDIA

Minimum Tax :

- **Citizen TV:** [Business of Taxation](#)
- **KTN News:** [Impact of minimum tax on businesses](#)
- **Business Daily:** [KAM, stores sue State over 1pc minimum tax on firms](#)
- **People Daily:** [Experts warn of tough times as CBK shrugs off inflation fears](#)

Regulatory Audit Overreach:

- **The Standard:** [Businesses suffer as obtaining construction permit now takes longer](#)
- **The Star:** [Manufacturers seek harmonised laws to drive competitiveness](#)
- **Citizen TV:** [Industry players want harmonization of laws and policies](#)