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KAM, Industry PS engage on Sector specific guidelines on Local Content

Industry PS, Ms Betty Maina speaking at the KAM, Ministry of Industry engagement



On 7 March 2019, Kenya Association of Manufacturers (KAM) and the Ministry of Industry, Trade and Cooperatives held a meeting on sector specific guidelines on Local Content.

Highlights:

- Kenya has embarked on developing a Local Content Policy aimed at building a skilled local human resources (workforce) and a competitive local manufacturing.
- Kenya is also working on implementing its Buy Kenya Build Kenya strategy which is geared towards promoting local products and services through public procurement and Business-to-Business linkages.
- The services sector, which is a huge contributor to Kenya's GDP, is also a key sector earmarked in the Local Content Policy.

- The Government of Kenya is keen on promoting local content. Progress has been made in the Leather and footwear as well as textile and apparel through procurement of fabric for new working blue for Kenya's uniformed forces and the current uniforms for Administrative police and footwear.

Other sectors set to benefit include:

- Automotive sector through procurement of locally assembled vehicles.
- Paper and Paperboard sector through procurement of locally produced paper and books.
- KAM was urged to support Government efforts of local procurement through localizing supply chains - buying from each other.

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Way Forward

- KAM will hold sectors' consultation meetings on the sector specific guidelines and parameters on local content. A schedule of these meetings will be shared with members in due course.
- Development of a list of common user items based on what Government frequently purchases. Products on this list would be given exclusive reservation and sourcing by Government. KAM will develop a list of the products for this purpose for consideration by the State department of Industrialization.



Manufacturers endorse the Global Charter on Plastics to manage plastic waste management in Kenya



KAM CEO, Ms Phyllis Wakiaga participates in the 6th Annual Devolution Conference



North Rift Chapter engages Uasin Gishu County CEC for Trade and industry



Eastern Chapter hosts security forum

PAPER CONVERTERS ENGAGE INDUSTRY PS

On 27th February, Paper Converters presented a memorandum to Industry PS, Ms Betty Maina on the following issues;

- Anomalous duty rates
- Importation of books
- EAC Issues
- Illicit plastic bag trade imports

Way Forward:

- KAM will prepare a position paper on the proposed duty structure for the entire value chain - Manufacturers, converters, printing and publishing.
- A position paper on the distortive effects of cheaply imported books from India on the local and regional manufacturing sector will be provided by KAM.
- KAM will lobby for a margin of preference for books based on the Buy Kenya Build Kenya Strategy and government circular from the Head of Public Service.
- KAM will provide a position paper on the status of illicitly imported plastic paper packaging.

Waste Management

KAM engaged the National Solid Waste Management Technical Committee to discuss its proposals on the National Solid Waste Management Bill 2019.

KAM urged the Ministry of Environment and Forestry to hold more engagements on the Bill to ensure private sector feedback is incorporated and to allow more research to be carried out on the best policy on Extended Producer Responsibility (EPR) Schemes.

Additionally, the meeting discussed the proposed Waste Management Fund, which was to be reconsidered as part of the Bill.

To promote waste management across the country, KAM continues to engage County Governments to present and sensitize Counties on the Model County Solid Waste management Policy and Bill developed in partnership with the Kenya Alliance of Residents Association (KARA).

KAM engaged Uasin Gishu and Meru

Counties, who confirmed that the Model Bill catered for their needs on solid waste management and they would commence the process of customisation for adoption.

The County Governments encouraged industries to partner with them to collect and recycle waste generated in the Counties under public private partnership arrangements.

The proposed way forward from the National Solid Waste Management Technical Committee meeting is as follows:

- There is a need to conduct more research on EPR Schemes in the National Solid Waste Management Bill 2019 and Policy.
- Respective County Governments to review their existing waste management models and share feedback for consideration of adoption by the National Solid Waste Management Technical Committee.

KAM, KMJA PARTNER TO DEVELOP JUDICIAL BENCH BOOKS ON COMPANIES ACT AND INSOLVENT ACT

KAM and the Kenya Magistrates and Judges Association (KMJA) will be working together in a Project to support the Judiciary in development of Judicial Bench Books on the Companies Act and insolvency Act.

The Bench books aim to support Judicial Officers by ensuring that they have easy read documents on the requirements of the Company

law and Insolvency as well as provide relevant case laws on the same. This is anticipated to support predictability of Court decisions and foster investor confidence in the judicial system.

The leadership of KAM and KMJA will hold a meeting to officially launch the Project in the coming weeks.

ENHANCING FOOD SAFETY COMPLIANCE WITHIN THE NUTS PROCESSING VALUE CHAIN

KAM engaged the nut processors and technical persons from the International Crops Research Institute for the Semi-Arid Tropics (ICRISAT).

The meeting aimed at exploring partnerships to ensure food safety compliance in nut processing and develop strategies to inform Government on the same.

Key areas discussed include;

- Value chain analysis of gaps in ensuring food safety,
- Capacity building and national dialogue forums with relevant public and private stakeholders, among others.

KAM and ICRISAT will explore partnership framework to support compliance on food safety in the nut processing sub sector.

Automotive Policy and Assembly regulations



KAM Automotive Sector members meet the National Treasury

KAM Automotive Sector held a meeting with The National Treasury to discuss the draft Tax Procedures of Unassembled Motor Vehicles and Trailers Regulations, 2019.

Emerging issues include:

- The need to have a clear distinction of each level of assembly, clear incentives and transition period.
- The need for a clear framework for local content development.
- The Ministry of Industry to fast track development and adoption of the National Automotive Policy in order to ensure coherence in both documents.
- The National Treasury to update on their position on Motorcycle Regulation, which they confirmed to have received

from The Ministry of Industry for gazettelement.

KAM will collate feedback from members and submit to Treasury.



KAM Automotive Sector members meet The National Treasury

KAM engages Immigration PS



KAM meets Immigration PS Maj. Gen (Rtd) Dr. Kihalangwa on Kenyanization Policy

KAM presented a memorandum on the review of Kenyanization Policy and administrative changes on the issuance of work permits and passes to the Principal Secretary, State Department of Immigration, Border Control and Registration of Persons, Maj. Gen (Rtd) Dr. Kihalangwa.

The issues discussed include:

- The implementation of the Kenyanization Policy on issuance of work permits
- The time taken for feedback/ response when one appeals after a work permit has been rejected
- Time frame for processing work permits/passes
- Reduction of work permit fees for expatriates working in Export Processing Zones

The PS stated the following on issues discussed:

- Kenyanization policy: The PS reiterated that companies should clearly explain why a particular position cannot be occupied by a Kenyan. A detailed letter can also be sent to the Director of Immigration Services on specific skills needed by a Company. He also encouraged industries to have understudies for skills transfer.
- For quick a response on appeals, one should clearly bring out the reason as to why a given expatriate should be issued a work permit and attach proper supporting documents. Appeals should also be done immediately once one gets the work permit rejection notification.

- There has been a significant improvement on the timeframe for issuance of work permits. The PS encouraged manufacturers to send their applications through KAM.

The PS and KAM CEO will follow up on the proposal for implementation of reduction of work permit processing fees for Expatriates working in Export Processing Zones.

A seminar on processing of work permits and passes and general Immigration policies affecting the issuance of work permits and passes to be organized soon.

ENDORSEMENT OF THE OCEANS PLASTICS CHARTER

KAM members pledged to join a global initiative to manage plastic waste in the country, through the Kenya Plastics Action Plan.

The Action Plan resonates with the Oceans Plastic Charter, which is a long term private sector initiative on sustainable manufacture, use, and recycling of plastics.

The development of the Action Plan will commence through support obtained from the Business Advocacy Fund and the Confederation of Danish Industries.

KAM PARTICIPATES IN UNEA 4 MEETING

KAM and its members participated in the 4th United Nations General Assembly (UNEA) held on 11th - 15th March 2019.

KAM Vice Chair and PET Sub-Sector Chairman, Mr Mucai Kunyiha used the platform to announce the development of the Kenya Plastic Action Plan and called for stakeholders to support this initiative.

Further engagement with partners will be done towards the development of the Action Plan.

KAM submits Memorandums to Government Agencies

In an effort to inform legislative frameworks being formulated by Government, KAM submitted Memorandums to Government Agencies on behalf of manufacturing Sectors.

The key Legislation responded to include,

- **The Explosives Bill 2018** which impacts the Quarry Sub-Sector. Key proposals made include enhancing the proposed new structure for regulating the explosives industry to facilitate trade and inclusion of Appeal procedures to ensure a fair process in regulation among others. The Memorandum was submitted to the Ministry of Interior and coordination of National Government.
- **The Tea Bill 2018** which impacts on the Agriculture Sector. Key proposals made include the inclusion of a representative from the Manufacturing sector in the Tea Regulatory Authority, issuance of a license for the Tea sector to be done in a period of three years instead of annually. The Memorandum was submitted to the Senate Agriculture, Livestock and Fisheries Committee.
- **The Nairobi City County Tobacco Control Bill 2018** which impacts the Tobacco Sub Sector. Key proposals made included harmonizing

the proposed additional license for manufacturers of tobacco products with the single business permit among others. The Memorandum was submitted to the Nairobi City County Assembly.

- KAM submitted a Memorandum to the Competition Authority on behalf of the Edible Oil sub sector on consumer protection issues. KAM highlighted key requirements on product labelling in the country.
- **The Government Contracts Bill 2019**, which seeks to improve the process of Government contracting, is under stakeholder consultation. KAM and the Law Society of Kenya held a meeting on 7 March 2019 to develop joint proposals on the Bill. The Memorandum will be shared with the National Assembly for their consideration. KAM proposals include reiterating the need for prompt payment and ensuring public consultation and impact assessment on Government Contracts of monetary thresholds that may have an impact on the manufacturing sector.

KAM will be following up with the relevant Government Agencies to further engage on the proposals made in the Memorandum.



KAM engages CS for Interior and Coordination of National Security, Dr Matiang'i on industry's competitiveness

PLASTIC SECTOR ENGAGES THE FIRST LADY'S OFFICE

Following the announcement that the First Lady would support the banning of plastics, the plastic sector met with the her office to share KAM's position on the impact of a plastic ban on businesses especially on women and children.

Way Forward

KAM will develop and share a technical position paper to advise the Office of the First Lady on the various types of plastics and their application especially by women and children.

KAM joins Judiciary Court Users Committee on Environment and Land

KAM is now part of the Judiciary Court Users Committee on Environment and Land.

The Committee is responsible for convening key stakeholders in the justice sector engaging in Environment and Land matters.

The Committee, in its meeting held on the 8th March 2019, discussed key issues which included the introduction of Court Annexed Mediation in the Environment and Land Court to help reduce case backlog and the need to increase

more judges in the Court to reduce delaying and backlogs.

It was noted that the Court's diary was already full and currently any dates being issued for hearing were in 2020.

KAM will continue to attend the Court Users Committee on Environment and Land and share members' feedback on environment and land issues handled by the Court to improve the efficiency of the Court.

TOP 2 POLICY ISSUES IN THE MEDIA

1. Kenya Plastics Action Plan

- **NTV:** [KAM signs into the Oceans Plastics Charter to recycle plastic waste](#)
- **Daily Nation:** [Firms sign deal to cut plastics use](#)

1. Promoting Local Industries:

- **Xinhua News:** [Kenya gears up for manufacturing expo to showcase indigenous products](#)
- **Business Daily:** [KAM says local costs 12pc higher](#)
- **NTV:** [Building sector to grow by 36% annually to hit GDP contribution target](#)

KAM meets Trade, Industry and Interior Principal Secretaries

KAM engaged Industry PS, Ms Betty Maina, Trade PS, Dr Chris Kiptoo and Interior PS, Dr. Eng. Karanja Kibicho on various policy issues.

The meeting was convened under the Chairmanship of Dr. Fred Matiang'i, the Cabinet Secretary for Interior and Coordination of National Security and the Chairman of the National Development Implementation and Communication Cabinet Committee.

The meeting resolved to:

- Push for the implementation of Technical Report by the SGR and Port Technical Committee. The Technical Report seeks to reduce the inefficiency rate at the port. some of the policy proposals planned for adoption in the short-term include increasing free period from 4 to 11 days, exemption of the holidays and weekends from storage and demurrage charges.
- Organize a tripartite meeting between KRA, National Treasury and KAM to further discuss and finalize amendments to VAT Export Refund Formula which has disintegrated exports, review Withholding VAT from 6% to 2%, removal of Import Declaration Fee and Railway Development Levy from imported industrial inputs and machineries and increase the same on finished products
- Gazette 30% power rebate program on Corporate Tax within 7 days.

- Discuss EAC intra-Trade with special focus on Tanzania due to multiple Non Tariff Barriers that are erected regularly against Kenyan products

- Submit 'National Action Plan and Institutional Framework for combating against illicit trade' to Cabinet for notification and implementation.

Way forward

KAM is lobbying for implementation of the transport and logistics report with view of addressing the current inefficiencies leading to time wastage, high demurrage and storage costs.

KAM has also written to Treasury asking for the tripartite meeting to conclude on the fiscal policy issues raised.

KAM will be engaging the Committee regularly to review policy implementation progress.



Trade PS, Dr Chris Kiptoo/
File Footage

WE VALUE YOUR FEEDBACK

Dear Member,

Thank you for your support and partnership in advocating for competitive and sustainable manufacturing sector.

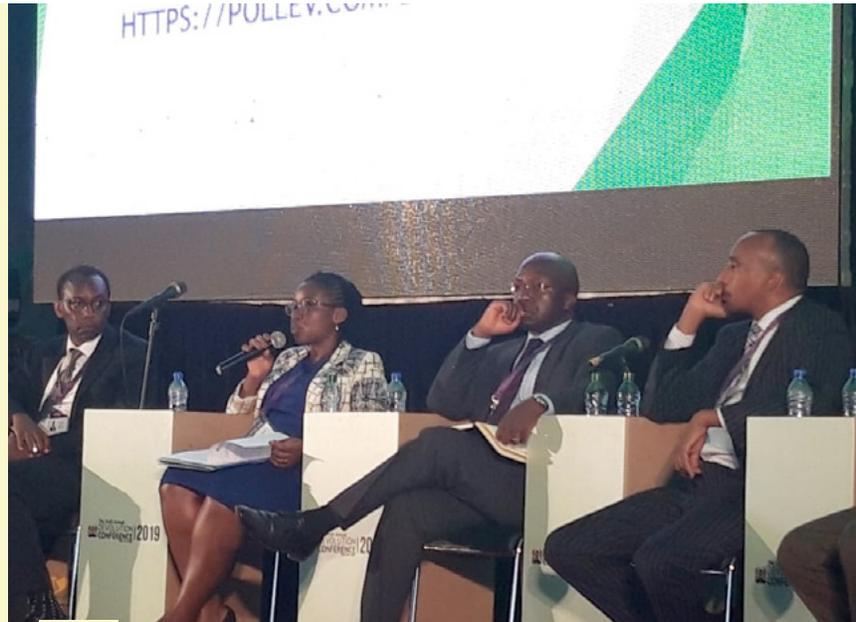
In order to best serve you, kindly share any issue(s) you are facing by clicking on the feedback form below.

FEEDBACK FORM

Thank you.

**Regards,
KAM Team**

Counties commit to harmonize revenue collection



KAM CEO, Ms Phyllis Wakiaga participates in the 6th Annual Devolution Conference panel on manufacturing & Trade

KAM participated in the Devolution conference held in March 2019 in Kirinyaga County.

and wealth generation for women, youth and marginalized groups.

In line with the overall conference theme, the conference made the following resolutions

- The National Government and County Governments shall within 1 year develop a policy and legal framework for harmonization of revenue collection by both levels of government.
- Annually, both levels of government shall publish and publicize the implementation scorecard of the Big Four Agenda initiatives, including information on public finance management.
- Both levels of government shall, in the next 1 year, make a substantial investment in the cottage and agro-processing industries to create employment
- Both levels of government shall in the next 1 year, develop a Kenya Industrial Policy to support the establishment of cottage industries.
- County governments shall, in the next 1 year, establish County Service Delivery Units to monitor development projects.
- Both levels of government shall, in the next 1 year, develop strategies to reduce the cost of doing business in Kenya.
- Both levels of Government shall, moving forward, partner with research, academic and private sector institutions to provide practical solutions for service delivery.

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