

# Policy Milestones

Issue 4, 2019

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## KAM engages Energy CS on Cost of Power



*KAM presents Manufacturing Priority Agenda 2019 to Energy CS*

Kenya Association of Manufacturers (KAM) paid a courtesy call to the Cabinet Secretary for Energy and Petroleum, Mr Charles Keter, to share the Manufacturing Priority Agenda (MPA) 2019 and to discuss ways of lowering the cost of power for manufacturers.

To promote access to quality, affordable and reliable energy for manufacturing, KAM, through the 2019 MPA, is proposing the following:

- The removal of all taxes, levies and charges on power bills for manufacturers to reduce the cost of power
- Make KenGen and Kenya Power profit-neutral institutions

- Fast track enactment of the Energy Bill 2017 that was accented by the President on 14th March 2019
- Allow generators of electricity to sell directly to bulk electricity consumers to enhance the quality and reliability of electricity
- Review pre-condition for time of use tariff to cover all night consumption

The CS said that the electricity cost rebate programme is being finalized and will be gazetted soon as a way of having power subsidies that target individual companies.

# KAM signs MOU to promote Youth Employment and Vocational Training in Kenya



*KAM signs MOU to promote Youth Employment and Vocational Training in Kenya*

Kenya Association of Manufacturers (KAM) signed an MOU with GIZ-ED4/SOGA, German Development Bank-KFW (kreditanstalt fur Wiederaufbau) and Technical Trainings Institutions, to promote Youth Employment and Vocational Training in Kenya, particularly on Automotive Mechatronics, Industrial Mechatronics and Body Building & Welding.

The technical courses will be run on a Competency Based Education and Training (CBET) model and offered by Kiambu Institute of Science and Technology (KIST), Nairobi Technical Training Institute (NTTI) and Thika Technical Training Institute (TTTI).

KAM has been very keen in addressing the skills gap in Kenya especially in the Manufacturing sector. The skills gap has partly been as a result of training that do not meet the needs of the industry and the lack of centralized labour market information

that links the job seeker and employer. As part of an initiative to address this gap, KAM partnered with GIZ -E4D/SOGA in 2017 to implement a Technical and Vocational Education and Training (TVET) project with the aim of improving access to technical jobs and economic opportunities for youth in Kenya.

In 2018, the partnership was extended to support the modularized CBET approach. The current CBET Program involves trainees from 6 different technical institutions pursuing Arc Welding, Instrumentation and control and Mechanical Technology - Lathe machine.

In attendance during the signing ceremony was Principal Secretary for Vocational and Technical Training, Dr Kevit Desai and the German Ambassador to Kenya, Ms Annet Gunther.

## TRIPARTITE MEETING ON RULES OF ORIGIN FOR TEXTILES & APPAREL AND AUTOMOTIVE SECTORS

KAM participated in the Tripartite meeting on Rules of Origin for Textiles & Apparels and Automobile sectors where 91 tariff lines were agreed on in the 22nd Tripartite working group meeting under the two sectors.

The Technical Working Group on the Tripartite Rules of Origin has now agreed and concluded on a list of rules for 93.24% of the tariff lines (at 6-digit level) as per the 2017 EAC Common External Tariff Book.

# KAM submits pre-budget proposals to National Treasury

KAM submitted the 2019 - 2020 pre-budget proposals to the National Treasury, Ministry of Industry, Trade and Cooperatives and the Kenya Revenue Authority (KRA) on 21st March 2019.

Based on the experience during the pre-budget making process, KAM informed these institutions that Kenya needs to be cognizant of the following:

- Value chain to avoid cases where:
  - Input attracting duties while finished products made from the same inputs attract 0% or exempt when imported into EAC, and
  - Inputs and finished products are at the same rate of duties at 25% when imported to EAC.
- Weak administrative border

controls such as undervaluation and mis-declaration is pushing industry to favour higher duty rates or introduce specific duty.

- The need to review policy relating to VAT zero-rating and exemption.

Manufacturers have proposed moving their products from VAT exempt to VAT zero rate to allow them to claim the input VAT under zero rating as opposed to exempt where it forms part of their cost of production. This gives imported products an advantage over the locally manufactured products as the goods were allowed incentives of nil tariff for the manufacture of export goods in the country of origin.

Alternatively, the government should introduce a token VAT of a lower rate to allow offsetting of input VAT.

## NYANZA/WESTERN CHAPTER ENGAGES KISUMU COUNTY COMMISSIONER



KAM Nyanza/Western Chapter Committee, led by the Chapter Chairperson, Ms Joyce Opendo engaged Kisumu County Commander, Mr. Joseph Mutende to discuss areas of partnership, traffic challenges, increased insecurity in the County and reviving Kisumu Against Crime.

It was agreed that a stakeholder

approach be taken in improving road discipline by users, reviving Kisumu Against Crime, multi stakeholder discussions with the County Government, the private sector and informal sector on relocations, review of traffic situation and identifying pick up and drop off points for PSVs.



The Cabinet Secretary for Interior and National Security, Dr Fred Matiang'i visited National Youth Service on 25th March 2019 to see the progress made in the local procurement of uniforms for the disciplined forces.

The Cabinet Secretary was happy with the quality of fabrics supplied by local manufacturers to NYS for the manufacture of police uniforms. He committed to ensure that the program is achieved as envisioned by the president

KAM will continue to engage the Government on local procurement to ensure that local manufacturers participate in public procurement.

## KAM ENGAGES NCA ON THE AFFORDABLE HOUSING PROJECT

KAM Building, Mining and Construction, Metal & Allied, Timber sectors engaged the National Construction Authority (NCA) on affordable housing.

NCA mentioned that the government is willing to support the local manufacturers to supply to the project, which is part of the Big Four Agenda. KAM will share the list of materials that can be locally manufactured with NCA. Sectors on the other hand will share their capacities and hindrances in accessing the local market.

## SOLID WASTE MANAGEMENT MEETING IN KISUMU

The County Government of Kisumu hosted a multi stakeholder meeting on solid waste management.

Key outcomes of the stakeholder meeting include:

- The decommissioning of Kachok dumpsite,
- Waste management to start at sub county level where all the waste will be sorted,
- Private sector collaboration with the county on supporting equipping of waste collection centers,
- Kisumu County waste management regulations to be developed,
- Enforcement of post regulations enactment key, and
- Waste management to be outsourced to existing waste collectors.

## KENYA TOBACCO STAKEHOLDERS VALIDATION WORKSHOP

KAM mobilised all tobacco manufacturers and government representatives to validate the Kenya Country draft report titled *Socio-economic impact of the tobacco farming activities in Eastern and Southern Africa*.

The consultant will share the final report in April 2019

## FOOD & BEVERAGE SECTOR ENGAGES KENYA NUTRITION AND DIETICIAN INSTITUTE

KAM held a meeting with the Food and Beverage sector to collate views and feedback from members on the additional proposed regulation by Kenya Nutrition and Dietician Institute (KNDI) on food processors.

KAM will be developing a memo to engage KNDI, Ministry of Industry, KEBS and Ministry of Health on the same.

# KAM engages New KRA Customs Commissioner



*KAM engages KRA Customs Commissioner on policy challenges facing manufacturers*

KAM met the new KRA Customs Commissioner, Mr Kevin Safarri, to discuss policy challenges affecting manufacturers.

The following issues were presented:

- Expiry of Industrial Spares Committee Term under KRA Gazette Notice No. 9270
- Endorsement of export confirmation in KRA system
- Change of gum base tariff from 3824.99.90 to 2106.90.99
- Detention of steel raw materials -wire rods

### Way Forward

- The Commissioner indicated that his office is in the process of reconstituting the committee and will fast track the process.

- KRA will share with KAM names of 1159 taxpayers who are supposed to provide physical documents at the Port of Kilindini for their data to be input into the system
- KAM to write to the National Treasury to have the EAC Gazette amended.
- There will be a follow-up meeting on before the end of the month involving KRA Customs and Metal Sector members to address all issues related to clearance of imported raw materials.
- A KAM/KRA Customs Meeting will be held on the second week of April 2019 to discuss operational challenges facing manufacturers.

## 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**

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**Kenya Association of Manufacturers**



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# KAM meets Interior PS on transport and logistics

On 25th March 2019, the Principal Secretary for Interior and The National Development Implementation & Communication Cabinet Committee member, Eng. Dr. Karanja Kibicho met with KAM Chief Executive, Ms Phyllis Wakiaga, Deputy Head of Public Service, Musiambo Wanyama, KRA Commissioner General, Mr. John Njiraini, Kenya Ports Authority MD, Dr. Daniel Manduku, Presidential Delivery Unit Secretary, Mr. Andrew Wakahiu and Principal Secretary for Investment and Industry, Ms. Betty Maina to discuss transport and logistics challenges affecting the manufacturing sector and updates on the SGR and Port Implementation Report.

28 agencies will be operating at the Port.

The report awaits implementation by the Government. More details will be availed in the next publication.

### Way Forward

- The Industry PS will organize meetings between all cargo intervening agencies with a view of improving the Certificate of Conformity to bear inspection requirements from The Anti Counterfeit Agency, Pharmacy and Poisons Board among others.
- If the directives are fully implemented, the port dwell time for consignment may reduce further from the current 21 days.

## TOP 2 POLICY ISSUES IN THE MEDIA

### 1. Non-Woven Bags Ban

- **The Star:** [Manufacturers stare at losses in carrier bag ban](#)
- **Business Daily:** [Shoppers to pay more in fresh carrier bags ban](#)
- **People Daily:** [Nema bans lower gauge carrier bags](#)

### 2. EAC Trade

- **The EastAfrican:** [Increased EAC border disputes threaten Kenya's export market](#)
- **The Standard:** [Increased EAC border disputes threaten Kenya's export market](#)