**TERMS OF REFERENCE(TORS)**

# Prequalification For Consultancy For An Expert In The Field Of Resins Manufacturing And Usage/Application To Support The National Independent Resins Verification Committee

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| **Organization** | Kenya Association of Manufacturers (KAM) |
| **Project** | National Independent Resins Verification Committee |
| **Position type** | Consultancy |
| **Duration** | Two months (60 working days) |
| **Reporting to** | Policy Research and Advocacy (PRAU) Unit |
| **Starting date** | Immediate |
| **Application deadline** | 20th April 2021 |

## 1 SUMMARY OBJECTIVE OF THE ASSIGMENT

Kenya Association of manufacturers (KAM), in its bid to inform the industry position on proposal to increase import duty for Resins from 10% to 25% and assess the impact of the introduction of 10% excise duty on imported resins, wishes to undertake industry-wide verification mission to establish the capacity to produce and supply various types of resin and demand for the same in the industry. The primary receipts of the verification mission outcome are various Government Agencies and private sector players in the industry.

## 2 ABOUT KAM

Kenya Association of Manufacturers (KAM) established in 1959, is the representative organization for manufacturing value-add industries in Kenya. KAM plays a key advocacy role on behalf of manufacturers in Kenya by providing an essential link for cooperation, dialogue and understanding with the Government and related agencies. KAM has over 1000 members and represents over 40% of Kenya's manufacturing value add industries. KAM also represents Kenya's manufacturing sector interests in the region and beyond e.g., East Africa Community (EAC). To achieve the core mandate of policy advocacy, KAM:

- Promotes trade and investment

- Upholds standards
- Encourages the formulation, enactment and administration of sound policies that facilitate a competitive business environment and reduce the cost of doing business.

In pursuit of these mandates, KAM prepares National and EAC budget proposals with the aim of promoting the Kenya manufacturing sector competitiveness both in Kenya and at the EAC level every year. The budget proposals are in line with Kenya's Vision 2030 and Kenya Industrial Transformation Programme (KITP) which seeks to transform the country into an industrialized nation by 2030.

## 3 BACKGROUND OF THE EXERCISE

Under the EAC Common External Tariff, the resin grades in dispute attract import duty in the range of 0%-10%. Resins are used as inputs in various industries including paint, construction, leather, automotive sector among others. The Finance Act 2021 introduced a 10% Excise Duty on all resins except epoxises. Table 1 below shows the affected tariff lines are:

| | **Tariff and description** | **Current CET rate** | **Excise duty** | **Proposed import duty** |
|---|---|---|---|---|
| 1 | 3907.99.00-Polyesters-saturated & unsaturated | 10% | | |
| 2 | 3907.50.00-Alkyds | 10% | 10% | 25% |
| 3 | 3905.91.00-Emulsions VAM | 10% | 10% | 25% |
| 4 | 3903.20.00-Emulsion styrene acrylic | 0% | 10% | 25% |
| 5 | 3906.90.00-Emulsions, BAM | 10% | 10% | 25% |
| 6 | 3905.19.00-Homopolymers | 10% | 10% | 25% |
| 7 | 3906.10.00-Acrylic for automotive plant | 10% | | |
| 8 | 3907.91.00 unsaturated polyester | 10% | 10% | 25% |

*Source: EAC CET (2017) & Finance Act (2021)*

The excise duty has exposed several companies in the industry who have reported lack of sufficient local capacity to produce and supply various grades of resins as per the industry requirements. Further, KAM has received a proposal from a local resin manufacturer to increase the import duty from 10% to 25% citing sufficient capacity to produce and supply the industry; a position has been objected to by the users across various sectors within Manufacturing.

It is against this background that the Association seeks to inform the industry position on the proposed increment of import duty for resins from 10% to 25% and assess the impact of the introduction of 10% excise duty on imported resins.

## 4 Objective of the assignment

The objective of the consultancy is to provide technical support to the National Independent Resins Verification Committee. Specifically, the expert will be responsible for:

a) Providing technical support to the verification excise
b) Provide analytical input to data collected and verifications visits; and
c) Writing the report under guidance of the committee

## 5 SCOPE OF THE ASSIGNMENT

The scope of work will cover the following areas:

a) Design data collection tools for exercise
b) Collection, collation and analysis of information and data on resins manufacturers and users in Kenya to inform the following:
    a. The national production capacity(supply) of resins.
        i. Installed capacity for resins
        ii. Average running hours per year
        iii. Reasons for under/over production if any
        iv. Projections for the next five years.
        v. Production for the last five years or where applicable
    b. Determine the national demand for resins.
    c. Examine the grades of resins being produced locally.
    d. National consumption of resins across various industries
    e. Pricing structures of the producer(s)
    f. Determine the cost of locally produced resins versus imported resins
    g. Address the concerns of quality of locally produced resins
    h. Assess the impact of local resin manufacturing capacity being resident amongst a minority of user's players and whether this presents any risk of dominance to the industry, in terms of.
        i. Significantly controlling the price level or terms of delivery of resins
        ii. Influencing competitive conditions
        iii. Violation of competition law
    i. Establish the risk to the investments made by the players in resin production capacity with existing tariff on imported resins.
    j. Confirm if there exists alternative market within EAC for resins exports from Kenya.
c) Prepare a report on the outcome of the verification exercise with a clear way forward for adoption by the Committee.

## 6 EXPECTED OUTPUTS

a. Inception report to demonstrate his understanding of the scope of work and
b. A desktop review on the resin industry in Kenya and a set of data collection tools (targeting various stakeholders within the value chain) for adoption and use by the committee during the exercise
c. A draft report with a clear recommendation from the verification exercise for validation and adoption by the committee

## 7 TIMEFRAME AND IMPLEMENTATION SCHEDULE

The assignment is to be undertaken within 60 calendar day from the date of signing the contract.

The proposed timeline excludes the time gap between relevant meetings between the consultant and committee members and stakeholders; as well as the time that may be required for the Committee to study the output for approval purposes.

| Output(s) | Deliverable | Timelines |
|---|---|---|
| **Output 1** | Inception report | 7 working days after signing the contract |
| **Output 2** | A desktop review brief on the resin industry in Kenya and a set of data collection tools (targeting various stakeholders within the value chain) for adoption and use by the committee during the exercise | 15 working days after signing the contract |
| **Output 3** | A draft report with clear recommendations from verification exercise for validation and adoption by the committee | 45 working days after signing the contract |

## 8 Qualifications and skills of the Consultant

The consultant must have extensive experience in the resins manufacturing process and a clear understanding of the wide usage or application of resins in the industry. In addition, the consultant should**:**

### 8.1 Academic Qualification Requirements

a. University degree in chemical, manufacturing/production engineering, analytical chemistry, industrial chemistry / any other chemical specialization.
b. Be a holder of a Masters in Chemical Engineering. A Ph.D. in Chemical Engineering would be an added advantage.

### 8.2 Experience Requirement

a. A good understanding of the resins manufacturing and their various uses
b. Good knowledge of chemical processing, batch manufacturing/processing in all its aspects including thermodynamics
c. A good understanding of the occupational health and safety concerns in a resins manufacturing/user facility.
d. Good Knowledge of quality aspects of resins
e. Good interviewing, report writing and analytical skills
f. Ability to engage with a cross-section of stakeholders in the public and private sectors.

## 9 PROPOSAL CONTENT

### 9.1 Technical proposal

The Technical Proposal should include the following details:

a) A detailed profile of the consultant, demonstrating years of experience in operations as a consultant in the required field
b) Details of at least three similar assignments, with a focus on technical advisory services on similar assignments
c) Samples of at least two assignments which the consultant has carried out in similar field of engagement
d) A detailed CV stating academic qualifications, relevant experience, experience in producing research products, data collection and analysis skills and the overall technical capacity of the individual consultant.
e) A description of the proposed approach and methodology including, (a) the individual consultant's understanding of the objectives of the assignment, (ii) the approach to be taken to deliver the services, and (iii), the proposed work plan which includes the main activities of the assignment, their content and duration, milestones, and report delivery dates.
f) Technical capacity of the individual consultant.

### 9.2 Financial Proposal Requirements

The consultant shall provide the total consultancy fee, inclusive of taxes and any disbursement costs in Kenya shillings.

## 10 PROPOSAL EVALUATION AND AWARD

KAM will evaluate all proposals submitted and award the contract based on both the technical and financial feasibility. KAM reserves the right to accept or reject any proposal received without giving reasons and is not bound to accept the lowest or the highest bidders.

## 11 Application for consultancy

Interested individual consultants are requested to submit separate technical and financial proposals to procurement@kam.co.ke on or before close of business 20th April 2022 stating ""Consultancy – Expert in Resins Verification"