

2023
POLICY & SUSTAINABILITY
REPORT

CONTENTS

Our Story	02
Chairman's Statement	04
Chief Executive's Report	06
Board of Directors	08
Regional Leadership	10
Leadership Team	11
Organizational Structure	12
Policy Advocacy Report	13
Sustainability Report	27
Stakeholder Engagement	36
New Members in 2023	38
Financial Report	42

Our Story

ABOUT KAM

We are the representative body of manufacturing and value-add industries in Kenya. Established in 1959, we have evolved into a dynamic, vibrant, credible and respected business association that unites industrialists and offers a common voice for businesses.



MEMBERSHIP

KAM Membership is structured in three categories:

- **Ordinary Membership:** This category is extended to companies that are directly involved in processing, manufacturing, or any other value addition activities.
- **MSME Membership:** MSME Membership is a subcategory of Ordinary Membership that targets Micro, Small & Medium manufacturing and/or value add industries.
- **Associate/Consultancy:** This category is extended to firms that have direct interest in the expansion of industries, either through the provision of services or other inputs.

OUR SERVICES

Policy & Advocacy

- Representing member interests to county and national governments, and regional trading blocs
- Policy & regulatory support
- Annual national budget process
- Duty remission scheme
- Firm-level intervention
- AGOA Visas

Business Facilitation

- Work permits and dependants/special passes
- MSME growth and development
- Market linkages
- Productivity improvement programs
- Sensitization forums; Finance Act, EAC, AfCFTA, Duty Remission Scheme, industry regulations

Information & Training

- Industry research
- Access to trade and market information
- Amplifying industry issues in the media
- Communicating KAM's position on industry policies
- Capacity building hub: *Manufacturing Academy*
- Periodic industry reports
- Sectoral updates

Networking & Linkages

- Regional and Sector Member Forums
- Industrial visits
- Webinars, seminars
- Trade missions
- Shopping Festivals – Changamka
- Gala Dinners – Energy Management Awards, Women in Manufacturing (WIM)
- Other networking events

Chairman's Statement

Kenya's manufacturing sector has been at the centre of catalysing our nation's growth and shaping its progress since before independence. Indeed, it is through manufacturing that Kenya has made its mark in the world and risen into a regional beacon through job and wealth creation.

Cognizant of this and the role that the sector plays in driving socio-economic development, we kicked off 2023 by venturing into a new strategic path with a focus on raising the manufacturing sector's contribution to Gross Domestic Product (GDP) to 20% by 2030 as outlined in the Kenya Manufacturing 20by30 Strategy.

This strategic path is anchored on four pillars, namely, Global Competitiveness, Export-led Growth, SME Development, and Agriculture for Industry, and seeks to support the government's Bottom-Up Economic Transformation Agenda (BETA), which aims to uplift economic conditions of the "hustlers".



“The Association has since reviewed its purpose to *Creating prosperity for the nation through industrialization*”

Our membership has continued to grow, which is a great testament to the value and premium benefits that we provide to ensure that you are able to conduct your business with minimal difficulty. Rest assured that the KAM Board of Directors and the Secretariat continue to work tirelessly towards resolving member issues as they arise.

As you may all know, policy advocacy is a journey; some wins we achieve faster than we had hoped for, and some take a little longer. As industry, we have endured several setbacks in our advocacy journey, for instance, high taxes, regulatory overreach and high cost of power. Nonetheless, we are relentless in our commitment to ensure your business remains productive and capable of providing the much-needed economic support to the nation.

This report is only a summary of some of the achievements we have made over the last year, the details of which can be accessed through other publications and documentations that have been made available to you through email and website.

This year, we aim to be more intentional as we seek to realize the goals outlined in Manufacturing 20by30 Strategy. We acknowledge the need to align the organization's goals and mission to the times we live in. The Association has since reviewed its purpose to *Creating prosperity for the nation through industrialization*. On behalf of the Board of Directors and the Secretariat, I look forward to engaging each one of you in driving this purpose.

As I conclude, I would like to extend my sincere appreciation to the Board of Directors, Regional and Sector Leadership, Members of various Board Committees, and our Secretariat who have all contributed immensely to the achievements of the year.

Special thanks to the National and County Governments, regulators, government agencies and implementers who continue to give us audience, exchange ideas and jointly work to resolve member concerns. To our partners and stakeholders, we appreciate your support and for believing in our vision for a competitive and sustainable manufacturing sector.

But most of all, a big thanks to you, a Member of KAM, for your continued support and belief in the Association. We will continue to raise the bar in being the voice of industry, as we focus on rebuilding our nation, to increase and sustain investments in the manufacturing sector, and ultimately, create productive jobs and wealth for *Mwananchi*.

Rajan Shah
Chairman

Chief Executive's Report

Since 1959, KAM has continued to raise the discourse on industrialization and why Kenya needs to prioritize a strong manufacturing base through our fact-based advocacy and valuable partnerships. Thank you for your continued support and confidence in the Association to date.

Last year, we developed the 2023 Manufacturing Priority Agenda (MPA) under the theme, *resetting manufacturing to achieve Agenda 20by30*. The Priority Agenda outlined key action items whose implementation would propel the manufacturing sector towards the ambitious goal. I am pleased to note that through our continued advocacy efforts, some action items were fully or partially implemented. For instance, manufacturers are now able to claim back input



“ We remain committed to inculcating critical tenets of sustainability and a circular economy in manufacturing operations. Together with Kenya Forest Service (KFS), we planted 21,000 tree seedlings in Kinale Forest Station ”

VAT on Kenya Ports Authority (KPA) charges; Finance Act 2023 removed earnings before interest, taxes, depreciation and amortization (EBITDA) from 30% restriction applied to interest on local loans; VAT on exported services was removed to promote exports; and the Kenya-European Union (EU) Economic Partnership Agreement (EPA) was concluded and signed on 23rd December 2023, just to mention a few.

We also engaged both levels of government in the year, including the President of the Republic of Kenya, H.E. Dr William Ruto, CGH, on the development of manufacturing value chains on cotton, leather, pyrethrum, edible oils, pharmaceutical, housing, and automotive sectors. We have seen much accomplished throughout the year through our engagements at the National and Chapter level. Such interventions, including the fight against illicit trade, advocacy on national and EAC budget proposals, among many more.

To bolster the integration between agriculture and manufacturing, we identified 32 value chains for in-depth research and analysed six, namely pyrethrum, maize, wheat, potatoes, tomatoes, avocados, which will unearth immense benefits to the economy once implemented. This includes forex savings through import substitution and enhanced local productivity. We have also developed the Agriculture for Industry (A4I) Strategy to establish a path towards fostering innovative partnerships and creating an ecosystem where producers and the off takers can come together and seamlessly transact.

We remain committed to inculcating critical tenets of sustainability and a circular economy in manufacturing operations. Together with Kenya Forest Service (KFS), we planted 21,000 tree seedlings in Kinale Forest Station. This is part of the Framework of Cooperation that KAM signed with KFS in 2022 to rehabilitate 10,000 hectares of degraded forest areas across the country. We also supported members to adopt best practices in energy efficiency and renewable energy through the initiatives under the Centre for Green Growth and Climate Change (CGGCC) and Centre for Energy Efficiency and Conservation (CEEC). This is geared towards enhancing sustainable manufacturing practices in industries within Kenya to drive resource efficiency, save costs and reduce the carbon footprint of the organizations.

Furthermore, we continued to deepen our initiatives geared towards increasing the participation of women and youth in the manufacturing sector. We also developed programmes geared towards driving the growth of Manufacturing SMEs by including them in the value chain, enhancing market access and capacity-building. This is because we recognize their role in the country's economy.

We extend our sincere gratitude to our members and partners for playing a huge part in our advocacy and sustainability initiatives.

Anthony Mwangi
Chief Executive

Board Of **Directors**



Rajan Shah
Chairman



Jane Karuku
Vice Chairlady



Mucai Kunyiha
Director/Ex-Officio



Pankaj Bedi
Director



Linus Gitahi
Director



Ciiru Waweru-Waithaka
Director



Martin Ochien'g
Director



Mohamed Rashid
Director



Hitesh Mediratta
Director



Bharat Shah
Director



Joyce Karanja
Director



Rajan Malde
Director



Ashit Shah
Director



Marion Gathoga-Mwangi
Director



Mihir Chalisehar
Director



Mary-Ann Musangi
Director



Pankaj Kumar
Director



Rohin Vora
Director



Galeb Gulam
Director

Regional Leadership



Abdallah Athman
Coast Region



William Ong'are
North Rift Region



Peris Mbutia
South Rift Region



Patrick Jackino
Nyanza/Western Region



Maina Ruo
Central Region



Marie Gesare
Nairobi Region



Jeremiah Nzioka
Lower Eastern Region

Leadership Team



Anthony Mwangi
Chief Executive



Tobias Alando
Chief Operating
Officer



Job Wanjohi, HSC
Head of Policy,
Research & Advocacy



Joyce Njogu
Head of KAM Consulting
& Business Development



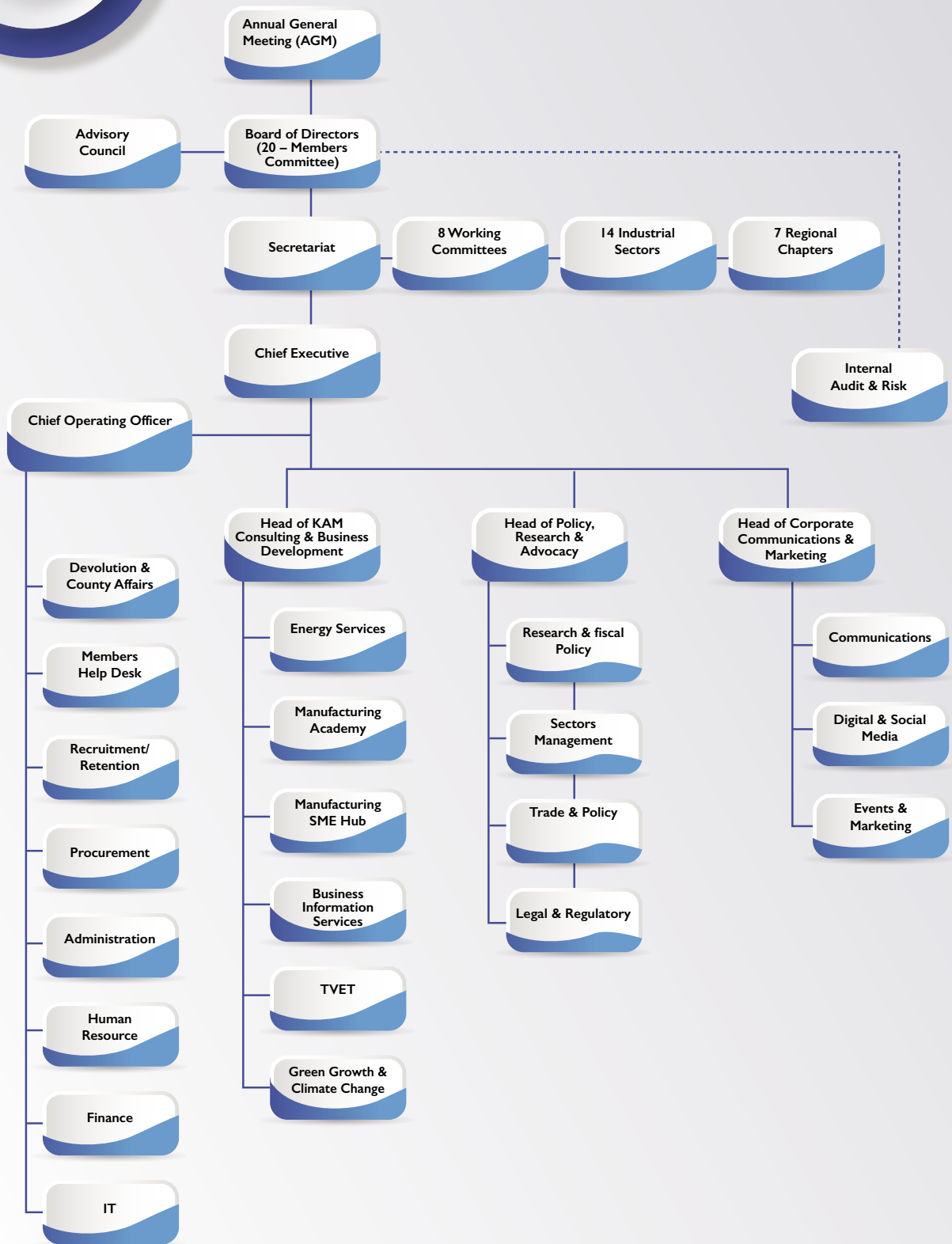
Lawrence Njenga
Head of Corporate
Communications
& Marketing



Miriam Bomett
Deputy Head of
Policy, Research
& Advocacy



ORGANIZATION STRUCTURE





Policy Advocacy **Report**

KAM launches 2023 Manufacturing Priority Agenda

The Manufacturing Priority Agenda (MPA), themed *Resetting Manufacturing to achieve Agenda 20BY30*, presented proposals that will transform the manufacturing sector, if implemented. Subsequently, contribute 20% to GDP by 2030 from 7.2% in 2022, as outlined in the Kenya Manufacturing 20BY30 Strategy, with a potential of increasing direct jobs from the current circa 348,000 to circa 980,000 jobs.

The agenda was driven under four main pillars namely, Global Competitiveness; Export-led Growth; SME Development; and Agriculture for Industry.

I. GLOBAL COMPETITIVENESS PILLAR

Global competitiveness looks at our ability, as a country, to sustainably produce goods and services for which there is a market - at a price and quality that the market is willing to pay for. This pillar advocated for policies and sustainable frameworks to boost production and attract investments as manufacturing is capital-intensive and requires long-term investments.

The notable achievements under this pillar include:

- **Input VAT on KPA charges now claimable by importers:** Through KAM's advocacy, among other like-minded organizations, manufacturers/importers are now able to claim back input VAT on Kenya Ports Authority (KPA) charges. KRA configured iCMS to enable this while the KPA invoices were reviewed to capture importers details including name and PIN which were missing previously.
- **Fight against illicit trade:**
 - **IPR Recordation Program kicks off:** The Anti-Counterfeit Authority (ACA) kicked off the Intellectual Property Right (IPR) Recordation Program, which aims to create a database of IPR, especially trademarks being imported into the country. This initiative is an outcome of KAM's advocacy work towards the fight against illicit trade, which infringes intellectual property rights due to counterfeiting of genuine and trademark protected products.
 - **Enhanced partnership & collaboration in the fight against various forms of illicit trade in Kenya:** KAM engaged key enforcement institutions in Kenya namely ACA, Kenya Revenue Authority (KRA), Kenya Bureau of Standards (KEBS), and the Interpol National Central Bureau - Nairobi to enhance partnership and collaboration through sharing of intelligence information on illicit trade for further investigations and enforcement (addressing the problem from the supply side perspective). We also partnered with ACA and Alcoholic Beverages Association of Kenya (ABAK) in creating awareness among targeted groups and regions across the country to sustain the fight against counterfeiting and other forms of Illicit trade.
- **Review and adoption of legislative frameworks:** KAM reviewed several key legislations at both national and county levels. Key highlights include:
 - Reviewed 30 national and county bills relating to trade and tax matters such as the Finance Bill, 2023 and the Affordable Housing Bill, 2023.
 - Reviewed 28 regulations which include, the Social Health Insurance (General) Regulations and the Income Tax (Turnover Tax) Regulations.



KAM participates in the first International Symposium on Intellectual Property Protection and Enforcement hosted by ACA

- Compiled 30 memoranda on key areas affecting manufacturers which were submitted to the National Assembly, Senate, and County Assemblies.
 - Held 28 engagements on legal and regulatory issues affecting manufacturers with government agencies such as Ministries, Parliament (National Assembly and Senate), the Judiciary, and regulators such as Competition Authority of Kenya, Council of Governors, National Environmental Management Authority, Kenya Bureau of Standards, Water Resources Authority, and Privatization Commission.
 - Conducted research on legal areas to inform policy and legislative changes including the assessment of public procurement requirements to support the manufacturing sector market access; and anti-corruption documented under a guidebook developed jointly with the Kenya Judges and Magistrates Association.
 - Supported regulatory compliance on environmental awareness such as extended producer responsibility and regulatory seminars to create awareness on legal and regulatory requirements.
 - Continuous and on-time legal and regulatory advisory to KAM members and at firm level in different sectors and regional areas.
 - Filed a case in the High Court against the imposition of the Export and Investment Promotion Levy.
- **National Taxation Policy and the Medium-Term Revenue Strategy advocacy and engagements with government:** KAM reviewed the draft National Tax Policy and the draft Medium-Term Revenue Strategy and submitted proposals to Parliament, the National Treasury, and the International Monetary Fund (IMF). To encourage and draw in investment, the proposals stressed the need for stability in the fiscal policy environment. The proposals also provided strategies that would enhance local manufacturing/value addition and exports.

- National and EAC budget advocacy:** KAM presented budget and post-budget proposals for FY 2023/24 to the National Treasury and Parliament. Major wins included the elimination of the annual inflation adjustments, removal of the interest expense on local debt from EBITDA restriction and a VAT zero-rated status on exported services. Based on the outcome of the 2023/2024 National and EAC Budget, KAM further engaged the National Treasury, Ministry of Investment, Trade and Industry, Parliament, the IMF and World Bank on the consequences of the enacted policies, including market distortion, uncompetitiveness of Kenyan products and closure of some industries, which would inadvertently lead to loss in revenue. In addition, KAM filed a case in the High Court against the imposition of the Export and Investment Promotion Levy.
- Administration of Duty Remission:** Duty Remission Scheme (DRS) is an incentive provided to manufacturers whereby they are allowed to import inputs that are not locally available, at a lower import duty rate than what is provided for in the EAC Common External Tariff for manufacturing process. During the year, KAM processed over 300 duty remission applications, where over 95% of them were approved and gazetted. To ensure that locally available items are not imported under the scheme, KAM Secretariat reviewed the applications with guidance from Sector leadership before submission to the National DRS Committee.
- Cashflow challenges and VAT refunds:** KAM partnered with other advocacy bodies to collate feedback on the amount of pending VAT refunds and implications of the same on businesses. Further KAM analyzed the data and presented a report on the same to the National Treasury, Parliament, and KRA. The National Treasury committed to work with KRA on a framework that would allow manufacturers, among other businesses, to access the refunds.
- KRA engagements:** Tax administration was one of the key areas where KAM intervened to facilitate resolution of members concerns. To this end, KAM facilitated over 50 engagements with KRA where key matters were resolved. Amongst them included tariff and non-tariff barrier challenges as well as compliance concerns with some of the government legal provisions and regulations.
- Net Metering Regulations developed:** To enhance Members' appetite for renewable energy, KAM participated in the establishment of Net Metering Regulations which have been drafted and are awaiting approval from the Attorney General's Office.
- Energy efficiency performance benchmark:** In an effort to improve industry performance efficiency, KAM together with Energy Petroleum and Regulatory Authority (EPRA) conducted a study to benchmark Kenyan industries in seven sectors against regional and global benchmarks. The study aims to guide industry on how they compare to global best practices and define their pathway to performance efficiency. The report is in the final stages and is expected to be released this year.
- Kenya Industrialization Conference:** KAM joined the Ministry of Investments, Trade, and Industry, in hosting the inaugural Kenya Industrialization Conference from 20th – 23rd November 2023. The event centered around the theme "Accelerating AfCFTA Implementation through Value Chain Integration for Shared Prosperity". The event aligned with the Africa Industrialization Week and highlighted the role of the manufacturing sector. The conference called on the need for collective



KAM Chair, Mr Rajan Shah speaking during the Kenya Industrialization Conference

efforts to increase production and value addition of locally manufactured goods within strategic value chains, advancing the economic agenda.

II. EXPORT-LED GROWTH PILLAR

Manufacturing growth will not be achieved by solely relying on domestic markets. This pillar not only focused on enhancing domestic market access, but also how Kenya can leverage on products where we have a comparative advantage to grow our exports.

Notable achievements under this pillar include:

- KAM hosts Changamka Kenya Shopping Festival – Nairobi & Mombasa:** The Association hosted the 6th and 3rd edition of the Changamka Kenya Shopping Festival in Nairobi (31st October – 4th November 2023) and Mombasa (30th November – 2nd December 2023), respectively, with calls on Kenyans to take advantage of the festival and shop for quality products at discounted prices.

The Festival, with 183 exhibitors, brought together Kenyan manufacturers and other stakeholders within the sector and gave them an opportunity to showcase the high-quality Made in Kenya products as well as sell to their customers directly. The festival is in line with the Buy Kenya Build Kenya (BKBK) Strategy. The strategy was formulated to address the gap in the consumption of locally manufactured goods compared to imported products.

- Buy Kenya Build Kenya verification visits:** KAM in collaboration with the State Department for Industry conducted verification visits from 28th – 30th November 2023 to select beneficiaries of BKBK initiative in Nairobi and its environs. In attendance were representatives from several discipline forces in the country. The verification visits culminated with a dinner on 30th November 2023 where several manufacturers exhibited the products, they supply to the discipline forces.

The BKBK is an initiative by the Government of Kenya through the Ministry of investments, Trade, and Industry to promote local manufacturing by ensuring discipline forces source for textiles and boots from local manufacturers. This is in line with the Local Content Policy that seeks to promote the use of the locally produced products with the aim of promoting local manufacturing.

- **KAM proposals adopted in the EAC Budget 2023/2024:** The East African Community (EAC) Partner States adopted some of KAM proposals in the EAC Budget 2023/2024 released on 1st July 2023. Among the proposals adopted include tariffs under Duty Remission Schemes and various Stays of Application.
- **Sector deep dive reports:** KAM through respective sectors developed 17 Sector Deep Dive Reports, as outlined in figure 1, below. The reports outline the opportunities for local and export market access and solutions to barriers hindering respective sector growth and development. The graphical and chronological presentation of research and advocacy engagements on deep dives are highlighted on figure 1 and 2, below.

Figure 1: The 17 Priority Deep Dive Reports

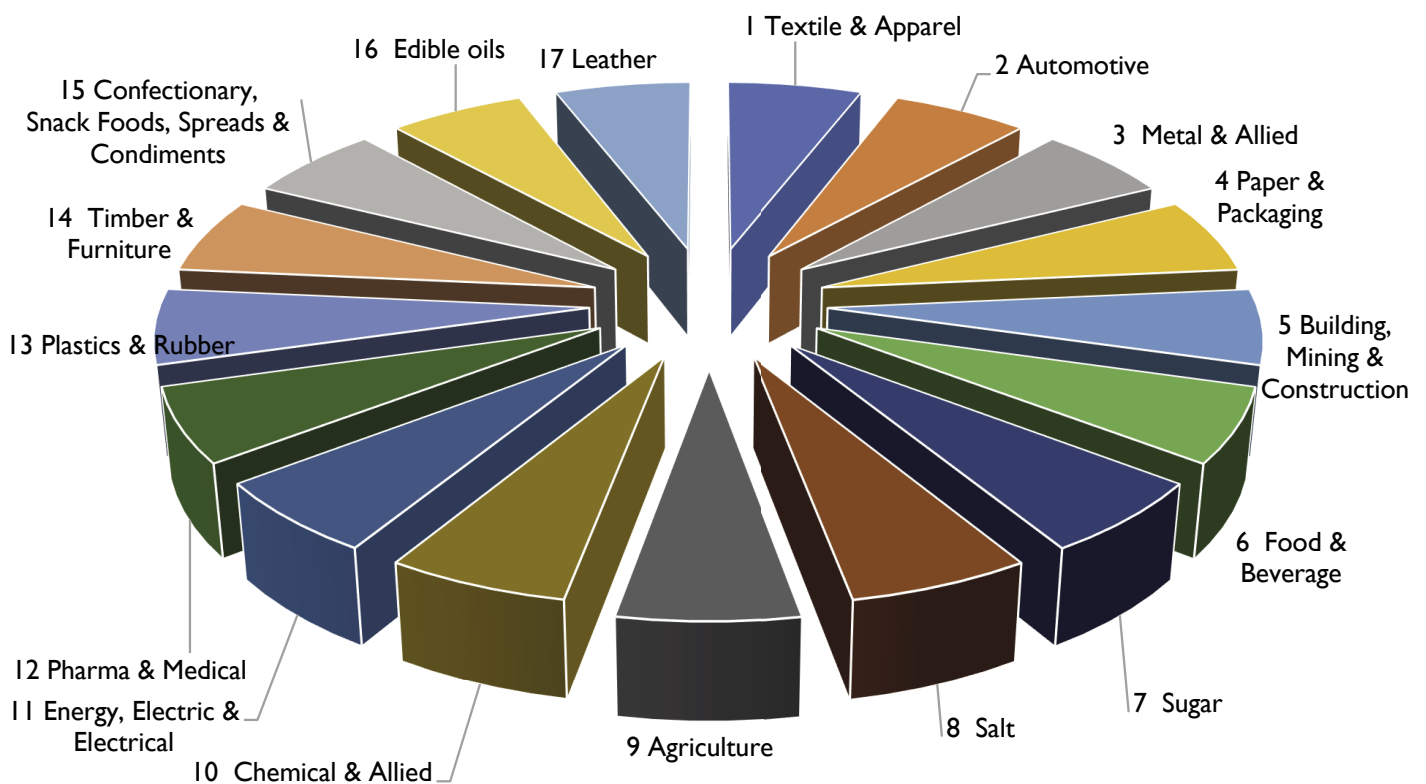


Figure 2: Engagements with government on Sector Deep Dives





H.E. Dr William Ruto, CGH speaking at the Presidential Dialogue Forum on Economic Value Chains

- **EAC Rules of Origin:** To solve EAC market access challenges, there was a Joint-on the Spot Investigation for cement, juice, lubricating oils, and Sinotruk Howo and Mercedes Benz actros road tractors manufactured in Kenya. It was established that cement, blended lubricating oils and juices produced in Kenya, and Mercedes Benz Actros 3340 and Sinotruk Howo tractors assembled in Kenya, qualify for preferential treatment under product specific EAC Rules of Origin. The EAC Partner States are now granting preferential tariff treatment on products which are confirmed to meet the origin criteria when transferred to other Partner States.
- **6 Kenyan non-tariff barriers resolved:** In 2023, Kenya faced and raised 11 Non-Tariff Barriers (NTBs) in EAC time-bound NTBs resolution mechanism. Through joint national effort, 6 have been resolved leaving 5 unresolved within the year covering milk, juices, furniture, excise books, tissues, and confectionary.
- **SCTIFI declares 65 new EAC standards and endorses 6 international standards:** The EAC Sectoral Council on Trade, Industry, Finance, and Investment (SCTIFI) declared 65 new Final Draft East Africa Standards (FDEAS) as East Africa Standards (EAS) and endorsed 6 international standards mainly drawn from animal feeds, food packaging and labelling, cereals, edible oils, sugar and sugar products, milk and milk products, cosmetics, plastics, drinking water among others. Out of this declaration, 42 EAS have been proposed for withdrawal as the new 65 EAS standards and 6 international standards replace them.
- **Stay of the EAC CET on originating goods imported from COMESA and SADC:** SCTIFI resolved to stay application of EAC CET on originating goods imported from COMESA for the Republics of Kenya, Uganda, Rwanda and stay of EAC CET on originating goods imported from SADC for the United Republic of Tanzania from 1st July 2023 to 30th June 2024. The stay awaits amendment of Section 112(2) of the EAC Customs Management Act, 2004 as contained in the EAC Customs Management Bill, 2022 which was pending final approval by EAC Council of Ministers and assent by EAC Heads of State before the end of 2023.

- **Stay of Conditions contained in legal notice EAC/39/2013:** The EAC Assembling and Manufacturing Regulations aim to promote local sourcing of parts manufactured in the EAC region for the assembling of products. The regulations contain a schedule of raw materials that should be excluded from the imported Complete Knock Down (CKD) kits in the assembly of motor vehicles and motorcycles.

The EAC Assembling and Manufacturing of Products Regulations have not been finalized. As such and following previous stay of Conditions contained in Legal Notice EAC/39/2013, SCTIFI meeting further stayed the conditions pending finalization of EAC Assembling and Manufacturing Regulations until it comes into force.

- **Progress report on the African Continental Free Trade Area (AfCFTA)**
 - 47 AU Member States ratified the Agreement.
 - 45 Provisional Schedules of Tariff concessions were submitted representing 85% of the AU Membership.
 - 44 Category A tariff offers were reviewed by AfCFTA Secretariat.
 - 91% of tariff lines have been agreed under the Rules of Origin. Outstanding tariffs fall under Sugar, Edible Oils, Textile & Apparels and Auto Sectors.
 - EAC Tariff Offer for Category A products (90% of tariff lines to be liberalized over a 10-year period). The EAC Headquarter is currently gazetting EAC initial offer for Category A which are based on year 2019 which was used for tariff reduction instead of offers based on EAC CET Book 2022.



KAM engages AfCFTA Secretariat

- EAC Tariff Offer for Category B (Sensitive List) and Category C (Excluded List)- Category B (EAC agreed on 339 out of 393 tariff lines to offer other Regional Blocs)- Category C (EAC agreed on 87 tariff lines out of 171).

- **Trade regimes:**

- **AGOA:** Through KAM's advocacy work with like-minded players in AGOA space, Sen. John Kennedy introduced the AGOA Extension Bill, 2023, a bill that would extend the African Growth and Opportunity Act (AGOA) through September 2045. The bill awaits US Congressional approval.

KAM also engaged the US Ambassador to Kenya, Amb. Meg Whitman and the United States International Trade Commission (USITC) and the United States Trade Representative (USTR) on AGOA renewal and preferential market access to the US.

- **Kenya – EU Economic Partnership Agreements:** In June 2023, the European Union (EU) and Kenya announced the political conclusion of the negotiations for an Economic Partnership Agreement (EPA) and signoff of intent to ratify the agreement.

The Agreement will boost trade (duty free and quota free market access) in goods and create new economic opportunities, with targeted cooperation to enhance Kenya's economic development. The agreement also includes trade in services and manufacturers to source and supply specialised services from EU including financial services and product design.

- **Tripartite Free Trade Area (TFTA):** There are renewed political efforts to fast-track the conclusion of pending negotiation items under the Tripartite Free Trade Area (TFTA). KAM's position was adopted in TFTA including tariff offer modalities. The conclusion of TFTA will bring together EAC, COMESA and SADC countries and provide a large regional market for Kenyan goods.

- **KAM signs MOU with Afreximbank:** KAM signed an MoU with Afreximbank to drive export-led growth and competitiveness. The MOU provides KAM and its members with a chance to tap into the products and services offered by Afreximbank towards growing Kenya's manufacturing capacity to serve the national and continental market.
- **KAM hosts Trade and Investment Mission to DRC:** KAM, in partnership with Equity Bank, hosted a Trade and Investment Mission to the Democratic Republic of Congo (DRC), from 23rd – 26th May 2023, to discuss trade promotion between the two countries. With its formal admission into the EAC, DRC offers various expansion opportunities for Kenyan manufacturers in sectors such as mining, agriculture, energy, and telecommunications.

The Trade and Investment Mission, brought together manufacturers from various sectors, including Food & Beverage; Agro-processing; Pharmaceutical; Chemical & Allied; Timber, Wood & Furniture; Plastic & Rubber; and Energy, Electricals & Electronics; Automotive and Textile & Apparel. It sought to identify export market and investment opportunities; strengthen distributorship networks and gauge the intensity of the competition in the DRC for Kenyan manufacturers.



KAM engages Afreximbank team

III. SME DEVELOPMENT

Micro, Small and Medium Enterprises (MSMEs) have continued to demonstrate their ingenuity and capacity to meet the country's needs over the years. Regressive taxation, access to finance and inadequate capacity-building are some of the hindrances to MSME growth. This pillar focused on supporting SMEs to growth and expand.

The notable achievements under this pillar include:

- **Inaugural SME Convention:** On April 13, 2023, KAM hosted the inaugural SME Convention, with a focus to strengthen the Small and Medium Enterprises (SMEs) ecosystem in Kenya. KAM called on the government to provide a space for manufacturing SMEs to be competitive, have access to regional and international markets, and maximize local agro-based inputs, then, they will have a ripple effect on the economy.
- **Awareness on Standardization Mark:** KAM in partnership with KEBS conducted an awareness session on the acquisition of the Standardization Mark. The session provided critical information to the SMEs on product certification process, product testing and the utilization of the KEBS platform.
- **Enhancing market access:** The Association supported 40 SMEs to exhibit at the Changamka Kenya Shopping Festival. The Festival brings together Kenyan manufacturers and other stakeholders within the sector and gives them an opportunity to showcase locally made products as well as sell to their customers directly.
- **Partnership with JICA:** KAM collaborated with JICA to organize two key forums for SMEs: the Capital Sourcing and Management Forum and the CEOs Business Management Forum. The primary focus of the SME Capital Sourcing and Management Forum was to impart insights to SMEs regarding the criteria employed by financial institutions when extending funding to businesses. The central objective of the CEOs Business Management Forum was to provide training to business owners on effective SME management practices, including the utilization of business frameworks to foster the growth of their companies.

- **Partnership with COMESA Business Council:** KAM collaborated with the COMESA Business Council to organize a workshop aimed at educating SMEs on the application of ITC market analysis tools and utilizing the African Trade Observatory (ATO) to pinpoint potential export markets. Furthermore, in partnership with the COMESA Business Council, KAM conducted a workshop focusing on Digitalization Toolkits to provide comprehensive financial tools. The primary goal of this workshop was to enhance the understanding of digital finance among MSMEs, fostering increased adoption of digital financial services and encouraging their active involvement in intra-COMESA trade.

IV. AGRICULTURE FOR INDUSTRY PILLAR

Through the Agriculture for Industry (A4I) pillar, KAM seeks to bolster integration between agriculture and manufacturing.

KAM has underscored the need to integrate the farmers with industrialist with guarantee of the following as primary objective: availability of local capacity, consistent supply of agricultural raw materials, good and predictable quality, competitive pricing, and fair competition. The A4I integration is further supported by higher contributions to GDP by both sectors at 21.2% and 7.8% for Agriculture and Manufacturing which rank first and third overall besides real estate (8.6%) and transportation services (12.4%) according to Economic Survey 2023.

In return, the manufacturers in agro-processing will offer to the country as a common good the much needed jobs from current 352,000 formal jobs (Economic Survey 2023)- to 1 Million jobs, investments along value chain from farming to processing, forex savings by maintaining an import cover of more than 4.5 months in a long period and stabilizing exchange rate which has been depreciating in recent times.



KAM Chair, Mr Rajan Shah (R) engages CS for MSME Development and Cooperatives at the SME Convention

Further, A4I integration will increase value addition output from current USD7.75Billion (Economic Survey 2023) to USD37 Billion in 2030. A4I will equally assist in balancing the financial ecosystem through vibrant economic activities at the rural counties hence higher per capita, better standards of living at that level in line with Bottom-up Economic Agenda of the current government.

The notable achievements under this pillar include:

- **A4I strategy:** To actualize the program, KAM Secretariat, with strategic guidance from the A4I Board Committee is working on processes, tools and inclusive approaches that allow the Association to drive the A4I agenda with support from Members in agro-processing sectors namely:
 - Textiles & Apparels
 - Leather & Footwear
 - Agro-processing
 - Food & Beverages
 - Chemical and Allied (Agro-chemical subsector)
- **32 value chains identified, 6 analysed:** So far KAM has identified 32 values chains for deep research and analysis. In Phase I of the research concluded in November 2023, KAM analysed 6 value chains namely - pyrethrum, grains (maize & wheat), potatoes, tomatoes, avocados - which unearthed the followings benefits to the economy once implemented.

- **Maize**

National demand (tons /yr)	Local production (tons/yr)	Local supply to millers (tons/yr)	Gap (tons /yr) (imports)	Installed capacity (tons /yr)	Idle capacity (tons /yr)
4,324,324	2,882,883	1,404,000	900,000	2,737,500	1,642,500

- **Strategy identified:** Substituting 100% of imports (900,000MT) by doubling productivity from 8 to 15 bags/ acre.
- **Impact:** KES 58.5 billion forex saving/year.

- **Wheat**

Consumption (tons /year)	Local production (tons/year)	Supply to millers (tons/year)	Gap (tons /year)
2,400,000	369,9 14	80,000	2,000,000

- **Strategy identified:** Substituting 40% of imports (770,000MT) by doubling productivity and increasing the area to 200,000 acres.
- **Impact:** KES 53 billion forex savings/year.

○ **Avocados**

Production (MT)	Exports (MT)	Domestic processing (MT)	Domestic fresh market (MT)	Export potential (MT)	Demand gap (Exports)
291,002	103,240	50,000	137,210	258,100	154,860

- **Strategy Identified:** Meeting the export gap of 154,860 MT and capturing 10% of the global avocado oil market.
- **Impact:** KES 33.5 Billion foreign earnings/ year.

○ **Potatoes**

Estimated national consumption (tons /year)	How much is produced by local farmers (tons/year)	Quantity of imports (tons /year)	Demand supply gap
2,650,000	2,107,824	127,526	414,650

- **Strategy Identified:** Filling supply gap of 314236MT (186,710 local production; 127,526 import substitution).
- **Impact:** KES 7.17bn/ year on forex savings.

○ **Tomatoes**

Estimated national consumption (tons /year)	How much is produced by local farmers (tons/year)	Quantity of imports (tons /year)	Demand supply gap
709,660	658,000	20,000	31,660

- **Strategy Identified:** Target 133, 326MT/year through filling local supply gap (31,000MT), export potential (67,000 MT) and 50% loss reduction (33,000).
- **Impact:** KES 4.41bn/Year.

○ **Pyrethrum**

Production of dry flowers (tons /yr)	Production of extract (tons/yr)	Imports of pesticides (tons/yr.)	Production potential for dry flowers (tons/yr)	Production potential of extract (tons/yr)
887	22.2	20,500 (KES 19.9bn)	10,000	250

- **Strategy Identified:** Increase production from ~900MT to 10000MT of dry flowers (KES 7.5 bn) & Substitute 50% of the currents imports of synthetic imports through value addition (4.28 bn).
- **Impact:** KES 11.78Billion/ year on forex savings.

EXPECTED TOTAL IMPACT FROM A4I Phase I (6 value chains): KES 168 bn/ year

Sustainability **Report**

UKAMilifu

The Association is committed towards the creation of holistic solutions and in ensuring that all aspects of Environmental, Social and Governance (ESG) are incorporated in our day-to-day activities and that of our members. This is through our ESG arm, uKAMilifu.

It is driven under four main pillars, namely:

- **A Green World** - An industry that seeks to restore and replenish the environment in its approach.
- **A Futuristic World** - Creating a difference in the future of work and access to technology.
- **An Inclusive World** - Achieving our economic goals by embracing diversity.
- **A Sustainable World** - Bringing in more young people to share in industry's vision through their innovations and appealing to their always evolving cultures.

2023 initiatives under uKAMilifu include:

- **Partnership with Start a Library:** KAM partnered with Start-a-Library to enhance literacy in primary schools across the country through establishment of libraries. Under the partnership, we conducted 3 campaigns - *Back to School Double Double*; *Fill a Library Twende Kajiado*; and *Stories for Smiles: Wrap up the Gift of Reading this Christmas*. We also commemorated World Literacy Day, during which we impacted over 4,000 learners in 3 public primary schools in 2 Counties (Nairobi and Isiolo).
- **KAM plants 21,000 trees Kinale Forest Station:** On 10th November 2023, KAM together with Kenya Forest Service (KFS) planted 21,000 tree seedlings in Kinale Forest Station. This is part of the Framework of Cooperation that KAM signed with KFS in May 2022 to rehabilitate 10,000 hectares of degraded forest areas across the country.

The framework envisioned rehabilitating different forests across the country with specific focus in KAM areas of operation which cuts across 41 counties. The initiative seeks to support the government agenda to plant 15 billion trees by 2032. Since the signing of the framework, the steering committee was able to reach out to the manufacturing community where over 20 of manufacturers contributed cash and in-kind donations towards the inaugural tree planting exercise on 10th November 2023.

- **Strategic partnerships:** The Association partnered with like-minded organizations and continued to enhance its existing ones with the aim of supporting members towards sustainable manufacturing practices. The partnerships focused on enhancing energy efficiency, promoting and mainstream sustainable manufacturing in the Textiles and Apparels sector and championing digital transformation in Kenya's industrial sector. The partners include EPRA, IDH, GIZ and Schneider Electric, among others.
- **Green manufacturing:**
 - **Technical assessments:** Through the Centre for Energy Efficiency and Conservation (CEEC), KAM supported members to be more energy efficient by conducting energy audits.



KAM partners with Kenya Forest Services to plant trees at Kinale Forest Station

The audits were geared towards helping members to identify energy cost saving measures in their facilities. The implementation of energy efficiency measures contributes to about 10% - 30% energy savings for the company. Beyond energy savings, the energy audits have helped members to comply with the Energy Management Regulations that require designated facilities (facilities consuming more than 180,000kWh units) to conduct energy audit every 3 years.

In 2023, a total of 47 facilities were audited. The projected savings from a sampled 30 facilities stood at around 31 GWh which translates to KES 777 million. The projected pay back for these projects was averagely 2.2 years. As part of compliance with the Energy Management Regulations, facilities are expected to submit implementation reports annually.

Beyond the energy audits, CEEC also supported facilities to optimize their processes. The objective of the process optimization audits is to minimize cost and maximize throughput and efficiency. The audits explore the possibility of adjusting a process to make the best or most effective use of some specified set of parameters without violating some constraints.

- **Capacity building:** In 2023, the Centre offered energy-related trainings. The trainings covered a wide scope of courses with practical approaches to energy management by offering hands-on approaches to assist industries successfully implement energy management programs in the current energy scenario.

The trainings serve to equip participants with an understanding on how to apply energy management principles resulting in reduced energy consumption and significant cost savings.

Some of the trainings offered at the CEEC include:

- Energy Auditing Training
- Energy Auditors' Refresher Training
- Boilers and Steam Systems Training
- Certified Energy Manager (CEM)
- Pneumatic Conveying and Compressed Air Systems Training
- Certified Measurement and Verification Professional (CMVP)
- Solar T3 Training
- Certified Carbon Auditing Professional Course (CAP)
- Environmental Compliance
- Green and Circular Economy Training

These training are a strategic investment for organizations, contributing to financial savings, environmental responsibility, regulatory compliance, and overall competitiveness in the rapidly changing business landscape.

○ **Awareness**

- **Loop Forum:** In 2023, CEEC held the 1st edition of the Kenyan Loop Forum on 20th February 2023. The event brought together innovators, entrepreneurs, investors, policymakers, development partners, learning centres and research institutions to take part in discussions guided by the Global agenda around energy efficiency and circular economy with the theme 'Accelerating the circular transition – Waste to resources and cleaner production.' The event had 36 exhibitors and about 200 guests attending the conference.
- **Energy Management Awards:** KAM held the 19th Edition of the Energy Management Awards (EMA) on 12th May 2023. EMA is an annual award that encourages participating organizations to strive for excellence in energy efficiency.

It aims to recognize enterprises that have achieved outstanding energy savings, cost reductions, and environment conservation targets and to improve energy management practices in industries and institutions within Kenya to save energy and reduce the carbon footprint of the organizations. The 2023 award had 71 participants which recorded a total of Ksh. 798,771,175.70 and 402,671.48 GJ energy savings.

- **Exchange visits and peer learning forums:** KAM hosted a sustainable manufacturing forum in North Rift Region on the best practices in energy efficiency and renewable energy. The forum brought together representatives from the Energy and Petroleum Regulatory Authority (EPRA) and the Ministry of Energy and Petroleum. It provided members with a platform to highlight the impact of high cost of power and the poor power quality, leading to the breakdown of machines.

The Energy Management Awards 2023 winners in various categories are:

No.	Award Category	Winner
1.	Electricity Savings Award – Large Consumer (LC)	Tata Chemicals Magadi
2.	Electricity Savings Award – Medium Consumer (MC)	Standard Rolling Mills Limited
3.	Electricity Savings Award – Small Consumer (SC)	Isuzu East Africa
4.	Thermal Savings Award – Large Consumer (LC)	Milly Glass Works Limited
5.	Thermal Savings Award – Medium Consumer (MC)	Kenya Breweries Limited – Kisumu
6.	Thermal Savings Award – Small Consumer (SC)	Sarova Whitesands Beach Resort & Spa
7.	Best Energy Management Service Sector Award	Sarova Whitesands Beach Resort & Spa
8.	Best Energy Management Tea Sector Award	James Finlay (K) Limited – Kymulot Factory
9.	Energy Innovation Award	Isuzu East Africa
10.	Sustained High Performance Award	British American Tobacco Plc – GLT Thika
11.	Best New Entrant Award	Ndarugu Tea Factory
12.	Most Improved Energy Award	Wire Products Limited
13.	Best Energy Management Team Award	Isuzu East Africa Limited
14.	Water Efficiency Award	British American Tobacco Plc – GLT Thika
15.	Renewable Energy Award, (Large Consumer)	British American Tobacco Plc, Nairobi
16.	Renewable Energy Award, (Medium Consumer)	Umoja Rubber Products Limited
17.	Renewable Energy Award, (Small Consumer)	Murara Plants Limited
18.	Green Building Award: Best New Entrant	Aga Khan University Centre
19.	Green Building Award: Outstanding Performance in Energy and Environmental Management	Emboo River Camp
20.	Digitization Award	Isuzu East Africa
21.	Clean Cooking Solutions Award	Koko Networks
22.	Improved Cooking Solutions Award	Wisdom Energy Hub Limited
23.	Overall Energy Management Award	Isuzu East Africa

The forum culminated with an exchange visit to Unga Limited in North Rift Region where participants got an opportunity to benchmark on best practices in energy efficiency that other members are implementing to save on energy costs and reduce their carbon emissions. Through energy efficiency, in 2023 alone, Unga Eldoret recorded energy savings of up to 588,000 kWh units translating to KES 6.3 million. By embracing water efficiency, they were able to save an additional KES 200,000 on their water bills.

Additionally, we hosted an exchange visit at Umoja Shoe Company in Coast Region where participants were taken through renewable and energy efficiency measures implemented and reaped energy and cost saving.

KAM also hosted an Exchange Visit to Isuzu EA Limited in Nairobi Region. The visit provided a platform for peer-to-peer learning and networking for EMA 2023 participants as they learnt best practices in energy efficiency that they can adopt in their organizations.

- **Clean Energy Expo & Conference:** The 9th edition of the Clean Energy Expo & Conference took place from 26th – 28th September 2023. The 3-day event presented an avenue for knowledge exchange, networking and linking up marketers with consumers and financiers.



Panel session during the Clean Energy Expo & Conference

“ During the **Africa Climate Summit** hosted from **4th - 6th September 2023**, **KAM** joined other private sector organizations in the country in signing the **Africa Private Sector Commitment to combat climate change.** ”

- **Energy Auditing Forum:** KAM held an Energy Auditing Forum on 27th June 2023 that focused on bringing together professionals within the energy auditing space with the aim of creating a platform to discuss the next frontier of energy auditing and implementation.

The forum attracted 30 participants drawn from the Licensed Energy Auditors and their technical teams as well as Facility Managers. Some of the key issues raised included:

- ✓ The need to introduce and bring out the carbon footprint of the energy efficiency reports.
 - ✓ Participants were encouraged to familiarize themselves with the ambitions of the Kenya National Energy efficiency and Conservation Strategy (KNEECS) to help the government achieve the targets stated, which include 4000 energy audits to be conducted by 2025.
 - ✓ The need to reevaluate if the current nature of audits is still relevant with the draft energy management regulations changing the audit cycle to 4 years.
- **Africa Climate Summit:** During the Africa Climate Summit hosted from 4th - 6th September 2023, KAM joined other private sector organizations in the country in signing the Africa Private Sector Commitment to combat climate change. The commitment acknowledges the importance of collaboration between the private and public sectors in achieving the shared goal of building climate action for resilience and green growth.

In line with this, we hosted a webinar that sought to unpack the Africa Climate Summit 2023 Nairobi Declaration for Industries on 3rd October 2023. The Association reiterated its commitment to championing sustainability within the manufacturing sector. This is through actively encouraging its members to adopt comprehensive national green growth strategies aimed at reducing our environmental footprints and turning this into a new competitive advantage.



KAM hosts webinar to unpack the Africa Climate Summit 2023 Nairobi Declaration

- **Responsible Care:** KAM launched the Responsible Care Kenya Initiative, in partnership with International Council of Chemical Associations (ICCA). Responsible Care is a voluntary initiative for associations and industries who commit to safety, health, environment, and security in handling chemicals through their life cycle.

Through this initiative, Member companies shall commit to open and transparent reporting as per the guiding principles on Responsible Care. The companies shall undergo voluntary facility audits to certify their performance, thereby giving them an opportunity to work with Government on best practices in Sound Chemical Management by encouraging self-regulation on health safety and environment matters. Additionally, the initiative shall support manufacturers in operational efficiency, enhance safety and strengthen credibility and liability protection.

The initiative is guided by seven Responsible Care Codes, namely community awareness and emergency response; employee health and safety; product stewardship; process safety; pollution prevention; distribution; and security.

- **Inclusivity**

- **Women in Manufacturing Gala Dinner:** The Association hosted the WIM Gala Dinner 2023, which brought together women industrialists. The Gala Dinner was themed Leveraging on technology to enhance productivity and sustainability for women in manufacturing.

The forum provided a platform to celebrate women in manufacturing who have harnessed technology and achieved sustainable growth in productivity and to discuss the emerging opportunities in manufacturing from the advancement in technology and innovation. It also provided a platform for sharing experiences among women in manufacturing on influence of technology and innovation in their growth and to bring women in manufacturing together as a common voice to lobby players in the technology space to support their growth initiatives.

- **First Annual Gender in Manufacturing Forum:** KAM in partnership with IDH Kenya (the Sustainable Trade Initiative) hosted the first-ever annual Gender in Manufacturing Forum. The event sought to highlight significant opportunities and interventions to help accelerate gender-positive actions in the Textile and Apparel Sector. The event is part of the KAM-IDH Kenya Partnership (Sustainability for Competitiveness Project) to drive the competitiveness of the Textile and Apparel Industry in Kenya. The Project focuses on good governance; job creation; environmental conservation and restoration; inclusivity and sustainability as well as skills development.

- **Manufacturing Excellence**

- **Market development (Business Information Services):** Through the Business Information Services Desk, KAM conducted several firm-level competitive engagements and sensitized KAM members on several compliance issues.

The engagements covered a wide scope of courses with practical approaches to enhance firm-level competitiveness, including:

- ERP and Waste management Seminar
- Industrial Spares and Duty Remission
- Cushioning Industries against the rising Energy Costs
- Statutory Regulations and its impact in Businesses
- Transfer Pricing
- Duty Remission Schemes
- Industrial Spares and Duty Remission Scheme
- East Africa Kaizen Congress
- DRC Trade Mission

- **Manufacturing Academy:** KAM through the Manufacturing Academy has continued to drive the execution of high-quality manufacturing practices guaranteed to enhance productivity and personal growth. The Association has engaged members through physical and online training.

Stakeholder **Engagement**

KAM operates in a dynamic environment, catalyzed by an ever-changing policy and regulatory environment. To this end, KAM continued to build and maintain strong relations with its stakeholders, ensuring continued alignment in the shared vision to realize sustainable economic development for our country. The Association amplified its thought leadership position in matters industry, skills development, green economy and creating awareness on the importance of having a strong industrial base as a country. This was achieved through media engagements, publicity and interview platforms on diverse media, dissemination of statements indicative of the Associations position, as well as commentaries on current affairs relating to industry and the economy.

The Board and Secretariat also organized courtesy calls to various Government Ministries, Departments and Agencies, to align the goals and objectives of the government with those of industry, towards the development of the country. We also held roundtable meetings with partner organizations, and various leaders in national and county governments on progress in on-going areas of partnership. Additionally, we held several networking events where our members interacted and exchanged information beneficial to the growth of their businesses.

Our External Stakeholders



NEW MEMBERS IN 2023

NO.	COMPANY SECTOR	SECTOR
1.	Kikwetu Flowers Limited	Agro Processing
2.	Ava Chem Limited	Agro Processing
3.	Flora Pura PLC	Agro Processing
4.	Ampersand	Automotive
5.	Agro Manufacturing Co. Limited	Automotive
6.	Cax Industry Kenya Co. Limited	Automotive
7.	Donpedro Designs	Automotive
8.	ECTA Kenya Limited	Automotive
9.	Kinglion Kenya Investment Limited	Automotive
10.	East African Smart Villages	Automotive
11.	Fika Mobility	Automotive
12.	Cinda Truck Limited	Automotive
13.	Pixiilte Limited	Automotive
14.	Sirikwa Quarry Limited	Building, Mining & Construction
15.	Wareng Ndovu Enterprises	Building, Mining & Construction
16.	Orata International Limited	Building, Mining & Construction
17.	Sinoma roofing	Building, Mining & Construction
18.	Globsil Minerals Limited	Building, Mining & Construction
19.	Mineral Master Limited	Building, Mining & Construction
20.	254 Concrete Limited	Building, Mining & Construction
21.	Lime Minerals Limited	Building, Mining & Construction
22.	Fenway Park Holdings Limited	Building, Mining & Construction
23.	The Sanura Company	Chemical & Allied
24.	Kentegra Biotech	Chemical & Allied
25.	Algorithm tech	Chemical & Allied
26.	Flame Tree Brands	Chemical & Allied
27.	Love Tess Botanics	Chemical & Allied
28.	Radiant Coatings Limited	Chemical & Allied
29.	X-pert Adhesives (Kenya) Limited	Chemical & Allied
30.	Malindi Industries Limited	Chemical & Allied
31.	Faha Graphics Limited	Chemical & Allied
32.	Mufaddal Glass Distributors Limited	Chemical & Allied
33.	Super Bargains Glass & Hardware (NKU) Limited	Chemical & Allied
34.	Virtuelle Products Limited	Chemical & Allied
35.	Yilmaz Company Limited	Chemical & Allied
36.	Kenya Biologics Limited	Chemical & Allied
37.	Rockey Africa Limited	Chemical & Allied
38.	Karembou Spa	Chemical & Allied
39.	Kamdev Enterprises Limited	Chemical & Allied
40.	Sassy cosmetics and beauty products (K) Limited	Chemical & Allied

NO.	COMPANY SECTOR	SECTOR
41.	Joyoung Company Limited	Chemical & Allied
42.	Kijani Curlcare	Chemical & Allied
43.	Top Rich Oils	Energy, Electricals & Electronics
44.	Giraffe Bioenergy	Energy, Electricals & Electronics
45.	Interphase Foods Co. Limited	Energy, Electricals & Electronics
46.	Rubis Energy Kenya PLC	Energy, Electricals & Electronics
47.	Shield Lubes & Speciality Limited	Energy, Electricals & Electronics
48.	Tamuwa Limited	Energy, Electricals & Electronics
49.	Groupon Electronics (Kenya) Limited	Energy, Electricals & Electronics
50.	Drop Access Limited	Energy, Electricals & Electronics
51.	Karna Enterprises Limited	Energy, Electricals & Electronics
52.	Nia Fibre Group Limited	Energy, Electricals & Electronics
53.	Gearbox Europlacer Limited	Energy, Electricals & Electronics
54.	South Rift Millers Limited	Food & Beverage
55.	Gooseberry Delight	Food & Beverage
56.	Genuine Industries	Food & Beverage
57.	Brees Bees Limited	Food & Beverage
58.	Shagalabagala Limited	Food & Beverage
59.	Lifestyle Oils EPZ Limited	Food & Beverage
60.	Jamii Milling Limited	Food & Beverage
61.	Ekaterra Tea Kenya PLC	Food & Beverage
62.	Maya E.A Limited	Food & Beverage
63.	Natures Health	Food & Beverage
64.	The Fresh Products (EPZ) Limited	Food & Beverage
65.	Sirville Investments Limited	Food & Beverage
66.	Tawi Naturals Africa Limited	Food & Beverage
67.	Two Cousins Distillers Limited	Food & Beverage
68.	Baraka Rice Millers Limited	Food & Beverage
69.	Yemken Kenya Limited	Food & Beverage
70.	Zingira Africa	Food & Beverage
71.	Associated Beverages Limited	Food & Beverage
72.	Gavo Foods International Limited	Food & Beverage
73.	Sunveat Foods Limited	Food & Beverage
74.	Bettana Industries Limited	Food & Beverage
75.	Tharaka Honey Bee Products Limited	Food & Beverage
76.	Joles Organic Produce Limited	Food & Beverage
77.	Irvine's Kenya Limited	Food & Beverage
78.	Portside Freight Terminals	Food & Beverage
79.	Aziz Tanneries Limited	Leather & Footwear
80.	Humble Beginnings Ventures Limited	Leather & Footwear
81.	Metal Equipment	Metal & Allied
82.	Instrumentation Engineers (EA) Limited	Metal & Allied
83.	Aquosys Limited	Metal & Allied

NO.	COMPANY SECTOR	SECTOR
84.	Seven Twenty Holdings Limited	Metal & Allied
85.	Palak Steel Mill Limited	Metal & Allied
86.	Amani Aluminium Industries	Metal & Allied
87.	North Star Cooling Systems Limited	Metal & Allied
88.	Royal Mabati Factory Limited	Metal & Allied
89.	Muzuriware Company Limited	Metal & Allied
90.	Durable Africa Investments Limited	Metal & Allied
91.	Manhole Industries Limited	Metal & Allied
92.	Merican Company Limited	Metal & Allied
93.	Infinity Manufacturers Limited	Metal & Allied
94.	Kikwetu Packaging Limited	Metal & Allied
95.	Pan African Paper Mills 2015 Limited	Paper & Paperboard
96.	Sunpaper Mills Limited	Paper & Paperboard
97.	Cots Paper & Board Limited	Paper & Paperboard
98.	Inka Pharmaceuticals	Pharmaceutical & Medical Equipment
99.	Adix Plastics Limited	Plastics & Rubber Sector
100.	Jojo Plastics Limited	Plastics & Rubber Sector
101.	Kensplastic Limited	Plastics & Rubber Sector
102.	Finerate Trading Agencies Limited	Plastics & Rubber Sector
103.	Saafi Sana Company Limited	Plastics & Rubber Sector
104.	Afri Bottle Limited	Plastics & Rubber Sector
105.	Plastic Container Printers E.A Limited	Plastics & Rubber Sector
106.	Bericap East Africa	Plastics & Rubber Sector
107.	Nice One Household Co. Limited	Plastics & Rubber Sector
108.	Rubi Grace Traders	Plastics & Rubber Sector
109.	Spider Net Limited	Plastics & Rubber Sector
110.	Protexeco Export Limited	Plastics & Rubber Sector
111.	DHL Global Forwarding Limited	Service & Consultancy
112.	Cadbury Kenya	Service & Consultancy
113.	Bridge Analytics	Service & Consultancy
114.	Phatisa Kenya Limited	Service & Consultancy
115.	Integral Media	Service & Consultancy
116.	Dream Credit Limited	Service & Consultancy
117.	National Bank of Kenya	Service & Consultancy
118.	Zandaux Kenya Limited	Service & Consultancy
119.	Gilani's Distributors Limited	Service & Consultancy
120.	RSM Eastern Africa	Service & Consultancy
121.	Ecobank Kenya	Service & Consultancy
122.	Greytrix Africa Limited	Service & Consultancy
123.	Ishida East Africa	Service & Consultancy
124.	Frictionless Enterprises Limited	Service & Consultancy
125.	Twiva Media Group Limited	Service & Consultancy
126.	Volt Management	Service & Consultancy

NO.	COMPANY SECTOR	SECTOR
127.	Purple Dot International	Service & Consultancy
128.	Sojitz East Africa Limited	Service & Consultancy
129.	Metropol Credit Reference Bureau	Service & Consultancy
130.	Pajat Kenya Limited	Service & Consultancy
131.	Kega Fashions	Textile & Apparels
132.	Manchurian Garments	Textile & Apparels
133.	Bestline Garments EPZ Limited	Textile & Apparels
134.	Eunex Uniforms Embroidery	Textile & Apparels
135.	Comfy Knitting	Textile & Apparels
136.	Wildlife Works Sanctuary Limited	Textile & Apparels
137.	Shangcheng Kenya Apparel EPZ Limited	Textile & Apparels
138.	Freyans Company Limited	Textile & Apparels
139.	Design Three Sixty Five Limited	Textile & Apparels
140.	Kafi Uniform Limited	Textile & Apparels
141.	Cjay Brands Limited	Textile & Apparels
142.	Best Lifestyle Kenya EPZ Limited	Textile & Apparels
143.	Outdoor Yard Kenya Limited	Timber, Wood & Furniture
144.	Sunny Daze Limited	Timber, Wood & Furniture
145.	Ombi Rubber Rollers Limited	Timber, Wood & Furniture
146.	Tira Studio Limited	Timber, Wood & Furniture
147.	Xanadu Industry Limited	Timber, Wood & Furniture
148.	Komaza Forestry Limited	Timber, Wood & Furniture
149.	Wow!Kraft	Timber, Wood & Furniture
150.	Sunkraft Limited	Timber, Wood & Furniture

Financial **Report**

Directors

Rajan Shah - Chairman
Jane Karuku - Vice Chairperson
Mucai Kunyiha - Ex Officio (previous Chairperson)
Bharat Shah
Rajan Malde
Rohin Vora
Ciiru Waweru
Pankaj Bedi **
Linus Gitahi
Hitesh Mediratta
Marion Gathoga Mwangi
Ashit Shah
Mihir Chalisehar
Mary-Ann Musangi
Pankaj Kumar
Galeb Gulam
Mohammed Rashid
Martin Ochieng

** Indian

Chief Executive Officer

Anthony Mwangi

Company Secretary

Adili Corporate Services Kenya
Certified Public Secretaries (Kenya)
ALN House, Eldama Ravine Close
P O Box 764 - 00606
Nairobi, Kenya

Registered Office LR 1870/1/553 - KAM Building
15 Mwanzi Road, Westlands
P O Box 30225 - 00100
Nairobi, Kenya

Principal Bankers Absa Bank Kenya PLC
Market Branch
P O Box 30018 - 00100
Nairobi, Kenya

Diamond Trust Bank Kenya Limited
DTB Centre, Mombasa Road
P O Box 61711 - 00200
Nairobi, Kenya

Auditor PricewaterhouseCoopers LLP
PwC Tower, Waiyaki Way / Chiromo Road
Westlands
P O Box 43963 - 00100
Nairobi, Kenya

Principal Legal Advisor Murimi and Company Advocates
2nd Floor, Electricity House
Harambee Avenue
P O Box 540052 - 00200
Nairobi, Kenya

The Directors present their report together with the audited financial statements of The Kenya Association of Manufacturers (the “Company”) for the year ended 31 December 2023.

Incorporation

The Company is domiciled in Kenya where it is incorporated as a private company limited by guarantee (and not share capital) under the Companies Act, 2015. The address of the registered office is set out on page 2.

Directorate

The membership of the Board of Directors in the year and to the date of this report is shown on page 2.

Principal activities

The principal activity of the Company continues to be the promotion of competitive local manufacturing in a liberalised market.

Business review

Kenya Association of Manufacturers (KAM) is the representative organization for manufacturing value-add industries in Kenya. Since its inception in 1959, KAM has evolved into a dynamic, vibrant, credible and respected business association that unites industrialists and offers a common voice for businesses.

In addition to increasing its membership base, KAM’s other sustainability strategy has been to maintain current donor partners while seeking engagement with new ones to support projects that benefit our members, through funding.

The Company has maintained its portfolio of investments in rental property, money market and capital market instruments. These investments are stable enough to support KAM’s initiative and core mandate of policy advocacy. This is achieved through the promotion of trade and investment, upholding standards, encouraging the formulation, enactment and administration of sound policies that facilitate a competitive business environment.

Key performance ratios

The table below highlights some of the key performance indicators:

Performance indicator	2023	2022
	Shs '000'	Shs '000'
Income from members	255,576	240,280
Grant income	120,075	104,303
Surplus before income tax	28,834	36,488
Total assets	841,086	868,700
Reserves	523,634	506,723

Economic Outlook

Kenya's economy has in general terms exhibited volatility in the period under review. The real GDP growth accelerated from 4.8% in 2022 to an estimated 5.1% in 2023 and is projected to grow by 5.3% in 2024. This growth is attributed to a strong rebound in the agriculture sector in 2023, which had faced a persistent and severe drought, resilience of the service sector and supportive macroeconomic policies.

In line with the theme of this year's Manufacturing Priority Agenda (MPA) "Steering economic growth through the manufacturing sector for common good", KAM board believe that the manufacturing sector continues to be a solution to developmental challenges the country is facing now, including the need to create decent jobs for the youth, grow tax revenue and grow exports to earn foreign exchange. It is imperative for the government to consider the voice of the private sector through public engagements when designing policies. Industrial policy needs to be carried out in a transparent and accountable manner, and its processes must be open to new entrants as well as incumbents. KAM remains ready to engage with the government and other key stakeholders for the benefit of the country.

Results

The surplus for the year of Shs 10,451,036 (2022: Shs 24,516,226) has been added to accumulated surpluses.

Disclosures to auditor

The Directors confirm that with respect to each director at the time of approval of this report:

- (a) there is, as far as each director is aware, no relevant audit information of which the Company's auditor is unaware; and
- (b) each director had taken all steps that ought to have been taken as a director so as to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Terms of appointment of auditor

PricewaterhouseCoopers LLP was appointed as auditor of the Company during the year in accordance with the Company's Articles of Association and Section 719 (2) of the Companies Act, 2015.

The directors monitor the effectiveness, objectivity, and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the members.

By order of the Board



Adili Corporate Services Kenya LLP
Company Secretary
16th May 2024

The Kenya Association of Manufacturers
Statement of directors' responsibilities
For the year ended 31 December 2023

The Companies Act, 2015 requires the directors to prepare financial statements for each financial year that give a true and fair view of the financial position of the Company as at the end of the financial year and of its profit or loss for that year. The directors are responsible for ensuring that the Company keeps proper accounting records that are sufficient to show and explain the transactions of the Company; disclose with reasonable accuracy at any time the financial position of the Company; and that enables them to prepare financial statements of the Company that comply with prescribed financial reporting standards and the requirements of the Companies Act, 2015. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with the IFRS Accounting Standards and in the manner required by the Companies Act, 2015. They also accept responsibility for:

- (i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- (ii) selecting suitable accounting policies and applying them consistently; and
- (iii) making accounting estimates and judgements that are reasonable in the circumstances.

Having assessed the Company's ability to continue as a going concern, the directors are not aware of any material uncertainties related to events or conditions that may cast doubt upon the Company's ability to continue as a going concern.

The directors acknowledge that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the Board of directors on 16th May 2024 and signed on its behalf by:



Rajan Shah
Chairperson



Mihir Chalishazar
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE KENYA ASSOCIATION OF MANUFACTURERS

Report on the audit of the financial statements.

Opinion

We have audited the accompanying financial statements of The Kenya Association of Manufacturers (the "Company"), set out on pages 9 to 39, which comprise the statement of financial position as at 31 December 2023, the statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended and the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023 and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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Partners: E Kerich B Kimacia M Mugasa A Murage F Muriu P Ngahu B Ngunjiri R Njoroge S O Norbert's B Okundi K Saiti



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE KENYA ASSOCIATION OF MANUFACTURERS (CONTINUED)

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2015, and for such internal control as directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE KENYA ASSOCIATION OF MANUFACTURERS (CONTINUED)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Auditor's responsibilities for the audit of the financial statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other matters prescribed by the Companies Act, 2015

In our opinion the information given in the report of the directors on pages 3 and 4 is consistent with the financial statements.

FCPA Michael Mugasa, Practising Certificate Number No.1478
Engagement partner responsible for the audit
For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi

16th May 2024

Statement of profit or loss and other comprehensive income

	Notes	2023 Shs	2022 Shs
Income from members	4	255,575,651	240,279,398
Grant income	21	120,075,435	104,303,071
		<hr/>	<hr/>
Gross income		375,651,086	344,582,469
Other operating income	5	79,028,919	57,940,985
Interest income	8	23,223,695	30,499,350
Administrative expenses	6	(328,121,118)	(291,188,979)
Grant expenditure	21	(120,075,435)	(104,303,071)
Finance costs	9	(872,690)	(1,042,572)
		<hr/>	<hr/>
Surplus before income tax		28,834,457	36,488,183
Income tax expense	10	(18,383,421)	(11,971,957)
		<hr/>	<hr/>
Surplus for the year		10,451,036	24,516,226
		<hr/>	<hr/>
Other comprehensive income			
Fair value changes on financial assets at fair value through other comprehensive income (FVOCI)	16	-	(989,609)
Tax effect on above item	18	-	296,883
		<hr/>	<hr/>
Total other comprehensive (loss)/income		-	(692,726)
		<hr/>	<hr/>
Total comprehensive income for the year		10,451,036	23,823,500
		<hr/>	<hr/>

Statement of financial position

	Notes	2023 Shs	2022 Shs
RESERVES			
Fair value reserves		-	(6,459,836)
Accumulated surpluses		523,633,716	513,182,680
		523,633,716	506,722,844
Non-current liabilities			
Deferred income tax	18	39,609,898	54,550,137
Lease liabilities	20	2,226,047	6,343,104
		41,835,945	60,893,241
		565,469,661	567,616,085
REPRESENTED BY			
Non-current assets			
Property and equipment	11	29,240,537	24,817,233
Intangible assets	13	10,572,650	14,096,867
Right-of-use assets	14	2,752,351	4,859,283
Investment property	12	217,219,594	236,453,432
Treasury bonds	16	81,759,922	31,102,157
		341,545,054	311,328,972
Current assets			
Trade and other receivables	17	32,476,234	39,980,870
Grants receivable	21	26,950,684	22,510,761
Current income tax	10	35,922,159	9,234,455
Treasury bills	16	207,869,623	314,395,171
Cash and bank balances	15	196,322,258	171,249,614
		499,540,958	557,370,871
Current liabilities			
Trade and other payables	19	103,659,134	104,212,348
Unexpended grants	21	170,449,911	196,258,059
Lease liabilities	20	1,507,307	613,351
		275,616,352	301,083,758
Net current assets			
		223,924,607	256,287,113
		565,469,661	567,616,085

The financial statements on pages 9 to 37 were approved and authorised for issue by the Board of Directors on 16th May 2024 and were signed on its behalf by:



Rajan Shah
 Chairperson



Mihir Chalishazar
 Director

Statement of changes in equity

	Fair value reserve Shs	Accumulated surpluses Shs	Total reserves Shs
Year ended 31 December 2022			
At start of year	(5,767,110)	488,666,454	482,899,344
Surplus for the year	-	24,516,226	24,516,226
Other comprehensive income for the year	(692,726)	-	(692,726)
	<hr/>	<hr/>	<hr/>
At end of year	(6,459,836)	513,182,680	506,722,844
Year ended 31 December 2023			
At start of year	(6,459,836)	513,182,680	506,722,844
Surplus for the year	-	10,451,036	10,451,036
Reclassification of treasury bonds	6,459,836	-	6,459,836
	<hr/>	<hr/>	<hr/>
At end of year	-	523,633,716	523,633,716

Statement of cash flows

	Notes	2023 Shs	2022 Shs
Cash flows from operating activities			
Cash generated from operating activities	22	19,044,672	20,085,159
Income tax paid	10	(61,444,615)	(9,193,676)
Interest paid on lease liabilities	20	(872,690)	(1,042,569)
Net cash flows (used)/from operating activities		(43,272,633)	13,656,022
Cash flows from investing activities			
Purchase of property and equipment	11	(8,816,116)	(1,943,742)
Additions to intangible assets	13	-	(740,800)
Proceeds from disposal of equipment		114,585	15,000
Net purchase of treasury bonds		(50,657,765)	-
Net proceeds/ (purchase) from treasury bills		106,525,548	(26,692,242)
Interest received		23,223,695	30,499,350
Net cash flows from investing activities		70,389,947	1,137,566
Cash flows from financing activities			
Payments of principal portion of the lease liabilities	20	(2,044,670)	(787,556)
Net cash flows from financing activities		(2,044,670)	(787,556)
Increase in cash and cash equivalents		25,072,644	10,198,924
Cash and cash equivalents at start of year		171,249,614	161,050,690
Cash and cash equivalents at end of year	15	196,322,258	171,249,614



CONTACT US

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