



Draft Terms of Reference for KAM Export Competitive Study

I. Introduction:

Increasing exports ranks among the highest priorities of any government wishing to stimulate economic growth. Export earnings are instrumental in earning forex revenues for the government, cushions the local currency against falling or losing value against the dollar or the key foreign currency basket and in stabilizing the exchange rate and inflation. Export led manufacturing is known for absorbing a large portion of labour inputs from both skilled, semi-skilled and non-skilled labour force creating thousands of jobs. Increased exports of manufactured goods is one of the key reasons for the rise of the East Asian economic growth miracle.

One of our key observations on Kenya's export led growth policies is that despite of having many export initiatives such as Manufacturing Under Bond (MUB) Scheme, Export Processing Zones (EPZs), and Special Economic Zones (SEZs), Duty Remission Scheme (DRS) in addition to preferential trade agreements, Kenya's export performance has been growing at a slower pace, an average rate of 5.5 per cent for the last 10 years from 2012(Kshs 517 billion) to Kshs 873.1 billion in 2022.

Today exporters continue to grapple with many challenges which include multiple regulations, regulatory overreach and their compliance costs, numerous levies, fees, and excise duties on exported products, high level of taxation and costly tax compliance, high cost of production, costly supply logistics and non-tariff barriers, unstable exchange rate and unpredictable tax policy discourage firms from engaging in exports. The above factors been reported by businesses to make Kenya's exports costly and uncompetitive as compared to similar imported products in the destination markets including in those markets where Kenya has got preferential trading arrangements. Manufactured exports are reported to have the challenge of sustainability in the regional and international markets due to lack of competitiveness. Growth of a country's exports is observed is a net outcome of a country's aggregate competitiveness and therefore there is need for a deliberate and customized solution to enhance Kenya's' export competitiveness. Kenya is now focusing on developing an export driven economy with more exports within Africa and other markets where Kenya has signed preferential trade arrangements.

It is therefore highly recommended that Kenya should have a national solely focused one stop export office to deal with sector specific export challenges and to put in place sector specific measures to make Kenya's exports highly competitive in their destination markets.

2. Study objective

The key objective of the study is to identify and quantify competitive issues affecting Kenyan firms capacity to export at both micro and national level and to propose sector specific measures and solutions which should be put in place to make exported products competitive in the regional and international markets. The study findings are expected to facilitate KAM policy advocacy on enhancing Kenya's firms export competitiveness and to create dialogue platform meetings between various government agencies and the private sector.

3. Terms of reference for the study.

- i. Identify export competitiveness gaps which hinders exporting across 13 value add sectors at KAM (Automotive, Plastic and Rubber, Timber, Wood and Furniture ,Chemical and Allied, Energy, Electrical and Electronics, Food and Beverages, Agro processing, Metal and Allied, Pharmaceutical & Medical Equipment, Building, Construction and Mining, Paper and Paper Board, Leather and Footwear and Textiles and Apparels.
- ii. Comparison of Kenya's industrial and trade competitiveness in the EAC for KAM sectors.
- iii. Comparison of intra EAC trade at country level.
- iv. Identify and quantify key firm level operational issues that affect their capacity to export competitively by consultation with specific industries and key KAM exporting sectors.
- v. Identify specific tax policy, tax thresholds/levels, tax administration and legislation issues that erode export competitiveness.
- vi. Identify domestic trade issues that erode national competitiveness.
- vii. Propose a structure for a dialogue platform and Exports growth implementation with government agencies and key stake holders (private and non-government actors) to engage on issues which will drive Kenya's exports competitiveness.
- viii. Provide specific recommendations to the National & County government including Key Ministries, departments and agencies to enhance export competitiveness at firm and broader manufacturing sector level.
- ix. Recommend an implementation plan to address Kenya's exports competitiveness to regain lost exports and gain additional markets.

4. Methodology.

The consultant will collect both quantitative and qualitative DATA from KAM members in order to receive practical issues that are affecting industries export competitiveness both at firm and national level. Therefore the study will be a combination of both desk research and physical engagements.

Deliverables

1. Inception report and detailed work plan
2. Draft Report
3. Final report
4. Validation session

Duration and Reporting

- The consultant will work under the overall supervision of the Kenya Association of Manufacturers.
- The consultancy is to be conducted for a total of (40) working days after the inception meeting.
- Validation meeting will be held at KAM and stakeholder levels.

Qualifications

1. A Master's in Economics, International Trade, Business Administration with a minimum of 10 years' and demonstrated experience and knowledge in international trade matters.
2. Experience working with government and private sector.
3. Experience working with the manufacturing sector is an added advantage
4. Proven experience in public policy development, deployment and monitoring.
5. Knowledge of trade agreements at regional and international levels.
6. Ability to engage with a cross-section of stakeholders in the public and private sector.
7. Have excellent writing, research and presentation skills.
8. Excellent inter-personal communication skills including experience of facilitation of trainings/workshops and presentation.
9. Excellent communication skills as well as the ability to communicate fluently in English and Swahili. (Spoken and written)

Application Process

Interested consultants or entities are requested to submit technical and financial proposals to procurement@kam.co.ke by COB 17th March 2025 stating, "KAM CONSULTANCY – KAM EXPORT COMPETITIVENESS STUDY".

Technical proposal

1. Description of the firm and the firm's qualifications or description of the individual consultant and relevant qualifications
2. Copy of Company Certificate of incorporation
3. A copy of CR12
4. Curriculum Vitae (s) for the consultants
5. Tax Compliance Certificate (Valid)
6. Statutory KRA PIN
7. VAT certificate copy for firms
8. Brief description of Understanding of the requirements for service, including assumptions
9. Proposed approach and methodology
10. Proposed team structure

11. Proposed project team members
12. Executive brief of relevant similar projects undertaken in the past two (2) years
13. Curriculum Vitae and recommendations (for a firm should contain CVs for all Consultants involved in the Consultancy).

Financial proposal

1. A summary of the price and detailed budget
2. A statement confirming the period of its validity

KAM Physical Address

KAM Procurement

Kenya Association of Manufacturers

KAM House - Mwanzi Road, Opposite Westgate Mall

P.O Box 30225 -00100 Nairobi

Payment terms (Provisions)

Kenya Association of Manufactures policy is to pay for contractual services based on the performance of contractual services rendered.

Evaluation of the proposals

- A two-stage procedure will be utilized in evaluating the proposals, with an evaluation of the technical component being completed prior to any price component. Scores will be awarded for the technical proposal.
- The price component proposal will be opened only for those firms/ institutions whose technical component meets the requirements for the assignment, as indicated by a score of more than 70%.

Please note only successful candidates will be contacted.