



ANNUAL REPORT & FINANCIAL STATEMENTS



# CONTENTS

| ABOUT KEPSA   | 02 |
|---|----|
| INTRODUCTION TO KEPSA PUBLIC PRIVATE DIALOGUE & ENGAGEMENTS | 03 |
| BOARD OF DIRECTORS  | 04 |
| GOVERNING COUNCIL   | 05 |
| ADVISORS  | 07 |
| TRUSTEES  | 08 |
| KEPSA TEAM  | 09 |
| NOTICE OF AGM   | 11 |
| CHAIRMANS MESSAGE   | 12 |
| FOREWORD FROM CEO   | 14 |
| PUBLIC PRIVATE DIALOGUE: MILESTONES IN ENGAGEMENT           | 17 |
| PUBLIC POLICY, RESEARCH & ANALYSIS: EVIDENCE BASED ADVOCACY | 39 |
| BUSINESS HUB  | 42 |
| KEPSA FOUNDATION  | 48 |
| OPERATIONS  | 57 |
| FINANCIAL STATEMENT   | 62 |
| KEPSA MEMBERS 2018- 2019                                    | 79 |

### **ABOUT KEPSA**



The Kenya Private Sector Alliance (KEPSA) is a limited liability membership organisation registered in 2003 as the apex body of private sector in Kenya KEPSA is the private sector apex and umbrella body set up in 2003, to bring together business community in a single voice to engage and influence public policy for an enabling business environment. The Kenya Private Sector Alliance (KEPSA) is a limited liability membership organization. With current membership of over 500,000 direct and indirect members organised through Business Membership Organizations and Corporate members, KEPSA is a key player in championing the interests of the Kenyan business community in trade, investment, and industrial relations. KEPSA's Vision is to be a world class private sector apex body. The primary Mission is to ensure year-on-year improvement in the overall business environment for Kenya by working together with the Government and other stakeholders.

The strategy's main objective is the pursuit of an enabling business environment over the next five years by ensuring a year-on-year improvement in three key global business rankings:

- Ease of Doing Business Index (World Bank)
- ▶ Global Competitiveness Index (World Economic Forum)
- Bribery Index (Transparency International)

KEPSA has played critical roles in business, economic and political reforms. Some of KEPSA's role in business reforms i.e. Public-Private Dialogues for business reforms (policy, legislative and institutional reforms) include: Presidential Round Tables (PRTs); Ministerial Stakeholder Forums (MSFs); Speaker's Round Table: both Senate and National Assembly; Council of Governors Round Table; Chief Justice Forum; and, Attorney General's forum.

On the economic and political reforms, KEPSA has participated in the Economic Recovery Strategy (2003); Private Sector Development Strategy (PSDS) (2006 – 2010); Vision 2030 & Medium-Term Plans; Peace building initiatives particularly in the 2008 Post Election Violence through "Mkenya Daima" Campaign; Development of Constitution 2010; and, Engagement in the constitution implementation process.

# INTRODUCTION TO KEPSA PUBLIC PRIVATE DIALOGUE & ENGAGEMENTS

#### PRESIDENTIAL ROUND TABLE (PRT)

An engagement with the Head of State on issues of national importance affecting the economy as well as those issues that require his direct intervention as Head of State. The PRT resolutions and commitments are cascaded down to the respective implementing Ministries and other arms of government.

#### CHIEF JUSTICE FORUM

A forum aimed at improving the Commercial Justice process in a manner that ensures efficient resolution of Commercial and Industrial Relations Disputes as well as discuss other ways the Judiciary can facilitate an enabling business environment.

#### MINISTERIAL STAKEHOLDER FORUM (MSF)

A platform that brings together respective Ministries and KEPSA Sector Boards on quarterly basis (or as frequently as may be agreed) to address sector specific priority issues relating to policy, administrative and operational issues affecting them.

#### PLATFORMS WITH SELECTED STATE AGENCIES

KEPSA meets with state agencies and departments among which are: Attorney General, Immigration, Kenya Revenue Authority (KRA, National Police Service Commission, Kenya Police Service, KPLC, and ERC on specific business issues that require resolution by the respective departments.

#### SPEAKERS ROUNDTABLE (SRT)

An annual engagement platform with the National Assembly and the Senate. The SRT facilitates joint review of legislative matters involving respective parliamentary Departmental Committees and the Private Sector.

#### DEVELOPMENT PARTNERS ROUNDTABLE (DPRT)

This is an engagement that provides an opportunity for the private sector to inform and partner on the development agenda and priorities for the country's national development and private sector development.

#### COUNCIL OF GOVERNORS FORUM (COG)

A partnership with Governors that meets annually. The forum provides a platform of dialogue and stocktaking on devolution besides establishing mechanisms for better interaction and coordination between the Private Sector and Council of Governors.

#### **REGIONAL FORUMS**

A forum aimed at improving the Commercial Justice process in a manner that ensures efficient resolution of Commercial and Industrial Relations Disputes as well as discuss other ways the Judiciary can facilitate an enabling business environment.

# BOARD OF DIRECTORS



MR. NICHOLAS NESBITT CHAIR | SCIENCE, TECHNOLOGY & INFORMATIC



MS. RITA KAVASHE VICE - CHAIR | INFRASTRUCTURE DEVELOPMENT



AMB. DENNIS AWORI



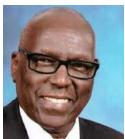
MR. JASWINDER BEDI



MS. CATHERINE MUSAKALI
GOVERNANCE AND LEADERSHIP



MR. LI QIANG Frastructure development



ENG. ERASTUS MWONGERA

PRODUCTIVITY AND SOCIAL SERVICES



MR. SAMUEL SHOLLEI



MS. PATRICIA ITHAU



MR. JEREMY AWORI

SINANCE AND MACRO-ECONOMIC ENVIRONMENT



MR. MUHOHO KENYATTA



MS. BRENDA MBATHI SOCIAL SECTORS AND DEVELOPMENT



MS. LUCY KARUME TOURISM AND ENVIRONMENT



MR. ISAAC OKERO JUDICIAL AND PROFESSIONAL MATTERS



MR. GRAHAM SHAW FOREIGN INVESTMENTS



MS. FLORA MUTAHI
LOCAL INVESTMENTS



MS. CAROLE KARIUKI BOARD SECRETARY

## GOVERNING COUNCIL SECTOR CHAIRS



CHRISTOPHER WILSON
AGRICULTURE, LIVESTOCK AND FISHERIES



GLORIA NDEKEI
DEVOLUTION & PLANNING



GEORGE OWOUR
EAST AFRICAN COMMUNITY AND AFFAIRS



MUTHEU KASANGA

EDUCATION – BASIC



PROF. MABEL IMBUGA EDUCATION – TERTIARY



ENG. JAMES N. MWANGI ENERGY & EXTRACTIVES



DUNCAN KIMANI ENVIRONMENT, WATER & NATURAL RESOURCES



DR. AMIT THAKKER
HEALTH



PHYLLIS WAKIAGA
INDUSTRIALIZATION AND
ENTERPRISE DEVELOPMENT



MIKE MACHARIA ICT



V GIKONYO GITONGA LAND & PHYSICAL PLANNING



DR. HABIL OLAKA
PUBLIC FINANCE



SILVANUS SEWE SECURITY



HERBERT MWACHIRO SPORTS, CULTURE & ARTS



EVA MURAYA
GENDER & YOUTH



AUNALI BHAIJI
TRANSPORT AND INFRASTRUCTURE



RICHARD MUTETI MSME



MOHAMMED HERSI TOURISM



JACQUELINE MUGO LABOUR

# GOVERNING COUNCIL VICE CHAIRS



JANE NGIGE
AGRICULTURE, LIVESTOCK AND FISHERIES



HILLARY ONAMI
DEVOLUTION & PLANNING



SOPHIE ONYANGO

EAST AFRICAN COMMUNITY AND AFFAIRS



WAIRIMU NJAGE

EDUCATION – BASIC



VINCENT GAITHO

EDUCATION – TERTIARY



BERNARD OSAWA

ENERGY & EXTRACTIVES



LINDA MUNYAO

ENVIRONMENT, WATER &
NATURAL RESOURCES



DR. KANYENJE GAKOMBE HEALTH



DAVE GOVENDER
INDUSTRIALIZATION AND
ENTERPRISE DEVELOPMENT



NJOKI MWIHIA

INDUSTRIALIZATION AND
ENTERPRISE DEVELOPMENT



KRIS SENANU



ERIC NYADIMO

LAND & PHYSICAL PLANNING



TOM OMARIBA
PUBLIC FINANCE



JUDY WAMBUGU SECURITY



CAROL WARUI SPORTS, CULTURE & ARTS



JANE KAGIRI GENDER & YOUTH



POWELL MAIMBA
TRANSPORT AND INFRASTRUCTURE



MARTIN DIAS
TRANSPORT AND INFRASTRUCTURE



MARK OBUYA LABOUR

# ADVISORS



MR. LINUS GITAHI



MR. ISAAC AWUONDO



MR. JANMOHAMED MAHMUD



MRS. ANNE MUTAHI



DR. VIMAL SHAH



DR. JOE WANJUI



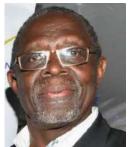
MS. GLORIA NDEKEI



MR. JOHN NGUMI



MR. SAMUEL MWALE



MR. WALTER OOKOK



DR. MANU CHANDARIA



MR. PATRICK OBATH



MR. MIKE ELDON



ARCH. LEE KARURI



AMB. DENNIS AWORI



MR. JASWINDER BEDI



MS. FELICITY BIRIRI



MR. KARANJA KABAGE



HON. FRANCIS T. NYAMMO



MR. KEN WATHOME

### TRUSTEES



ARCH. LEE KARURI
CHAIRMAN



ENG. PATRICK OBATH VICE -CHAIRMAN



MS. GLORIA NDEKEI
TREASURER



MS. CAROLE KARIUKI SECRETARY



AMB. DENNIS AWORI
TRUSTEE



DR. JOE WANJUI TRUSTEE



DR. MANU CHANDARIA
TRUSTEE



MR. BILL LAY
TRUSTEE



MR. ARUN DEVANI TRUSTEE



MR. KARANJA KABAGE TRUSTEE



MR. KELI KIILU TRUSTEE



MR. SAM MWALE TRUSTEE



MS. FELICITY BIRIRI
TRUSTEE



DR. VIMAL SHAH
TRUSTEE



MR. NICHOLAS NESBITT
TRUSTEE

# KEPSA TEAM



CAROLE KARIUKI
CHIEF EXECUTIVE OFFICER



RACHAEL MUTHOGA

DEPUTY CHIEF EXECUTIVE OFFICER



APHLYNE AGINA
HEAD OF OPERATIONS



PASCALINA KAGUNDA
HEAD, MEMBERSHIP, MARKETING
& COMMUNICATION



VICTOR OGALO

HEAD, PUBLIC-PRIVATE DIALOGUE,
AND POLICY & RESEARCH ANALYSIS



HILDA MUCHUNKU FINANCE MANAGER



TIMOTHY ODONGO
INVESTMENT MANAGER



WAHU KAGWI KEPSA FOUNDATION MANAGER



ALEX NENE
PUBLIC-PRIVATE DIALOGUE OFFICER



ANN KATULE
KEPSA FOUNDATION ADMINISTRATOR



BHIAN NUICHU
IT AND PUBLIC-PRIVATE DIALOGUE ASSISTANT



CAROLINE KAWIRA
PUBLIC-PRIVATE DIALOGUE OFFICER



CAROLINE MUKELI
PUBLIC-PRIVATE DIALOGUE
COMMUNICATIONS OFFICER



DANIEL MUSEMBI POLICY & RESEARCH ASSISTANT



DAVILYNE BUSURU POLICY & RESEARCH ASSISTANT



DENNIS KARIUKI AUDIT INTERN



EMMANUEL OCHIENG
PUBLIC-PRIVATE DIALOGUE ASSISTANT



ERIC NDUME
PROCUREMENT ASSISTANT



FAITH NGIGE
PUBLIC-PRIVATE DIALOGUE OFFICER



FERDINAND MUSUNGU
COMMUNICATIONS INTERN

## KEPSA TEAM





FRIDAH KAGWIRIA OFFICE ASSISTANT



HARRISON NGATIA
INTERNAL AUDITOR



ISAAC GIKANDU POLICY AND RESEARCH ANALYSIS INTERN



JOSEPHINE NJOKI PROJECT OFFICER-AJIRA



JOYNER OKONJO LEGAL ADVISOR



JUDY MAKAU EXECUTIVE ASSISTANT



KARIN BOOMSMA SUSTAINABLE INCLUSIVE BUSINESS COORDINATOR



LLYORD MWANIKI SUSTAINABLE INCLUSIVE BUSINESS KNOWLEDGE & NETWORK MANAGER



MAGDALENE KARIUKI

PUBLIC-PRIVATE DIALOGUE

LEGISLATIVE OFFICER



MARY MAILU
PUBLIC-PRIVATE DIALOGUE ASSISTANT



NGWIRI KAMAU MARKETING AND MEMBERSHIP SERVICES OFFICER



PENINAH MAGAK FINANCE INTERN



PETER THAIRU
PUBLIC-PRIVATE DIALOGUE ASSISTANT



PRACKSIDIS WANDERA SUSTAINABLE INCLUSIVE BUSINESS PROJECT ASSISTANT



ROBERT MUNENE
OFFICE ASSISTANT



SOPHIE WAMALWA
HUMAN RESOURCE & EXECUTIVE OFFICER



SUSSY WANJALA SUSTAINABLE INCLUSIVE BUSINESS CONSULTANT

### NOTICE OF AGM

**NOTICE IS HEREBY GIVEN** that the Fifteenth Annual General Meeting of Kenya Private Sector Alliance Limited will be held at The Nairobi Serena Hotel, Nairobi on Thursday, 09 May 2019 at 7.30 a.m. to transact the following business:

#### **AGFNDA**

#### 1. CONSTITUTION OF MEETING

To read the notice convening the meeting, table the proxies received and confirm the presence of a guorum.

#### 2. ORDINARY BUSINESS

#### a) Report of the Board of Directors

To receive, consider and, if thought fit, adopt the Report of the Board of Directors for the year ended 31 December 2018 (Resolution 1).

#### b) Report of the External Auditors

To receive the Auditors' Report on the Financial Statements for the year ended 31 December 2018.

#### c) Financial Statements for the year ended 31 December 2018

To receive, consider and, if thought fit, adopt the Financial Statements of the Company for the year ended 31 December 2018 together with the Auditors' Report thereon (Resolution 2).

#### d) Retirement and Appointment of Directors

To appoint new Directors in accordance with the provisions of Article 42 of the Company's Articles of Association in place of the Directors who shall retire at this meeting in accordance with Article 41(a) of the Company's Articles of Association which states that one-third or the number nearest to one-third of the Directors shall retire from office every two years. The Nomination Committee of the Board shall recommend names for appointment at the Annual General Meeting (Resolution 3).

#### e) Appointment of Auditors

To appoint the External Auditors of the Company until the conclusion of the next Annual General Meeting (Resolution 4).

#### f) Remuneration of the External Auditors

To authorise the Directors to fix the Auditors' remuneration for the ensuing Financial Year (Resolution 5).

#### 3. ANY OTHER BUSINESS

To transact any other business that may be legally transacted at an Annual General Meeting;

- a) To note the names of the KEPSA Governing Council Members for the 2019-2021 term.
- b) To appreciate the retiring Directors and Members of the Governing Council.

BY ORDER OF THE BOARD

**JLG MAONGA** 

MAONGA NDONYE ASSOCIATES

**COMPANY SECRETARIES** 

Date: 04 April 2019

### CHAIRMAN'S MESSAGE



Nicholas Nesbitt

Once again, the Private sector in Kenya has continued to play a very critical role in the economy. Having steered KEPSA, the apex body private sector in Kenya, for two years, I must admit my leadership has been made possible through the continued support and contribution of the KEPSA Board, the Governing Council and the wider membership who have been supportive in many ways. KEPSA Secretariat through its dedicated staff led by the abled- Chief Executive Officer (CEO) has been a first point of call for the fluidity of my Chairmanship.

For over 15 years KEPSA has led the way in responding to challenges facing the economy through thought leadership and offering private sector spark in the policy making process in Kenya. KEPSA policy leadership has been solidified by a strong membership drawn from a diverse representation of the private sector, that have been able to aptly identify the penpoints impeding economic growth and prescribing smart approaches both in the short run as well as in the long run. The private sector's unity of purpose comes from our harmonised economic agenda as envisioned in the National Business Agenda. 2018 has been the first year of the National Business Agenda III after we have engaged in implementation of the first and second National Business.

efforts have to be channelled in issues of national importance that could impede the desired growth in the economy

The NBA III which will guide us through to 2022, has embedded the national development priorities as collated into the Big Four agenda together with the private sector priorities that will lead to an economic led transformation. At the end of the five-year life of the NBA III, we envision increased private sector activities, increased exports under the auspices of stable macroeconomic and predictable policy and regulatory environment.

As we take stock of Private sector policy engagement throughout last year and reflect on the past decade and beyond, it is evident that private sector leadership in Kenya's economic transformation has paid off. Over the years, the business environment in Kenya continues to improve and has enabled Kenya to make a mark in the global scenes. For instance, the unwavering engagement with the government to make it easier, simpler, faster, and cheaper to do business in Kenya has been successful to substantial measures. Since 2013, the engagements have been anchored on improving Kenya's ranking on key indices that will facilitate ease of doing business, attract investment and enhance cross-border efficiency for import and exports trade. Coupled with the commitment of the government as expressed in signing and ratification of international instruments such as the WTO



Trade Facilitation Agreement, efforts will be directed in areas of enhancing efficiency to improve trade. For instance, implementation of the TFA holds much promise to the economy including increasing Kenya's export which will be as a result of reduced costs to business. The WTO estimates that 40 per cent of all border costs are made up of procedural inefficiency, translating to similar percentile saving if inefficiencies are addressed whilst dealing with cross-border trade.

Equally, increasing Kenya' export by enhancing the growth of intra-regional trade in East African Community and Africa at large has been the private sector agenda for a while. In particular, the focus has been to improve intra-regional trade leveraging on enhancing manufacturing competitiveness, the growing services sector, addressing cross-border inefficiencies and enhancing the value chains through the growth of our Small and Medium Enterprise (SMEs). In doing so, the private sector recognises the potential of regional agreements and particularly the African Continental Free Trade Agreement (AfCFTA).

The AfCFTA presents the continent with an opportunity to increase intra-regional trade, enhance regional value chains and scaling them up into global value chains which will boost cross-border trade for women and youth owned enterprises. It is time for the private sector in Kenya to strengthen its voice and have a regional outreach to address the challenges that could potentially impede regional trade and impair the objectives of the AfCFTA. More than ever, strengthened partners among all the stakeholders in identifying the key sectors of competitive and comparative advantage will either bolster the share of trade in Africa or retract.

In addition to collectively engaging on approaches to improve trade, efforts have to be channelled in issues of national importance that could impede the desired growth in the economy. Besides the Big Four, an introspective on governance issues that continue to cripple our economy and increase the cost of doing business is important. It is time for all the stakeholders to embark on strategies that would yield results to the commitments that were made during the National Anti-Corruption Conference held in the month of February 2019. The conference set the pace for an open approach to corruption, a conversation that Kenyans yearn for.

Looking at the future, the country including the private sector has to be objective in addressing challenges that could impair economic development and pose a risk to the economic transformation. Though the private sector has taken a proactive step to promote good business practices and high business standards, the fight against corruption has to elevated by all means. Corruption has already proven a risk to our national development and a danger to our business environment; ardently, it raises the cost of doing business in Kenya. It is time to walk the talk, roll up our sleeves and demonstrate that yes, we can.

### FOREWORD FROM CEO



Unlike in 2017, the political dust settled in 2018 and the economy was back to business. Both agriculture and manufacturing sectors recovered from the slowdown in 2017 to register 6.4% and 4.2% growth in 2018 compared to 1.9% and 0.5% respectively last year due to improved weather conditions.

The economy recorded an estimated 6.3% GDP growth in the year up from 4.9% in 2017, and key macroeconomic indicators such as inflation remained favourable at 4.7% compared to 8% in 2017, lending rates were 12.5% as of December 2018, while the shilling remained strong against major currencies. However, credit to private sector remained a challenge with 1.9% growth compared to 4.1% in 2017. Overall, the economy created a total of 840,600 new jobs i.e. 762,100 informal and 78,500 formal with private sector accounting for 69.5% of the total employment. Hospitality, ICT, electricity supply, and transport and storage sectors recorded the fastest growth at 16.6%, 11.4%, 10.5% and 8.8% growth rates respectively.

As a result of growth in Membership subscriptions, KEPSA income increased from KSh 64M to 75M (17% increase) in 2018.

Generally, the year 2018 was a working year for all actors in the economy including public and private sectors, development partners and others. At KEPSA, it was a new dawn with the new Simba Era Strategy and the National Business Agenda III – the two anchor documents for the private sector in the next 15 years and 5 years respectively. It was also a year we focused on aligning our agenda to the Big Four; therefore most of our engagements were geared towards an enabling policy environment to facilitate private sector participation in the Agenda, complement government's efforts and possibly offer smart solutions in terms of partnerships in investing in the four priority sectors.

#### Highlights of the Public Private Dialogue in 2018

At the Executive level, KEPSA held two Presidential Round Tables (PRTs) focused on the Manufacturing Agenda, twenty-four Ministerial Stakeholder Forums (MSFs) and met various state departments and agencies. We also established an engagement forum with the Chairman of the National Development Implementation and Communication Committee, Dr. Fred Matiang'i, to spearhead private sector reform agenda on the Big Four and embark on development of an Economic Recovery and Growth Strategy (ERGS) aimed at stimulating growth of the economy and put the country back on track towards achieving our Vision 2030 goals.

At the Legislature level, we held two Speaker's Roundtables (with National Assembly and the Senate), in addition to continued engagements with different Parliamentary Departmental Committees to provide input into Bills key to private sector. At judiciary level, KEPSA held a Chief Justice Roundtable with Hon. David Maraga to find synergies on how we can work together in facilitating an enabling business environment through expedited commercial justice, and support in the fighting on corruption. On county issues, we participated in the 6th Annual Devolution Conference in Kirinyaga County and the 2nd Annual Devolution for Sustainable Development Conference, among others.

The success of the PPD work was reflected in continued year on year improvement in Kenya's ranking on the Ease of Doing Business index, a trend that started in 2015 thanks to targeted policy and legislative reforms spearheaded by KEPSA in partnership with the Kenyan government and the World Bank. This year, we moved up 19 places from position 80 to 61 and the most improved indicators were Ease of Protecting Minority Investors (from 62 to 11), and resolving insolvency (from 95 to 57) following reforms through the Companies Act, and Insolvency Act respectively. Other key Bills that were enacted during the year with KEPSA input included the Energy Bill 2017, Petroleum Bill 2017, Urban Areas and Cities (Amendment) Bill 2017, Land Value Index Amendment Bill 2017, Building Surveyors Bill 2017, the Health Laws (Amendment) Bill, 2018, the Statute Law (Miscellaneous Amendments) Bill, 2018, Draft Mining Regulations, among others. From our continued engagement with the government and the World Bank, we are confident to continue edging even closer to our target of top 50 and above in the Ease of Doing Business, among other Indicators we are keen on such as Global Competitiveness Index where we dropped from position 91 to 93 in 2018, and Corruption Perception Index where Kenya ranks 144th globally.

### KEPSA hosted major events and forged crucial partnerships in 2018 – through our Business Hub

During the year, KEPSA hosted many business delegations and high level business forums – both incoming and outgoing e.g. we had delegations from China, Singapore, UK, Canada, Turkey, Finland, France, Djibouti, Tunisia, as well as events such as the sustainable Blue Economy Conference, Africa CEO's Forum, among others. Some of our outbound business missions included a delegation to Turkey, Ethiopia, Mauritius, Finland, US - during the maiden direct flights to New York, among others.

KEPSA entered into partnerships and signed MOUs with different strategic partners including the Embassy of Ireland, the Tunisian Union of Industry, Trade and Handicraft's (UTICA), the Economic Development Board of Mauritius and the Mauritius Chamber of Commerce and Industry, among others for enhanced cooperation in promoting trade and investment.

#### Public Policy Research and Analysis

As part of our Public Policy Research and Analysis in 2018, we undertook the development of the third National Business Agenda (NBA-III), an SME Policy Index to measure the suitability of current national and county policies to SME development, Corruption Risk Mapping and Anti-Bribery Compliance Assessment in the Private Sector, Study on Effects of Violent Extremism on Private Sector, KEPSA Members Satisfaction Survey, among others.

#### **Programs and Projects Funding**

Some of the new PPD and Projects funding that we managed to start include supporting green growth and circular economy initiatives amongst private sector; the prospective expansion of Ajira Digital Project to all the 47 counties leveraging on TVETs, universities and community innovation hubs (CIH) starting July 2019 for the next three years and we have already trained 600trainers to support this expansion; embedding PPD in pursuing reforms for increased trade and investment with support from Trademark East Africa; and got our project on Maternal Infant and Young Child Nutrition (MIYCN) (also known as Better Business Practices for Children) that we implement in partnership with UNICEF extended for additional two year (2019-2021) with the aim of scaling it up.

#### Membership

In 2018, KEPSA is happy to have welcomed on board 86 new members including 8 BMOs, 48 corporates 18 SMEs and 12 start-ups. As part of our BMO development commitment and SME support, we continue to encourage and support formation of budding industry associations such as International Chamber of Commerce (ICC Kenya), Digital Lenders Association of Kenya (DLAK), Online Professional Workers Association of Kenya (OPWAK) and East Africa Petroleum Transporters Association whom we continue to offer guidance and meeting space to support their growth. To ensure smooth integration into the family, three quarterly induction meetings were held in the months of June 2018, September 2018, and March 2019.

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#### Finance

As a result of growth in KEPSA's Membership, subscriptions income increased from KSh 64M to KSh 75M (17% increase) in 2018. However, our income from Public Private Dialogue (PPD) and Projects in the year was KSh 74M against 2017's Kshs.137m due to a number of projects and PPD funds with 2 -3 year cycles ending in 2018 and new cycles taking long to be negotiated. Despite this, KEPSA still managed to carry out all its PPD work in 2018 through sponsorships and the general fund which is a saving made to meet activities and other needs of the organization, since KEPSA doesn't declare dividends or distribute profit.

Expenditure – both Administration and PPD and Project costs were well managed with under 5% change on both items as a result of the tight cash flow. The overall change in net position was from (KSh 24.98M) to (KSh 66.52M), mainly due change in PPD and projects revenues in 2018.

#### **KEPSA Foundation**

We launched a number of initiatives under KEPSA foundation. The Multi-Sectoral Initiative Against Corruption (MSIAC) was launched in August 2018, and brought together leaders from all sectors of society for a unified and well-coordinated multi-sectoral approach in the fight against corruption and in promoting national development.

A major National Anti-Corruption Conference was held on 24th and 25th January 2019 at the Bomas of Kenya graced by President Uhuru Kenyatta. This Conference saw major commitments by leaders from all levels pledge to undertake different strategic actions in support of the fight against corruption starting from within their areas of operation.

In partnership with the Ministry of ICT, we continued with the implementation of the Ajira Digital project where 7,168 youth were trained and mentored on online work skills, alongside sensitizing the private sector to embrace outsourcing of jobs to create opportunities for the youth. Another key project, Kilimani Police Station Redevelopment Project is well on course with a borehole already drilled and commissioned; the Sustainable and Inclusive Business project reached over 2000 businesses during the year, while over 1000 private sector companies were sensitized on Better Business Practices for Children of which over 50 have already established lactation stations and 40 more are in various stages of implementation.

We also launched the Kijani Movement aimed at planting trees across the country especially in schools under the Feed and Green our Institutions program where two schools, Mangu high school and Lenana School, have already benefited. Other key milestones include formation of the Africa Venture Philanthropy Alliance (AVPA) in Kenya, and a Partnership with UNODC and Clean Start to participate in rehabilitation of incarcerated young girls at Dagoretti Girls Rehabilitation Centre.

#### Operations

To strengthen institutional capacity, the KEPSA was able to hire new staff in 2018 including a Public Private Dialogue Manager, Finance Manager, Legal Advisor, PPD Assistant, PPD Legislative Officer and the Project Officer under the Business Hub. Also, regular staff trainings were organized within and outside the country to build staff capacity and create awareness on various issues e.g. health, security, among others. Under a newly introduced programme for staff to strengthen linkages wig members, we visited ISUZU East Africa to learn the on the ground operations.

In terms of communication, KEPSA has greatly increased its presence in the digital space, especially on Twitter with 7,031 new followers gained between May 2018 and April 2019. The KEPSA Website has already been upgraded to ease navigation and harness the advertising potential while other platforms such as media watch and the weekly bulletin have been monetized to provide additional revenue.

In conclusion, there is a lot that KEPSA is engaged in from pursuing enabling policy environment through Public Private Dialogue, to forming strategic partnerships, organizing key business forums for our members, undertaking major private sector driven projects and initiatives to boost the social economic welfare of Kenyans as well as to ensure sustainability of the environment. We look forward to a busier year ahead, but one that will result to a better Kenya and a thriving private sector.

# PUBLIC PRIVATE DIALOGUE REPORTS: MILESTONES IN ENGAGEMENT

The Public-Private Dialogue department together with the Policy, Research and Analysis Department with the support of the Members through the various platforms, have continued to reinforce KEPSA's thought leadership and advocacy agenda.

Through the various platforms a number of policy positions have been generated, deliberated, and harmonized for engagement in the Public-Private Dialogue. The Platforms and issues discussed include:



#### PRESIDENTIAL ROUNDTABLE (PRT)

KEPSA held two Presidential Round Tables (PRT) in 2018. The 8th PRT was held at State House, on May 10th, 2018 under the chairmanship of H.E. President Uhuru Kenyatta and the KEPSA Chairman Mr Nick Nesbitt. It focused on the "Big 4 Agenda" and the interventions required to unlock private sector participation in enhancing the competitiveness of the manufacturing sector. Some of the key resolutions included:

- Fight against illicit trade to be led by Deputy Head of Public Service, Mr. Wanyama Musiambo and both public and private sector to draw a sustainable strategy to tackle illicit trade.
- Provision of quality and affordable energy key in increasing competitiveness of the sector.
- Review of import declaration fee and railway development fee levy for industrial inputs and machinery
- Put in place measures to address delayed payments.
- Review of the Public Private Partnership Act, Finalization of county own source revenue enhancement policy and county government revenue raising regulation bill

- ► Enhance market access of Kenyan products by finalising negotiations with Canada, India, and China.
- Private sector to work hand in hand with government in stepping up the fight against corruption.

A follow up to the 8th Presidential Round Table was held on 18th May 2018 to review progress of the above interventions. Among other updates, the State Department of Trade reported that more than Ksh300 Million worth of illicit cargo had been nabbed in the previous one week compared to less than Ksh50 million nabbed over the last five years.

The 8th PRT was part of a continuous engagement on finding solutions to getting manufacturing contribution to the Gross Domestic Product (GDP) to 15% from the current 8.4%. The concerted effort between the private sector and the government through the Presidential Round Table has seen an overall improvement in the country's ease of doing business Index to position 60.

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#### SPEAKERS ROUND TABLES

KEPSA held two Speakers Round Tables; with the Speaker of the National Assembly and the Speaker of Senate to deliberate on legislative agenda that could unlock the potential of the private sector in participating in the national Big Four Development Agenda, and explore opportunities to enhance the partnership between the Private sector and the Legislature in promoting pro-growth policies and legislations.

#### SPEAKERS ROUND TABLE WITH THE NATIONAL ASSEMBLY



The 4th Speakers Round Table (SRT) of the Kenya Private Sector Alliance (KEPSA) and National Assembly was held on 5th October 2018 at Leisure Lodge Diani, Kwale County. The Speakers Round Table provides a critical structured engagement between the private sector and the national assembly for synergies towards economic growth and development in Kenya through pro-growth policies and legislations.

As the fourth Speakers Roundtable since the inaugural Round Table held in August 2009, and the first for the 12th Parliament, the forum adopted a National Assembly Sectoral working approach together with the private sector in realizing the Big Four Agenda. This will focus on developing policies and laws to ensure realization of a competitive manufacturing sector, boosting agriculture and food security, achieving universal healthcare, and affordable housing.

The following observations and recommendations were made at the roundtable:

- a) Acknowledgment of the role that the private sector plays as a key driver of economic growth, job creation and provision of goods and services critical to sustainable economic growth.
- b) The strong relationship between the private sector and the National Assembly significant in facilitating technical expertise and well-informed policy proposals in legislative processes in Kenya.

- The National Assembly's legislative role in facilitating the ease of doing business and making Kenya competitive for investment.
- d) Kenya's great potential and opportunities negatively affected by unpredictable and unstable policies, high cost of production, Illicit trade, high taxes, short term development plans, political instability, corruption and revenue leakages, lack of a stable fiscal and tax regime. It was noted that the Big four agenda lacked convergence with other national development plans.

The Joint Forum came up with the following resolutions and action points:

- a) The National Assembly shall consider developing a law to ensure prompt payment of suppliers and contractors;
- The National Assembly's support to the multilateral task force against illicit trade by fast tracking enactment of the Statute Law (Miscellaneous Amendment) Bill 2018
- Parliament to strengthen and institutionalize independent and constitutional offices like the DCI, Judiciary with aim of fighting corruption
- d) The National Assembly to consider reviewing VAT on agrochemicals and farm inputs.
- e) Enactment of law to anchor Competency Based Curriculum useful in matching skills to the job market.
- f) Reviewing of the tax regime with a focus on expanding the tax base
- g) Support to local manufacturing and cottage industries through incentives, promoting purchase of locally manufactured products.
- Streamlining the enablers of the Big Four Agenda i.e. ICT, Education, Land, Energy and Mining Sector and Environment and Natural resources
- i) Engagement with the Executive on long-term development policy building on the Vision 2030 Blue Print for a stable policy environment
- j) Legislative formulation and review aimed at creating conducive environment for business, improving ease of doing business and making the economy competitive to investors
- k) Regular structured engagements between KEPSA and the National Assembly through Departmental Committees of the National Assembly and the respective KEPSA Sector Boards as a follow up of the resolutions of the round table.



#### SPEAKERS ROUND TABLE WITH THE SENATE

The 4th Speaker's Roundtable (SRT) between the Kenya Private Sector Alliance (KEPSA) and the Senate of the 12th Parliament was held on 23-24th November 2018 at Leisure Lodge in Diani, Kwale County. The SRT with Senate provides a unique opportunity for strengthening partnership and synergies between the Senate, the private sector and counties for accelerated growth through the set goals.

For a conducive business environment, the Senate is keen to audit and address through new legislation which on: Double taxation, pending bills, Investment in counties, increased local content, provision of necessary research and infrastructural capacity to counties, Public Private Partnerships, mainstreaming private sector input in County Integrated Development Plans (CIDPs).

The Forum came up with the following recommendations under the Big 4 sectors:

- a) Agriculture: To ensure an enabling policy environment and legislation, KEPSA and the Senate will work together for a harmonized and conducive tax regime, efficient food sourcing and distribution governance, supporting adoption of technology in the sector, and enhanced budgetary allocations to the agriculture value chain. The joint meeting agreed to expedite the enactment of the draft County Own Source Revenue Bill, ensuring that it does not impede agricultural trade within and across counties.
- b) Affordable Housing: The meeting sought to address key issues curtailing private investments into the affordable housing agenda, which include uncontrolled development, lack of basic facilities and lack of critical infrastructure (roads network, power, and water supply), high cost of financing; lack of adequate regulation and lack of skilled labour in the sector.

The joint meeting resolved to work together to fast track appropriate legislation to respond to the industry is current needs and operationalize them. Infrastructure development needs to go hand in hand with Planning through development of spatial plans. Financing policies and legislation are also a key aspect of development and thus they need to be re-looked at.

c) Universal Healthcare: Factors hindering the participation of the private sector in the expansion of health services ought to be resolved. These include high input costs, insufficient use of health infrastructure, HHR challenges and Application of multiple fees, charges, and taxes. Proposed interventions include train agreements for health workers by the private sector and use of public facilities for practical attachments, reduced license fees as an incentive for setting up rural facilities.

For high cost of pharmaceuticals, promotion of local manufacturing and local assembly of medical devices and equipment was proposed. To control counterfeits, inspection and quality checks should be enhanced. A Health Benefits Regulatory Authority is needed for oversight of both public and private insurance.

d) Enhancing Manufacturing Competitiveness: The need to pursue reforms in labour legislation is necessary to enable productivity pay while maintaining minimum wage while incentivizing hard work for better pay. The meeting emphasized the need for policies to grow county level training for skills needed by the local industries; a database for skilled labourers, streamlining financial and procurement processes in the counties and legislation on pending bills within a reasonable period of time.

Key legislations to be fast-tracked are: County (Revenue Raising Process) Bill, amendment of the County Outdoor Advertising Bill, and legislation to implement Zero Taxation on flow of goods and services.

### ENGAGEMENT WITH PARLIAMENTARY DEPARTMENTAL COMMITTEES

#### DEPARTMENTAL COMMITTEE ON ADMINISTRATION & NATIONAL SECURITY

KEPSA engaged the Parliamentary Departmental Committee on Administration and National Security from National assembly on July 10th 2018. KEPSA expressed the need of full implementation of the National Police Service Act, National Police Service Commission Act, Independent Policing Oversight Authority Act (IPOA Act), Private Security Regulations Act and National Coroners Service Act, 2017.

#### PARLIAMENTARY CAUCUS ON SUSTAINABLE DEVELOPMENT GOALS (SDGS)

KEPSA engaged with the Parliamentary Caucus on Sustainable Development goals in October 2018 on Validations of the Strategic Plan for the Parliamentary Caucus on Sustainable Development Goals and Business. The key outcome was the need to review existing legislative framework to ensure it supports inclusivity, justice, and sustainable development.

### HIGH LEVEL MEETING WITH THE NATIONAL DEVELOPMENT IMPLEMENTATION AND COMMUNICATION CABINET COMMITTEE



KEPSA held a high-level meeting between Private sector leaders and Dr. Fred Matiang'i, the Cabinet Secretary (CS) for Interior and Coordination of National Government, and the Chairman of the National Development Implementation and Communication Committee on Wednesday 27th February 2019 at Intercontinental Hotel, Nairobi. The Purpose of the meeting was to develop an engagement mechanism between KEPSA and his office as the next level of engagement after MSFs to fast track areas that are cross cutting or taking long in the ministries due to the nature of other ministries needed in the decision making. This will lead to reporting mechanisms to the Presidential Roundtable (PRT) on achievements made through the other PPD engagement platforms.

As a key outcome of the meeting, the CS agreed to a monthly progress review meeting on agreed action points with the KEPSA leadership. In preparation to the monthly meeting, the CS's office will inform KEPSA on a weekly basis, the sector of focus around the big 4 and other supporting sectors to engage on. The sector board leadership will engage directly PS Karanja Kibicho, who is also the chair of the Technical Committee, on the private sector proposals and government proposals on the identified sector or pillar every Monday and harmonize before they are presented to the Cabinet committee on Tuesdays and then actioned from Wednesday by the Principal Secretaries' technical committee.

#### **ENGAGEMENT WITH THE JUDICIARY**

#### THE CHIEF JUSTICE ROUND TABLE



KEPSA held the Chief Justice RoundTable with Honourable David Maraga, the Chief Justice, and the President of the Supreme Court on 28th June 2018 at Intercontinental Hotel, Nairobi. The Chief Justice Round Table aimed at improving the Commercial Justice process in a manner that ensures efficient resolution of Commercial and Industrial Relations Disputes as well as discuss other ways the Judiciary can facilitate an enabling business environment. During this forum, the Chief justice assured the commitment of the Judiciary in the fight against corruption and the its plan to invest in technology to reduce human interaction during court case by automating the court file management system.

#### NATIONAL COUNCIL ON THE ADMINISTRATION OF JUSTICE



KEPSA participated in the 20th National Council on the Administration of Justice (NCAJ) meeting on 7th February 2018 in Naivasha to discuss on the operations and programmes of the council including the restructuring and strategic plan of the council and adoption of guidelines for the Court User Committees. The Council agreed on the council agreed to enhance inter agency collaboration & consultation; hold joint training and adopt use of technology; and plea bargaining to enhance service delivery.

#### HIGH COURT JUDGES RETREAT



KEPSA engaged the Judiciary on during the High Court Judges retreat on 22nd March 2019 at Panari Resort, Nyahururu. The retreat discussed and considered the private sector proposal on the judicial areas affecting the commercial sector.

#### ENGAGEMENT WITH THE COUNCIL OF GOVERNORS



KEPSA participated in the 6th Annual Devolution Conference that took place in Kirinyaga County in April 2019.

Key conference resolutions for private sector were as follows:

- Private sector and both levels of government shall support mobilisation of resources for enablers for the implementation of the big 4 agenda. This include, roads, water, energy, human resources, and Information CommunicationTechnology
- Private sector and both levels of government shall develop strategies for reducing the cost of doing business in Kenya
- Private Sector and both levels of government shall create land banks, mobilise privately owned land and provide critical infrastructure to unlock potential for affordable housing and revenue generation.

#### MINISTERIAL STAKEHOLDER FORUMS

During the year, KEPSA continued to engage with the ministries through the Ministerial Stakeholders Forum (MSF) to address challenges that could impede growth of the private sector, and partner in advancing policies and strategies that improve the business environment in Kenya.

The following are the MSFs held during the year:

#### MINISTRY OF AGRICULTURE, LIVESTOCK, FISHERIES, AND IRRIGATION



During the year, the Ministry of Agriculture, Livestock, Fisheries, and Irrigation with private sector convened four MSFs: on 4th May 2018, 17th May 2018, 17th October 2018, and 8th April 2019 respectively. The following were the outcomes from these engagements:

- A Joint subcommittee on policy review was formed between KEPSA and Ministry of Agriculture. Through the joint committee the sector to give input to the draft Agriculture policy (currently at Cabinet level), the Agriculture Sector Transformation and Growth Strategy (ASTGS) and the National Agriculture Investment Plan (NAIP). The strategy has since been validated awaiting official launch.
- A joint team between KEPSA & the Ministry of Agriculture was formed to revitalize operations of the Agricultural Information Resource Centre (AIRC).
  - To address the Weak linkage between the National and County government and inter-county governments' data/information management Systems, the Ministry established Kenya Agricultural Knowledge & Information Management System (KAKIS) a Data/Information, Knowledge, and skills repository (hub). KEPSA member was appointed to the KAKIS Operationalization Committee.
- 3) To provide oversight and policy guidance to government run projects, KEPSA members were appointed to the National steering committee of the following projects:

- a) Kenya Climate Smart Agriculture Project National Project
- b) Agriculture Financing Initiative (AgriFI) Programme. AgriFI is an EU-funded blending facility aiming to unlock, accelerate and leverage investments with a value chain approach in developing countries, focusing on smallholder's inclusiveness and/or agribusiness medium, small, and micro enterprises (MSME).
- c) The National Agricultural and Rural Inclusive Growth Project (NARGIP)

On 8th April 2019 KEPSA held a meeting with Prof. Hamadi Boga, Principal Secretary, State Department for Agricultural Research and Crops Development. The meeting was convened in response to the recent draft regulations proposed by Agriculture and Food Authority and the Kenya Dairy Board currently under public review. The meeting agreed on the following:

- ► The Ministry will continue to receive views and written submissions from the private sector
- ► KEPHIS and AFA will work together to reduce/ eliminate duplication of roles
- County and Inter-county and Government overlaps to be reviewed in order reduce regulatory burden on the private sector
- ► The Ministry will encourage further engagements and inclusivity in the drafting of regulations



#### MINISTRY OF DEVOLUTION & ARID AND SEMI-ARID LANDS

KEPSA engaged with the Ministry of Devolution and ASAL on 26th February 2019 and the following key milestones were reported in the meeting.

- ► The Intergovernmental budgeting and economic council (IBEC) had given a directive in August 2018 that all counties must audit their pending bills and as part of their transition, expedite the settlement of any pending bills.
- ► The controller of budget is to prioritise allocation for payment of pending bills.
- The IBEC report indicated that the counties have finalised the pending bills audit and have started to settle their pending bills.
- Going forward, the national treasury is considering accrual accounting and the need to have a balanced budgeting process that makes it impossible to commit when there are no resources.
- The auditing of asset and liabilities of the defunct local authorities was completed and the report adopted on 26th January 2019. The next phase for the audit of national government assets and liabilities.
- Finalisation of Intergovernmental alternative dispute resolution (ADR) regulations ready for presentation to the national and county coordinating summit.
- Kenya National Bureau of Statics had published the first Gross County Product Report which is a good step in having factual information on county's contribution to the Gross Domestic Product and inform measures or strategies they can adopt in order to spur competitiveness.

#### MINISTRY OF DEFENCE

KEPSA Security Sector board met with the Ministry of Defence on 3rd May 2018 and the key resolution was to bring on board members from the other boards that will engage with MOD on the other Pillars of the Big Four Agenda i.e. Kenya Health Federation Board, Kenya Association of Manufacturers, Transport and Infrastructure Board, Industrialization and Enterprise Development Board, Environment and Water Board and any other relevant board within KEPSA.

#### MINISTRY OF EAC AND REGIONAL DEVELOPMENT



KEPSA held a Ministerial Stakeholder Forum with the Ministry of EAC and Regional Development on 11th September 2018. The key outcome of the meeting was a strategy on how to address Non-Tariff Barriers (NTBs) on confectionaries, local textiles, lubricants, cigarettes, steel and edible oils, free movement of people and services as well as standards.

#### MINISTRY OF ENERGY



The Ministry of Energy met with KEPSA on 25th April 2019 and recorded the following outcome

- KEPSA to request its members to compute the number of hours they use alternative source of power due to power outages
- 2. The Ministry of Energy, Energy and Petroleum Regulatory Authority, and Kenya Power to communicate effectively to the consumers so they can understand the positive changes that have been made to lower the cost of power
- 3. The Ministry agreed to conduct a baseline Survey on Biomass sector so that the private sector can effectively invest in the sector.

#### MINISTRY OF ENVIRONMENT AND FORESTRY



In February 2018, KEPSA in partnership with Switch Green Africa and the Ministry of Environment and Forestry engaged on, *Integration of Climate Change in Business Strategy for the Realisation of Kenya's Nationally Determined Contribution (NDC)*. Key resolutions of the meeting were:

- Private sector members will integrate in their strategic plans innovative climate smart solutions,
- Private sector will increase uptake of the green climate fund
- Private sector will make contribution to the 2nd National Climate Change Action Plan
- Private sector in partnership with the Ministry will develop a clear of framework for engaging private sector in the climate change and green agenda and especially in measuring, verification, and reporting needs of Kenyans Nationally Determined Contribution.

KEPSA engaged the Ministry of Environment and Forestry in developing key policy documents for the sector in 2018 as follows:

- Development of the Forestry Resources Management and Logging Activities Report between March and August 2018. Among the key recommendations is the need for development of a framework for commercialized forestry in Kenya. Commercialized Forestry will enable private sector invest in forestry to ensure sustainable production and consumption of timber products. KEPSA was a member of the Taskforce.
- Development of the National Climate Change Action Plan (2018 – 2022) in between November 2017 to August 2018. The National Climate Change Action Plan (2018 – 2022) mainstreams engagement of private sector in the implementation, measuring and reporting of climate actions in Agriculture, Energy, Transport, Water and Blue Economy, Wildlife Tourism and Forestry, Health, Sanitation and Human Settlements, Manufacturing, sectors in order to combat negative effect of climate change in Kenya. KEPSA was a member of the taskforce.
- Development of the Climate Change Directorate and LECRED-(Low Emissions and Climate Resilience Development) on the private sector coordination framework for the implementation of the Second National Climate Change Action Plan (2018 2022) in June and September 2018. The frameworks mainstreams participation of the private sector in addressing climate change in the country as well as development of a coordinated framework for monitoring, tracking, and reporting implementation of the plan.
- Development of the framework for a framework for enhancing coordination and synergy for monitoring, reporting and verification (MRV) of the National Climate Change Action Plan (2018 – 2022) in July 2018. The framework will guide both policy direction, planning for climate change as well as Kenya's reporting requirements at the global level.

#### MINISTRY OF HEALTH



KEPSA Health Sector Board led by the Kenya Health Care Federation (KHF) held two Ministerial Stakeholders Forum (MSF) in 2018.

The aim of the engagements was to enhance the collaboration between public and private sector towards delivery of the universal health care (UHC). The following were the key outcomes:

- Public Private Partnership (PPP) is important for the realisation of Universal Health Care.
- ➤ The Benefits Advisory Panel which was gazetted on 8th June 2018 vide gazette notice 5627. The panel role was to design and assess Kenya's benefit package to the Universal Health Care.
- There is need for a comprehensive medical regulatory fee review with an aim of enhancing ease of doing business and compliance in the sector.
- There is need to tackle illicit trade especially one that makes it possible to sale prescription drugs over the counter, thereby endangering the life of especially children
- A benefits Advisory Panel for UHC established to develop costs and package for universal health care while incorporate public private partnership.
- ► A roadmap to create an overarching Health Benefits Regulatory Authority will be developed to regulate the county risk pooling schemes/plans and models.

#### MINISTRY OF INFORMATION COMMUNICATION AND TECHNOLOGY



KEPSA engaged with the Ministry of ICT on 3RD April 2019 and the following key milestones were reported in the meeting:

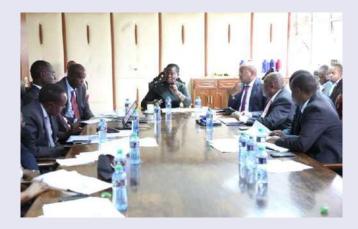
- KEPSA/Konza Day, where the Ministry of ICT invited Private Sector and investors to look at the progress made thus far encouraging Private Sector to take advantage of the opportunity by being the shareholders and beneficiaries of the region's technological hub.
- Private sector to advice government on some of the perceived benefits that the government can get by working with other countries on regional integration.

#### MINISTRY OF INTERIOR & COORDINATION OF NATIONAL GOVERNMENT

KEPSA engaged with the Ministry of Interior and National Coordination on 2nd May 2018 and the following key milestones were reported in the meeting:

- The Global Security Ranking Committee was formed during a Ministerial Stakeholders Forum (MSF) with the Ministry of Interior. It is aimed at improving Kenya's ranking on the World Internal Security and Police Index (WISPI) where Kenya ranks 124 out of 127 and the Global Terrorism Index where Kenya is among the 20 worst performing countries.
- Customer service desk has been set up at immigration following continued close engagement between the sector board and immigration.

#### MINISTRY OF LAND AND PHYSICAL PLANNING



The Ministry of Lands and Physical Planning met with KEPSA on 25th April 2019. The following were the outcomes:

- KEPSA to support the various programme the Ministry is carrying out to enhance service delivery and build trust around lands transactions in Kenya
- 2. The Ministry to communicate effectively to stakeholders on the various programme they carrying out
- 3. The Ministry to engage the stakeholders and the public more to avoid legal hurdle which may arise due to public participation issues

#### THE NATIONAL TREASURY AND PLANNING

KEPSA engaged with the National Treasury and Planning between October 2018 and February 2019 as a technical member for the development of the Climate Finance Budgeting and Expenditure Tracking handbook. The training is in 3 modules and is part of Kenya's strategic intervention to build capacity on climate finance, enable coordination of resource mobilisation and tracking expenditure in climate change.

### MINISTRY OF TRANSPORT, INFRASTRUCTURE, HOUSING AND URBAN DEVELOPMENT

The Ministry of Transport, Infrastructure, Housing and Urban Development met with KEPSA on January 2019 and recorded the following outcomes

- Formation of joint technical committee on improvement of SGR efficiency on Cargo.
- Work jointly on development Transport Master Plan
- ► Review of the Traffic Act
- ► Follow up with the State Department of TVET on the Establishment of Transport Management School
- ► Collaboration between the State Department of Infrastructure and KEPSA on local content.
- Work jointly to address the high cost of air cargo transport

#### MINISTRY OF PETROLEUM AND MINING

The Ministry of Petroleum and Mining met with the private sector once and recorded the following outcomes

- Formation of Joint working group to look into the inconsistence in the Mining Act
- Implementation of Licensing of Petroleum Road Transportation Businesses Regulations, 2013 from 3rd September 2018
- Construction of addition storage facilities for downstream sector

#### MINISTRY OF SPORTS, CULTURE AND HERITAGE

The Ministry of Sports, Culture and Heritage has met the private twice this year and recorded the following outcomes

- ► Formation of three joint committees on Sports, Creatives and Legal
- Develop couching standard in collaboration of Kenya National Qualification Framework
- ► Commercialization of talent in the country
- Collaboration in aligning the legal framework of the sector with key focus on sport policy and overhaul of the copyright acts
- Development of Key Performance Indicator for Sports Federation to ensure good governance, accountability, and transparency

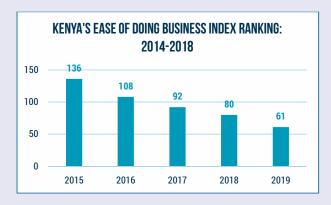
#### MINISTRY OF INDUSTRY, TRADE AND COOPERATIVES

#### The Launch of the 2019 Doing Business Index Report



KEPSA as a key partner in the doing business reforms in Kenya, attended the launch of the 2019 doing business index report on 1st November 2018. Kenya ranked position 61 in the 2019 report improving 19 places from position 80 in 2018.

The Doing Business Indicator (DBI) was the foundation and focus of the Presidential Round Tables (PRT) held from 2013 to 2017 between KEPSA, the three arms of Government and International Finance Corporation (IFC). It all started in the first PRT in February 2014 when KEPSA presented Kenya's position, which was ranked at number 129. KEPSA managed to get a presidential endorsement on the business environment focus of its Business Strategy (2013-2018) and National Business Agenda (NBA-II).



#### **Business Environment Reforms Update Meeting**



Kenya Private Sector Alliance (KEPSA) in collaboration with the Ministry of East Africa Community (EAC) and Regional Development convened a stakeholders' meeting to update on the Business Environment Reforms being undertaken in Kenya on 14th March 2019 at Crowne Hotel, Nairobi.

To further improve Kenya's ranking in the DBI, the government committed to focus on the following reforms in 2019:

He went ahead to highlight key reforms that the government will undertaking this year include:

 Transfer of property: the number of days to be reduced to about 12 days from the current 70 days with a maximum of 3 process required

- Construction permit: The days we will be reduced to 16 days from the current 160 days. This will be enabled by leveraging of technology by all agencies involved in the process.
- 3. Trading across borders: The government is focused on reducing on the number of trade facilitation agencies involved in the clearance of goods ate the port from the current 27 to 4 agencies. In this regards, Kenya National Bureau of Standards will be solely responsible in the case of Certificate of Confirmations to avoid double checking
- 4. Huduma number: The process of Huduma numbers will be extended to business to enhance the intelligence of data collected by the government for the purpose of trade facilitation
- 5. Enhancing customer relations: The Ministry of EAC will work with all government agencies to establish points of contacts to serve as help desk and subsequently engage on a robust communication strategy to sensitize the public on the reforms undertaken
- 6. Verification at the port: There will be a joint verification at the port conducted by all the agencies involved. In addition, a 'One-stop shop' for clearance will be set up at ICD to facilitate clearance of goods.

### ENGAGEMENT WITH STATE DEPARTMENTS, AGENCIES AND COMMISSIONS

#### STATE DEPARTMENT OF TRADE

The State Department of Trade-National Sanitary & Phytosanitary (SPS) Committee held a meeting with KEPSA Agriculture, Livestock & Fisheries Sector Board on 2nd August 2018. From this engagement, KEPSA members were trained on the World Trade Organization (WTO) Agreements on Sanitary & Phytosanitary / Technical Barriers to Trade.

#### STATE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The State department of Housing and Urban Development held an MSF in June 2018. The agreed outcomes were

- Private sector to be included in the Project Implementation Units (PIU) Committees
- Private sector to give their input in the Housing Fund Regulation
- Private sector to come up with incentives that they want from government to unlock the Affordable Housing Programme

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#### STATE DEPARTMENT OF DEVOLUTION



KEPSA engaged with the development of the Policy on Establishment of County Economic Blocs (CEBs) that took place between December 2018 and February 2019. The policy provides a framework to address gaps in legislation, membership, structure, operations, and management of CEBS. It aims at harmonising them in order to spur joint investments and economic growth of the counties. The economic blocs will also facilitate harmonization of regulatory frameworks, levies, and fees for ease of doing business.

#### STATE DEPARTMENT OF ARID AND SEMI ARID LANDS (ASAL)

KEPSA engaged with the State Department for Development of Arid and Semi-Arid lands in December 2018 on the validation of the 5 year (2018 – 2022) Strategic plan. The strategic plan targets to reduce inequalities, vulnerabilities and ensure accelerated and sustained development of the ASAL regions. The key role being that KEPSA will facilitate policy dialogues for promotion of public private investments for wealth and job creation in the Arid and Semi-Arid Lands.

#### STATE DEPARTMENT OF YOUTH AFFAIRS



On 14th Feb 2019, KEPSA participated in the validation of the reviewing of the National Youth Policy, 2007 by the State department of Youth Affairs. Inputs towards finalization of the review process by the private sector was presented at an engagement forum. The finalized policy will be disseminated to KEPSA Members.

#### STATE DEPARTMENT OF PLANNING AND VISION 2030

KEPSA engaged with Vision 2030 Delivery Secretariat on the launch of the Celebration of the 10-year Anniversary of Kenya Vision 2030 took place in May 2018. Key deliberations included the following:

- Celebration of achievements from 2008 2017
- Strategy to accelerate attainment of Vision 2030
- Unlocking challenges on implementation of flagship projects
- Collaboration and partnership opportunities
- Project financing of flagship

### STATE DEPARTMENT FOR POST TRAINING & SKILLS DEVELOPMENT

KEPSA engaged with the newly formed State Department of Post Training and Skills Development in May 2018. The department aims at enhancing skills, enterprise and Industry Partnerships' as well as Employment Management Information Systems. The department formed 3 thematic work groups in line with the goal and KEPSA is represented.

#### AGRICULTURE AND FOOD AUTHORITY (AFA)

KEPSA engaged AFA on 21st November, 2018 and 14th March, 2019. The engagements were organized to discuss the draft crops (Irish Potato) Regulations 2018 and the crops (food crops) regulations, 2018. From the engagement Private sector input on the draft regulations 2018, and regulatory Impact statement were considered, and the Irish Potato regulations 2018 were validated.

#### KENYA PLANT HEALTH INSPECTORATE SERVICES (KEPHIS)

KEPSA held a consultative meeting with KEPHIS and other regulatory bodies on 19th July 2018 at KEPHIS Head Quarters in Karen. The forum provided an opportunity for stakeholders to give feedback on challenges they face in accessing services from regulatory bodies as well possible solutions. From the engagement, a way forward on resolution of private sector concerns (Private accreditation of seed potato certification, Electronic Certification System (ECS) was jointly agreed on.

#### PRIVATE SECURITY REGULATORY AUTHORITY



KEPSA Security Sector Board met representatives of the Private Security Regulation Authority (PSRA) led by its Chair, Professor. Stephen Ng'ang'a alongside CEO, Mr. Fazul Mohamed on 8th March 2019. Key highlights of the meeting included coordination and joint training between the Police and Private security guards, Amendment of Section 53 (1) & (2) which talks about arming of the Private Security guards and ways of attracting and involving youths in private security.

#### KENYA REVENUE AUTHORITY



KEPSA ICT Sector board engaged KRA on 29th November, 2018 and the following milestones were forged:

- KRA to create strategic partnership with structured ICT sector players such as the ICT education sub-committee of KEPSA to take advantage of the young innovators in developing innovate solutions for tax base expansion. By opening up its systems, KRA will be able to partner with young innovators in developing innovative solutions for tax base expansion. The Private sector is ready and willing to partner with KRA in doing this.
- KEPSA to work closely with KRA to forge strategic partnership with the National Steering Committee on e-Commerce and national addressing system to facilitate traceability of transactions.

The Boards of the KRA and KEPSA also held a meeting on April 11, 2019 at the KRA offices in Nairobi, where KRA reported on the measures it had put in place to propel the country's ranking to top 50 supported by the indicators. Key among the initiatives is the proposed unification of KRA, NSSF, and NHIF payments systems. Already, key milestones have been achieved in the unification of NSSF's online payment system (SSPAS) and KRA's iTax, with KRA having reported that full rollout of the unification will be achieved by December 2019, reducing the number of payments by 12. Roll out of the proposed Tax Invoice Management System; an enhancement of the current ETR regime, which will enable automatic reporting of tax invoice transactions, is expected to further ease payment of taxes and VAT refund processes. The recently installed integrated cargo management system has also greatly enhanced efficiency in non-intrusive verification and intelligence-based risk profiling to establish which goods to undergo physical verification.

KRA and KEPSA committed to work jointly to facilitate the industry in the following ways, among others:

- Streamline cargo clearance processes to enhance efficiency
- Leverage and invest in technology to enhance the ease of doing business.
- Developing innovative ideas for expanding the tax base.
- Clearance of the VAT backlog in which KRA committed to pay Ksh. 2 billion of VAT refunds in the month of April.
- Streamlining the VAT refund process by integrating the ICMS and iTax system and other internal measures.
- Introduce technology to make it easier to file VAT returns to reduce the compliance costs to business.
- Increase efficiency at the port of Mombasa and pursue reduction of the number of agencies businesses have to deal at the Port from 27 to four.
- ► Partnership with other government agencies for reduction of costs in logistics and excise management.
- The Boards committed to hold semi-annual engagements to ensure continuous dialogue and exchange of ideas for revenue collection enhancement and improvement of the business environment in Kenya.



KEPSA and KRA co-hosted the 4th Tax Round Table in 11th December 2018. The forum outlined KRA's commitment to a continued improvement in the Ease of Paying Taxes Indicators under the Ease of Doing Business rankings with a target of ranking top 50.

#### **ICT AUTHORITY**



KEPSA engaged with ICTA on 8th March, 2019 and agreed on Public Private Partnership framework that will help private sector plug and keep track of new and existing projects.

#### NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY

KEPSA engaged with the National Environment Management Authority in the review and validation of the Environmental Management and Coordination (Strategic Assessment and Integrated Impact Assessment and Environmental Audit (EIA/EA) Regulations (2018). The regulations provide for public participation in the preparation of the assessments, integrates climate change vulnerability assessment and relevant adaptation and mitigation actions. KEPSA is a member of the Environmental Management and Coordination Regulations Review taskforce.

#### TECHNICAL AND VOCATIONAL EDUCATION TRAINING AUTHORITY

KEPSA participated in the launch of the Technical and Vocational Education and Training Authority (TVETA) strategic plan 2018 - 2022 in April 2018. The strategic plan calls for concerted efforts between public and private sector to improve the sector governance, upgrade competency-based skills framework, and create micro systems to ensure alignment of TVET with small and micro enterprises.

In same respect, KEPSA engaged with the Technical and Vocational Education Training - Curriculum Development And Certification Council (TVET-CDACC) in February 2019 and the following key milestones were reported in the meeting:

- Over 40 Sector Skills Advisory Committees (SSACs) have been formed to which KEPSA was called upon to nominate representatives.
- KEPSA submitted industry representatives in various Sector Skills Advisory Committees (SSACS) including ICT, Journalism, Fire Management, Social Work and Community Management, Construction and Mechatronics among others for development of competency-based curriculum.
- TVET CDACC had formulated over 190 occupational standards.
- Partial or full certifications can be awarded to candidates to recognise prior learning; in the various Assessment Centres facilitated by the council.
- 20 SSACs would be formulated in the course of 2019.

In addition, the Competency Based Education and Training (CBET) Policy Framework that provides for industry and business-led model for development occupational standards for all technical and vocational sectors and trade was launched. A CBET implementation Committee was set up where KEPSA is a member.

#### NATIONAL COUNTER TERRORISM CENTER (NCTC)

KEPSA has continued its partnership with NCTC particularly in training of Private security personnel. In 2018, over 1000 private security personnel were trained on counter terrorism. In 2019, NCTC and KEPSA are targeting to train more than 3000 private Security personnel across the country.

#### KENYA NATIONAL HIGHWAYS AUTHORITY (KENHA)

KEPSA held a meeting with KeNHA on July 2018 to get a status report on the Bus Rapid Transport as part of the projects of decongesting Nairobi. The private sector was informed that there will be five BRT line around Nairobi two of which has gotten funding. The BRT project will run concurrently will the Diesel Multiple Units (DMU). The project will be run through a Special Purpose Vehicle by the private sector once the government is through with putting the infrastructure in place.

#### NATIONAL TRANSPORT AND SAFETY AUTHORITY (NTSA)

KEPSA held a meeting with NTSA on August 2018 to give a status on various issues of concerns to the private sector. Key issues were on:

- ► The Draft Motor Vehicles Inspection Regulations which have been approved by Cabinet
- ► The delay in issuance of E-stick and number plates leading to high of doing business
- What NTSA is doing to regulate the 'boda boda' sector in the country especially on safety.
- ► The introduction of smart driving of E-sticker

#### SPORTS REGISTRAR

KEPSA held a meeting with Sports Registrar on August 2018 to sensitise the private sector on the mandate of Sports Registrar and explore areas of collaboration and partnership. The Office of Sports Registrar is mandated with registering sports bodies and licensing sports professionals. The key challenge facing the Office of Sports Registrar is human resources, inadequate funding, and office space. KEPSA agreed to work together in review the Sports Act 2013, to strengthen the institution due to its strategic role in the sports sector.

#### DIRECTORATE OF QUALITY ASSURANCE

KEPSA in partnership with directorate of quality Assurance, reviewed the Framework for Vetting and approving expert teachers in addressing quality of teacher training in Public Teacher Training Institutions. The partnership realised the review of teacher training curriculum to incorporate the Competency Based Curriculum and enhance roll out of the new curriculum.

#### KENYA NATIONAL EXAMINATION COUNCIL

Private Sector partnered with the Kenya National Examination Council and the Ministry of Education in the supervision of Kenya Certificate of Primary Education and Kenya Certificate of Secondary Education examinations. The partnership that included private sector as part of the monitoring and surveillance team, resulted in the delivery of a credible examination season.

#### COMMISSION FOR UNIVERSITY EDUCATION

In May 2018, KEPSA engaged with the Commission for University Education (CUE) on the development of industry fit curriculum. KEPSA gave input on the assessment of relevance of university education into industry/market needs.

#### KENYA INSTITUTE OF CURRICULUM DEVELOPMENT



KEPSA engaged with Kenya Institute of Curriculum Development (KICD) in October, 2018 at the KICD offices. The meeting discussed progress on the roll out of the new curriculum, teacher training in regards to the Competency Based Curriculum (CBC) and the quality of Education reading materials in the market. the following outcomes were resolved:

- The National roll out of the curriculum was scheduled for January 2019.
- ► Teacher training for both public and private school teachers would be undertaken in December 2018.
- The general public and the education institutions to use text books approved and recommended by KICD in the Orange Book. This will curb the issue on counterfeit and sale of low-quality reading materials.

#### PRIVATIZATION COMMISSION



KEPSA together with Agricultural Industry Network (AIN) held a meeting with the Privatization Commission on 9th April, 2019. The purpose of the meeting was to discuss the status of the Government's privatization program with a focus on agricultural parastatals as well as to get an update on the pipeline of entities lined up for divestiture.

#### NATIONAL RESEARCH FUND

KEPSA is engaged with the National Research Fund for funding science technology and innovation research for both private and public institutions. In October 2018, call for proposals categorised the research into three: Post graduate category, multidisciplinary category and collaborative research projects including infrastructural support.

#### NATIONAL GENDER EQUALITY COMMISSION (NGEC)



The visit to NGEC on 23rd January 2019 sought to discuss areas of partnership and collaboration towards Gender, Youth and Persons with Disability mainstreaming of the Big Four Agenda. Following this, a Technical Working Group was formed that would lead implementation of partnership between KEPSA and NGEC on research and advocacy towards gender equality.

### THE TASKFORCE ON REVIEWING THE IMPLEMENTATION ARRANGEMENT OF ACCESS TO GOVERNMENT PROCUREMENT OPPORTUNITIES (AGPO)

The Gender and Youth Sector Board is part of the taskforce that is reviewing the implementation arrangement of Access to Government Procurement Opportunities (AGPO) anchored under The Treasury to ensure that issues surrounding its implementation will be sufficiently addressed. Private sector recommendations were incorporated in the report that will inform strategic actions for improving access to AGPO services.

#### CLINICAL OFFICERS COUNCIL



KEPSA Health Sector Board (Kenya Healthcare Federation) engaged with the Clinical Officers Council of Kenya, in March 2018. The two institutions agreed to forge a stronger partnership for health human resource development

### ENGAGEMENT WITH VISION 2030 DELIVERY UNIT ON UNIVERSAL HEALTH COVERAGE



Front (L-R): Governors; Prof. Anyang' Nyong'o, Kisumu County, Deputy Governor, Ms. Caroline Karugu, Nyeri County, Prof. Kivutha Kibwana, Makueni County (fourth from left), together with the Private health sector members and Vision 2030 Delivery Unit during the Second Universal Health Coverage Conference in Nyeri.

In September 2018, Vision 2030 Delivery Unit partnered with Kenya Health Federation (KHF), which is also the KEPSA Health Sector Board and organized the Second Universal Health Coverage Conference on "Transformative Solutions to Halt and Reverse the Non-Communicable Diseases Epidemic". In order to achieve universal health coverage, the resolutions' made at the conference were:

- Major focus should be put on creating awareness and dissemination of information to the general public especially the youth on preventive healthcare measures non communicable diseases;
- Increase sensitization of the young people on Non-Communicable Diseases' (NCDs) preventive measures and healthy lifestyle.
- Capitalize on Public-Private Partnership to support local manufacturers of drugs in order to make medicine affordable

- ► The PPP ACT should be re-visited to strengthen the health care supply chain
- ► There is need to formalize the vital role of the Community Health Volunteers as recognisable professions within the health sector.
- Promotion of inclusivity of the National Health Insurance Fund (NHIF) to ensure that the poor and vulnerable are covered;
- Support for pharmaceutical manufacturers to make medicines affordable and strengthening the supply chain.

#### INTERGOVERNMENTAL TECHNICAL RELATIONS COMMITTEE (IGRTC)

KEPSA participated in the Intergovernmental Relations in December 2018. Consultations, cooperation, and coordination between the two levels of government is key to economic and regional development. The key outcomes were as follows:

- There is need to formulate laws and fast-track enforcement of policies and legislation that champion for devolution.
- 2. Concurrent functions in the constitution between the twotier governments should be clearly unbundled in order to reduce the intergovernmental disputes.
- Application of Alternative Dispute Resolution (ADR) should be fast-tracked in order to reduce litigation expenditure and inject funds more funds to economic development.

#### NATIONAL ENVIRONMENTAL COMPLAINTS COMMITTEE

KEPSA engaged with the National Environmental Complaints Committee (NECC) in April 2018 on Public Interest Litigation Education. The key outcome of the engagement was the development of Public interest litigation manual to cover the following:

- ▶ Strategies for legal redress on environmental matters,
- Technicalities for conducting investigations,
- Procedures of steering environmental public interest ligation,
- Provision of public interest ligations advisory on environmental matters,
- Private sector engagement and community on public interest litigation engagement,
- Sensitization and awareness creation on public interest ligation mechanisms to the general public.

#### TASK FORCE ON THE DEVELOPMENT OF THE NATIONAL WATER POLICY

KEPSA engaged as a Taskforce Member with the Ministry of Water and Sanitation in the development of the National Water Policy and the national water resources management strategy. The policy and the strategy is intended to guide national and county governments in matters related to water. It is expected to:

- Provide long term strategic roadmap to address Water Resources Development and Management issues and
- Achieve balanced and sustainable water use and development across the country.

In March 2019, KEPSA members made input to the draft water regulations and regulatory impact assessment report for operationalization of the Water Act 2016. The statutory instrument includes: Water Resources Regulations 2019, Water Services Regulations 2019, National Water Harvesting and Storage Authority Regulations 2019, and Water Tribunal Rules, 2019.

#### THE DAMS TASK FORCE



KEPSA engaged with the Dams Taskforce in July 2018. KEPSA members gave input towards a report to be presented to the Ministry of Water and Sanitation on safety on the existing dams to ensure safety standards are maintained during construction. The key recommendations were:

- The regulations for construction, planning, design, disaster and risk management, and maintenance of dams need to be simplified.
- There is need to harmonize conflicting laws and roles played by different agencies in regulation the dams.
- There is need for clarity of data and reports required for submission by the agencies.
- There is need to register and accredit professionals for dams.

#### **REGIONAL AFFAIRS AND OTHER ENGAGEMENTS**

#### EAST AFRICAN SCIENCE AND TECHNOLOGY COMMISSION (EASTECO)

KEPSA participated in the regional engagement on the finalization of the Intellectual Property (IP) Policy under the East African Science and Technology Commission in September 2018. The outcomes realized from the policy are:

- Regional Status on Intellectual Property Rights including national, regional, and continental best practices;
- Policy objectives and proposed options in term of IPR administration and IPR enforcement;
- Regional Intellectual Property (IP) Policy Implementation Mechanism;
- Regional IP policy monitoring and evaluation Framework;
- Proposed Terms of Reference, structure, and membership for the EAC Regional IP Forum.

#### EAST AFRICAN KISWAHILI COMMISSION

KEPSA has been engaged with The East African Kiswahili Commission (EAKC) to coordinate the development of principles and guidelines for the Kiswahili Training Programmes and Manuals in the EAC partner States. The following recommendations made were;

- Ministry of East African Community and Regional Development, Ministry of Sports, Culture and Heritage and Ministry of ICT to mobilize stakeholders and sensitize them on the Kiswahili Training Programmes.
- ► EAKC to work with Kiswahili Stakeholders to develop joint proposals to mobilise resources for implementation of the Training Programmes.
- ➤ The EAKC will submit to Sectorial Council the Draft principles and guidelines for the development of Kiswahili Training Programmes and Manuals for approval by June, 2019.
- Kiswahili Training sessions to be conducted during the capacity building forums for different Kiswahili stakeholders.

#### SUSTAINABLE DE VELOPMENT GOALS (SDGS) CHAMPIONS TRAINING

KEPSA in partnership with Council of Governors' (CoG) and the United Nations Development Programme (UNDP- Kenya)-Projects and Programs, trained the 47 County Governments SDGs champions on the "Role of Private Sector in implementation of Sustainable Development Goals and opportunities for collaboration, in August 2018.

Key resolutions for County Engagement with private sector on SDGs were:

- ➤ The private sector in Kenya has shifted to Corporate Social Investment that gives investors an opportunity to invest in social impact opportunities at the counties.
- Counties should provide a conducive environment to attract and retain investors for sustainability.
- Through the Partnering for green growth and Global Goals (P4G Platform), counties can work with KEPSA in developing proposals to seek investors.
- ► There is need for Establishment of an effective M&E unit with the identified SDG champion as the lead.

#### KENYA SUSTANABLE DEVELOPMENT FORUM (SDG FORUM)

KEPSA expounded on the role of private sector in implementation of SDGS during the SDGS Kenya Forum held in January 2019. The forum resolved on the following:

- To accelerate coordination and multi-stakeholder engagement in the implementation of SDGS and preparation of the Voluntary National Report.
- Undertake continuous awareness and capacity building towards achieving the goals;
- Strengthen partnerships and collaboration with global and regional initiatives.

#### THE 2ND ANNUAL DEVOLUTION FOR SUSTAINABLE DEVELOPMENT

KEPSA in collaboration with Serano Africa held the 2nd Annual Devolution for Sustainable Development Conference in September 2018 under the theme "Policy and Legislative Coherence for Advancing Partnerships for the Implementation, Monitoring and Evaluation of Sustainable Development Goals in the Context of Devolution." The key conference resolutions were:

- Poverty manifests itself in composite forms including lack of food, health challenges, lack of a job, lack of electricity, lack of education among others, SDGS are an inclusive transformative call for the world in the 21st Century to tackle the poverty challenge and create a common world with wealth that transforms' the lives of the people.
- It is imperative that devolution is tied to Sustainable Development Goals therefore provide avenues to mainstream and localise the global agenda to development in Kenya.

- Localising SDGS in the counties will provide for proper monitoring and reporting of the true position country in the development of voluntary national reports.
- Integrating and aligning SDGS into policy actions in the 47 counties in Kenya is crucial for the realisation of the SDGS targets in Kenya

#### UNITED NATIONS ENVIRONMENT ASSEMBLY (UNEA - 4)



KEPSA participated in the United Nations Environment Assembly (UNEA - 4), which took place from 4th – 11th March 2019 at the United Nations Headquarters in Nairobi, under the theme of "Innovative Solutions for Environmental Challenges and Sustainable Consumption and Production" and a rallying call "solve differently". UNEA is the world's highest-level decision-making body on the environment that addresses critical environment challenge's facing the world. Key resolutions impacting on policy and public private dialogues engagements are:

- ► UNEP/EA4/L2 Innovative pathways to achieve sustainable production and consumption.
- UNEP/EA4/L3 Promoting innovative solutions for curbing food loss and waste.
- UNEP/EA4/L4 Sustainable mobility.
- UNEP/EA4/L5 Addressing environmental challenges through sustainable business practices
- ▶ UNEP/EA4/L6 Sustainable infrastructure.
- ▶ UNEP/EA4/L7 Marine plastic litter and micro plastic.
- UNEP/EA4/L8 Environmentally sound management of waste
- UNEP/EA4/L9 Sound management of chemicals and waste.
- UNEP/EA4/L10 Addressing single use plastic and product pollution.

- UNEP/EA4/L11 innovations on biodiversity and land degradation.
- UNEP/EA4/L17 innovations on rangelands and pastoralism.
- ► UNEP/EA4/L21 Promoting gender equality and human rights for women and girls in environmental governance.
- ► UNEP/EA4/L23 Mineral resources governance.
- UNEP/EA4/25 implementation plan towards a pollution free environment.
- ► UNEP/EA4/L27 Keeping the world under review: endorsement of global environment outlook.

#### PARTNERING FOR GREEN GROWTH AND GLOBAL GOALS 2030 - P4G

Partnering for Green Growth & Global Goals 2030 (P4G) is a, global action-oriented initiative for acceleration and delivery of sustainable development goals through green growth and multi-stakeholder partnerships. Building on the success of the Global Green Growth Forum (3GF), the P4G initiative is motivated by an ambitious, time-bound goal to accelerate progress on the 2030 Goals. P4G evolved from the Global Green Growth Forum (3GF) to an action oriented, multistakeholder partnerships' platform to drive green growth and realization of global goals. It is an engine that aims to develop concrete Public-Private Partnerships at scale to deliver Sustainable Development Goals (SDGs). The main aim is to catalyze public private partnerships to accelerate innovative partnerships which can then act as engines for change and transformations for solving systemic challenges to green growth and sustainable development. The following is the progress of P4G in Kenya in 2018:



P4G National Launch held in July 2018



- Establishment of P4G Platform in Kenya: in February 2018 by the KEPSA in partnership with Royal Danish Embassy, Vision 2030 and the Ministry of Environment and Forestry in Kenya to increase understanding of multi-stakeholder partnerships as well as explore opportunities presented by the Global P4G hub.
- 2. Inauguration of the Kenya National P4G Platform: in July 2018, KEPSA, The National Treasury and Planning, The Ministry of Environment and Forestry of Kenya and the Kenya Vision 2030 Delivery Secretariat (VDS) and P4G Hub inaugurated the Kenya P4G platform. KEPSA as the co-chair of the Kenya National Platform alongside the National Treasury and Planning.
- 3. P4G Call for Proposals: P4G hub offers funding, facilitation, and recognition to its partners at global, regional, and national levels. In particular, its partnership fund finances up to \$1 million USD for innovative and high-impact partnerships in Food Security, Cities, Energy, Water and Circular Economy. Two calls issued in March and November of 2018. a total of 460 and 382 applications were submitted to the hub. The following projects are being implemented in Kenya with the support of KEPSA.
  - ▶ New Plastics Economy Project: KEPSA in collaboration with Center for Clean Air Policy is taking lead in the, "Partnership for the New plastics Economy in Kenya," a startup project, under P4G that brings together governments, large, and SMEs in Kenya to find sustainable solutions for the plastic value chain for plastic waste menace in Kenya.

- ➤ Systemiq Project on Sustainable Special Economic Zones: KEPSA in partnership with Systemiq Limited- a P4G scale up project, in February 2019, launched the sustainable special economic zones concept in Kenya. Systemiq, has plenty of experience and expertise that Kenya can leverage to drive the country's sustainable development agenda through Sustainable Special Economic Zones.
- 4. P4G National Gathering: The P4G global hub and 9 Country partners, who have set up national platforms to direct P4G outreach activities including Kenya, Chile, Colombia, Ethiopia, Denmark, Mexico, Netherlands, South Korea, and Vietnam held the first P4G national gathering in October 2018 in Denmark. KEPSA shared its lessons on mainstreaming sustainable development goals in the country's third medium term plan and creation of public private partnership for realisation of the Big 4 agenda in the context of suitable development goals.
- 5. The First P4G Summit in Copenhagen: KEPSA co-convenor of the Kenya National Platform, participated in the first P4G Summit held on 19th and 20th October 2018 in Copenhagen-Denmark. The outcome was the "Copenhagen Commitment to Action" to develop, accelerate and accelerate market driven solutions within food and agriculture, water, energy, cities, and circular economy.
- 6. State of Art P4G Partnership Awards: P4G state of the Art partnership awards was launched on 3rd April 2019 to celebrate the world's most innovative partnerships for sustainable development. Winners will be announced at an awards event in New York City at the time of the UN Climate Action Summit on September 2019.

#### **EMBRACE**

On 5th February, 2019 KEPSA participated in the EMBRACE, 'women building bridges for Kenya' pre-convection forum amongst other stakeholders that are championing inclusion of women into leadership and decision-making platforms through diversified elective and appointive positions.

#### ENGAGEMENT WITH THE BILL AND MELINDA GATES FOUNDATION



The Gender and Youth Sector Board in partnership with the Bill and Melinda Gates Foundation held a stakeholder breakfast forum on Gender & Youth and the Big 4 Agenda on 30th October 2018. This was towards reviewing the Big 4 Agenda with a gender lens towards ensuring inclusivity of women and youth through the implementation of the Big 4 Agenda.



#### ENGAGEMENT WITH PARLIAMENTARY BUDGET OFFICE

KEPSA through the Public Finance Sector Board engaged with the Parliamentary Budget Office (PBO) on 13th February 2019 to discuss on areas of collaboration towards private sector involvement in the budget making process. Following this, the PBO agreed to partner with KEPSA in capacity building of the private sector on matters of national budget making and the proposed Pre-Budget Forum in October 2019. The Pre-Budget Forum will focus on proposals for the yearly budgets and provide recommendation to the Budget Options for consideration.

As a follow -up, the sector board in collaboration with KPMG and PBO hosted a breakfast meeting on 22nd February 2019 where PBO unpacked the 2019/20 Budget Policy Statement (BPS) to the private sector.

#### COURTESY CALL TO THE PUBLIC DEBT MANAGEMENT OFFICE

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# PUBLIC POLICY, RESEARCH & ANALYSIS: EVIDENCE BASED ADVOCACY

#### NATIONAL BUSINESS AGENDA III



The term for the Second National Business Agenda (NBA) which has steered the private sector for 5 years (2013-2018) necessitating the development of Third NBA. In this regard, KEPSA embarked on the development of the NBA III with the support from Business Advocacy Fund; a long time KEPSA partner that has been instrumental in supporting the private sector through capacity building, mentoring and grants for policy dialogue and advocacy.

From January 2018, KEPSA in consultation with members, partners and other stakeholders engaged in the process of developing the NBA III with business advocacy priorities to guide private sector engagements with the strategic stakeholder for the next 5 years (2018-2022).

The NBA-III has adopted the following thematic areas:

- i) Reinvigorating domestic demand for growth and stability,
- ii) Developing export markets,
- iii) Fostering research, innovation, and creativity, and
- iv) A focus on key enablers i.e. improved governance & business environment, land holding, use and management, infrastructure development, human capital development and sustainable development.

It also features an elaborate legislative agenda to be fasttracked by various KEPSA sector boards, direct action, and support from partners.

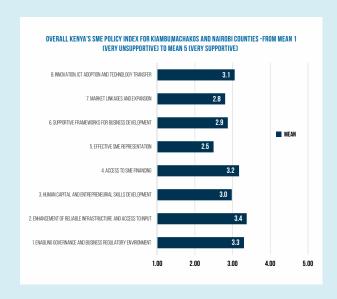
The NBA III was officially launched during the KEPSA 15th Annual General Meeting held on 9th April 2019 At the Nairobi Serena Hotel in Nairobi.

## SMALL AND MEDIUM ENTERPRISES (SME) POLICY INDEX

As part of the Kenya Rising Star and Scale-up Programme (KRISP) that KEPSA developed and presented to the President for endorsement in May 2016 during the Sixth Presidential Round Table (6th PRT) KEPSA has developed a SME Policy Index. The aim of the Policy Index is to foster development of a resilient economy by supporting SME growth, nurturing entrepreneurial culture, and expanding opportunities for increased employment and wealth creation.

In 2018, KEPSA embarked on developing an SME policy index to help assess how facilitative Kenya's policy environment is to SME. The study was conducted between March and June 2018 as part of a pilot and reached out to more than 1,137 SMEs in 3 counties – Nairobi, Kiambu and Machakos.

The study covered 8 policy dimensions (fig. below). Across the 8 dimensions, the scores ranged from 2.50 to 3.38 with an average of 3.03; where 5 is best, 3 neutral, and 1 worst.



The moderately supportive policy dimensions to SMEs included: Infrastructure and access to inputs, Governance and SME regulatory framework, access to SME financing, Innovation, Information Communication and Technology (ICT) and technology transfer. On the other hand, the moderately unsupportive MSME policy dimensions included effectiveness of MSME representation, market linkages and expansion, business development support frameworks and human capital and skills development.

The SME Policy index will inform KEPSA's advocacy agenda on enterprise development. In future, the SME policy index will be scaled-up to a country wide study.

# CORRUPTION RISK MAPPING AND ANTI-BRIBERY COMPLIANCE ASSESSMENT IN THE PRIVATE SECTOR:

Towards enhancing private sector participation in the ongoing efforts to tackle corruption, KEPSA partnered with Centre for International Private Enterprise (CIPE) to implement a project on mobilizing the private sector to combat corruption in Kenya. The project seeks to support an informed private sector advocacy on anti-corruption and regulatory reforms in Kenya, and to enhance business ethics and compliance through capacity building of businesses and the private sector in general.

Through this partnership, KEPSA commissioned a study in November 2018 on Corruption risk mapping in the Privates sector and come up with strategies, guidelines, and procedures to plug-in into operationalization of the Bribery Act.

Over 1200 businesses from Micro, Small, Medium, and Large drawn from 17 sectors of the economy participated in study.

A highlight of the study reveals that 85% of the respondents acknowledged corruption risk in business operations with 26% terming it as low, 32% moderate, 21% high and 5% very high. The responses were majorly informed by personal experience (30%) and discussion with colleagues (24%).

The most vulnerable areas of business operations to corruption risk included procurement and supply, finance, and accounting, as well as import and exports operations. Fraud, bribery, tax evasion and embezzlement were most prevalent forms of corruption accounting for 74% of total responses; while Transport and Storage sector, Construction, and Real Estate suffered the highest financial loses.

On the Bribery Act it emerged 44% of businesses were not aware of the law or the liability to comply with it. Only 32% expressed understanding of the Act, yet 77% had not sought any professional advice. However, 54% agreed to corruption incidences happening in their sectors and majority (73%) had put in place prevention measures chiefly financial and commercial controls such as adequate bookkeeping, auditing, and approval of expenditure. This was viewed as the most effective measure to combat the vice. Other measures adopted included signing the Code of Ethics and Oral briefing to staff and partners to communicate the need to prevent corruption and bribery - despite being perceived to be least effective.

The challenges in complying with provisions of the Act mostly affected small and mid-sized businesses (SMEs) compared to large companies. In particular, the challenges for SMEs includes lack of awareness of corruption and bribery risk, gaps in policies and procedures for managing important functions such as finance, procurement and recruitment process, lack of written code of conduct for employees, inadequate training, and awareness on liability under law, as well as oversight gaps by management/board members. For large businesses, compliance challenges include the high cost of compliance, low third-party due diligence, low communication and reporting mechanisms for concerns, inadequate training, and regular risk assessments.

# NIWETU PROJECT: STUDY ON EFFECTS OF VIOLENT EXTREMISM ON PRIVATE SECTOR



KEPSA partnered with NiWajibu Wetu (NIWETU) to conduct a study on the effects of violent extremism on Kenya's private sector. The Study conducted in three pilot counties namely Nairobi, Mombasa and Garissa seek to explore areas of opportunities that the private sector participation in Countering Violent Extremism (CVE).

The Study managed to reach SMEs in the three counties with a total of 357 businesses were engaged as respondents. The study reveals that 55% of the respondents across the three counties had at one point been directly affected by a Violent Extremism (VE) related incident with the largest proportion (70%) of these derived from Nairobi County, while Garissa had the least at 42%. The occurrences were in the form of attacks in public places such as malls, markets, and churches as well as radicalization of people by sympathizers of VE.

The effects included loss of business revenue due to limited flow of customers (e.g. avoidance of specific businesses, malls, late night shopping, etc.), business closure, destruction/loss of property, critical infrastructure, and increased anxiety amongst customers. Others included increased bureaucracy e.g. security checks and inspections, curfews, and mass exodus of personnel. The estimated revenue losses (per day) immediately after a VE incident averaged Ksh 175,396 and was highest in Nairobi at Ksh322,380, Garissa at Ksh56,148 and Mombasa Ksh21,986.

The most common mitigation measures adopted by businesses included security personnel manning businesses, reinforcement of premises with grills, business closure when threat is detected, surveillance cameras and insurance cover. In Nairobi, 53% of the businesses are not involved in any CVE activities compared to only 4% in Garissa and 36% in Mombasa. Partnerships with security personnel, encouraging community leaders to fight VE and sensitization forums were the most common activities adopted.

The report was launched on 12th February 2019 at Serena Hotel, Nairobi.

#### KEPSA MEMBERS SATISFACTION SURVEY

Towards the Vision of becoming a world class private sector apex body, KEPSA conducts an annual Membership Satisfaction survey to assess its performance and receive feedback from members on areas that need improvement. The 2018 Survey was thus concluded and the results shared with the KEPSA Management team for adoption in order to improve products and service delivery to members.

Overall, 83% of the respondents were satisfied with KEPSA overall professionalism; while 77% were satisfied with KEPSA assistance to members – only 10% were dissatisfied. Some of the suggestions to improve this professionalism included honouring engagements, proper planning of meetings and events, early communication of meetings; increased training of staff on sector matters, allowing BMOs to take lead on sector issues and personalised services such as sporadic visits.

It also emerged that MSFs were the most effective in resolving members' issues with 87% having their issues resolved at this level; Sector boards had 74%, PRT 72% and SPRT 40%. At the SPRT level, no issues were mentioned to have been conclusively resolved but at PRT level, 48% of members' issues were conclusively resolved, in sector boards 42% and MSFs 35%. Some of members' suggestions to improve effectiveness of these platforms included increasing frequency of sector board meetings to at-least every month, ensuring the issues are well defined, progression and follow up to ensure conclusion.

On business forums, 62% of the respondents had attended local and international forums or both. Of these, 57% managed to forge business partnerships while 43% were not successful. Majority of the business partnerships emerged from local business forums as compared to international forums. It was suggested more forums be held within the counties, structured mechanisms adopted for enhancing B2B linkages and timely notification of meetings.

On KEPSA publications, weekly e-shots and the daily media watch were reported as the most effective. To improve its range of services, it was suggested that KEPSA provide regular reports on legislative changes affecting members, include targeted quarterly reporting, make the forums more effective by holding government officers accountable and introduce monthly e-shot on issues arising from sector boards.

# **BUSINESS HUB**

The Business Hub, a strategic business unit within KEPSA, was birthed from strategic partnerships that KEPSA entered into around the world and in Kenya with the sole purpose of enhancing trade and investments both locally and internationally as well as generating income to the organization.

The Business hub is responsible in fostering private sector trade and investment in Kenya and internationally. The Business Hub was born out the frustrations that the private sector was facing in accessing trade and investment information, support, and lack of structured ways of engagement from the public institutions in charge of trade and investment. Additionally, the Business Hub is a strategic avenue towards enhancing KEPSA's financial sustainability.

The newly established Hub has since received overwhelming requests from interested private sector investors eyeing the Kenyan market and EAC region. Similarly, the Business Hub has support and continues to receive request from Kenya investors longing to invest in outside economies.

Consequently, the Business Hub is an important arm of KEPSA that has been formed with the realization of a gap that touches on the following:

- Sustainability The Business Hub offers chargeable services through which income is to be generated with a view to offering alternative financing mechanisms towards sustaining KEPSA's annual budget.
- There currently exists a trade imbalance between Kenya and most of its trading partners. There is need to facilitate Kenyan private sector to engage with their international counterparts towards contributing to closing the existing imbalance in trade.
- Trade facilitation agreements between KEPSA and both Kenyan and foreign governments as well as international private sector umbrella bodies are currently in existence but under-utilized. The Business Hub will use these strategic partnerships towards achieving its mandate.
- There is a need to Increase KEPSA membership by offering additional services that will boost member's satisfaction rate

#### STRATEGIC PARTNERSHIP'S 2018

KEPSA entered into partnership with Embassy of Ireland in Kenya and a Memorandum of Understanding was signed on 15th March 2018 to promote the economic development of Kenya and enhance trade linkages between Kenya and Ireland. The MOU sets out the commitment to establish new partnerships between Irish and Kenyan private sector companies, support KEPSA to implement mutually beneficial programmes, partnership and collaboration that advance the interest of KEPSA members, and develop a joint programme of work on support to women in business in Kenya.

The partnership seeks to support women-owned firms through mentorship and coaching. KEPSA will host quarterly meetings focussed on mentoring women in business with a special focus on SME's and Start Ups led and facilitated by KEPSA members who are successful in business to shed light on some of these disparities, about the key challenges women entrepreneurs face and how to overcome them.

These mentorship meetings are themed as follows to address the following topical areas and seek to uplift as well as identify challenges as well as provide a framework for addressing the identified challenges.

The thematic areas are below:

- Defying social expectations and struggling to be taken seriously within the business arena amongst women in business
- Dealing with limited access to funding
- Coping with a fear of failure
- Owning your accomplishments
- ▶ Building a support network

#### INVESTMENT FORUMS

During the year, the Business hub held and co-hosted the following investment forums, Conferences and EXPO's.









| EVENT  | DATE & VENUE   | SUMMARY   |
|--|--|---|
| High level address by the President of<br>Djibouti H.E. Ismail Omar Guelleh together<br>with the President of the Republic of<br>Kenya H.E Uhuru Kenyatta on investment<br>opportunities in Djibouti | 9th May 2018,<br>Intercontinental Hotel<br>Nairobi                   | H.E Ismail Omar Guelleh, President of Djibouti made a State Visit to<br>Kenya. KEPSA played a key role by mobilizing its membership to<br>attend the high-level briefing done by the Djibouti Head of State<br>focusing on trade and investment opportunities between the two<br>countries                          |
| Forum on Kenya-China Cooperation   | 22nd May 2018,<br>Crown Plaza Hotel<br>Nairobi                       | KEPSA was a key organizing partner and thus benefited from branding opportunities as well as key speaking slots focused on enhancing and exploring trade opportunities between Kenya and China.  53 KEPSA members participated in B2B meetings with the visiting Chinese-business delegation.                       |
| Singapore– Kenya Business Forum  | 12 <sup>th</sup> June 2018,<br>Villa Rosa Kempinsky Hotel<br>Nairobi | KEPSA a key partner to the Singapore Business Federation (SBF) was a key organizing partner of this forum. KEPSA CEO led joint session between KEPSA and SBF seeking to enhance collaborations between the two bodies as well as opening up trade and investment opportunities for their members to participate in. |
|  |  | 51 KEPSA members attended and had an opportunity to network with<br>the Singapore business delegation with the intention of forging<br>business relations   |

| EVENT  | DATE & VENUE   | SUMMARY   |
|--|--|---|
| Guangzhou & Foshan – Kenya Business<br>Forum   | 12 <sup>th</sup> June 2018,<br>Intercontinental Hotel<br>Nairobi       | KEPSA was a key organizing partner and thus benefited from branding opportunities as well as key speaking slots focused on enhancing and exploring trade opportunities between Kenya and China. The KEPSA Deputy CEO made remarks on behalf of the private sector.  |
|  |  | $27\ \mbox{KEPSA}$ members attended and engaged in B2B sessions with the visiting Chinese Business delegation.  |
| China Trade Week EXPO  | 13 <sup>th</sup> – 20 <sup>th</sup> June 2018,<br>KICC Nairobi         | KEPSA was a key organizing partner and thus benefited from branding opportunities and charged a management fee to the event organizers. This event is the largest trade show focused on China based business. During the EXPO, educative sessions are conducted on how to do business with China.   |
|  |  | KEPSA members attended and engaged in B2B sessions with the visiting Chinese Business delegation.   |
| 2 <sup>nd</sup> Kenya Trade Week and Exposition  | 29 <sup>th</sup> July-3 <sup>rd</sup> August 2018,<br>KICC Nairobi     | KEPSA was a key organizing partner and thus benefited from branding opportunities as well as key speaking slots. The KEPSA Chairman and CEO made remarks on behalf of the private sector. KEPSA Leadership and members also participated in several sessions (Panel discussions as well as thematic speaking slots).  |
|  |  | KEPSA members attended the forum.   |
|  |  | A complimentary booth was given to KEPSA to exhibit thus providing an opportunity to engage the public as well as recruit new members.  |
| Mauritius Business Forum and Trade<br>Exhibition   | 1 <sup>st</sup> August 2018,<br>Hilton Hotel<br>Nairobi                | KEPSA was a key organizing partner and thus benefited from branding opportunities as well as key speaking slots focused on enhancing and exploring trade opportunities between Kenya and Mauritius. The United Business Association (UBA) Chairman made remarks on behalf of the private sector.  |
|  |  | KEPSA members attended and engaged in B2B sessions with the visiting Mauritian Business delegation.   |
| China (Guangdong)-Kenya Bilateral<br>Economic and Trade Cooperation<br>Conference          | 3 <sup>rd</sup> August 2018,<br>InterContinental Hotel<br>Nairobi      | KEPSA was a key organizing partner and thus benefited from branding opportunities as well as key speaking slots focused on enhancing and exploring trade opportunities between Kenya and China. The KEPSA Deputy CEO made remarks on behalf of the private sector.  |
|  |  | KEPSA members attended and engaged in B2B sessions with the visiting Chinese Business delegation. $ \\$   |
| High Level Kenya-United Kingdom<br>Business Forum  | 30 <sup>th</sup> August 2018,<br>Strathmore Business School<br>Nairobi | KEPSA and the British Chamber of Commerce in Kenya (BCCK) together with the Kenyan government were tasked to put together a business forum graced by the British Prime Minister and the Kenyan President. This was a high-level targeted business forum attended by 24 KEPSA Leaders led by the KEPSA CEO and the BCCK Chairman. This forum created an opportunity for Kenya to renew trade relations with the UK |
| High-Level Dialogue Forum Between<br>Chinese & African Leaders and Business<br>Communities | 3 <sup>rd</sup> September 2018, Beijing,<br>China                      | KEPSA CEO attended the forum and participated in a high-level panel discussion aimed at growing trade and investments between China and Kenya   |

| EVENT   | DATE & VENUE   | SUMMARY   |
|---|--|---|
| Turkey-Africa Economic & Business<br>Forum  | 9 <sup>th</sup> -11 <sup>th</sup> October 2018,<br>Istanbul Turkey       | KEPSA in partnership with the Turkish Embassy in Nairobi recruited delegates to attend the forum held in Istanbul Turkey. The forum was partially sponsored by the organizers. Confirmed delegates received complimentary accommodation and self-financed other aspects of their travel. KEPSA delegates who attended benefited from the conference sessions and attended the B2B meetings with their Turkish counterparts  |
| Investment Forum to Helsinki, Finland   | 10 <sup>th</sup> -13 <sup>th</sup> October 2018,<br>Helsinki, Finland    | KEPSA and the Finnish Embassy in Nairobi jointly organized an investment forum to Finland for the purposes of educating the Kenyan delegates on how to do business with Finland as well as exposing Kenyans to trade opportunities. The KEPSA CEO led the delegation and also attended side meetings with the Finnish government with a view of seeking support to KEPSA as Finland develops its strategy for Kenya 2020 to 2024, 9 KEPSA members joined and participated in the Helsinki investment forum  |
| Investment forum held alongside the<br>Kenya Airways maiden flight to New<br>York | 28th October to 2nd<br>November 2018 USA                                 | KEPSA, AMCHAM together with other partners structured strategic business meetings in New York and Washington DC held alongside the inaugural flight by KQ to the USA. 10 KEPSA members joined the team in this historical journey and participated in the forums in the US with the intention of entering into strategic business partnerships with their counterparts.   |
| Canadian Business Delegation visit to<br>Kenya                                    | Monday 15 October 2018,<br>Trademark Hotel, Village<br>Market<br>Nairobi | KEPSA was a key organizing partner and thus benefited from branding opportunities as well as key speaking slots focused on enhancing and exploring trade opportunities between Kenya and Canada. The KEPSA CEO made remarks on behalf of the private sector.  |
|   |  | KEPSA members attended and engaged in B2B sessions with the visiting Canadian Business delegation.  |
| Doing Business with Finland seminar<br>Health care, Education and Energy          | 1 <sup>st</sup> November 2018,<br>Fairmont Norfolk Hotel<br>Nairobi      | KEPSA was a key organizing partner and thus benefited from branding opportunities as well as key speaking slots focused on enhancing and exploring trade opportunities between Kenya and China. The KEPSA Vice Chair made remarks on behalf of the private sector.  |
|   |  | 100 KEPSA members attended and engaged in B2B sessions with the visiting Finnish Business delegation.   |
| Kenya Shangdon Business Forum   | 25-27 October 2018<br>Laico Regency Hotel<br>Nairobi                     | KEPSA members attended and engaged in B2B sessions with the visiting Chinese Business delegation.   |
| China International Import EXPO   | 5 <sup>th</sup> to 10 <sup>th</sup> November, 2018<br>Shanghai China     | KEPSA was a key partner with regards to mobilizing its membership to attend this Import Expo that would create an opportunity for Kenya and other countries to export goods and services to China. 10 KEPSA Members attended the forum that was led by H.E President Uhuru Kenyatta.  |
|   |  | Agreements signed during the Expo include; the Sanitary and Phytosanitary deal between Kenya and China that is meant to open doors for over 40 percent of Kenya's fresh produce including avocado, mangoes and cashew nuts into the expansive Chinese market. The agreement will also allow for the export of stevia, a sweetener largely grown in the Rift Valley, into the Chinese market. On 8th November 2018, a memorandum of understanding (MoU) for the establishment of a trade negotiation working group was signed by Cabinet Secretary for Trade, Industry and Cooperatives Hon. Peter Munya and China's Vice Minister for Commerce Mr. Wang. The aim of the MoU will be to negotiate trade tariffs especially on Kenya's tea and coffee exports to China as well as explore additional market for the country's cash crops. |

| EVENT  | DATE & VENUE   | SUMMARY   |
|--|--|---|
| The first China-Africa (Chengdu) e-<br>commerce industrial development forum<br>and cross-border e-commerce, international<br>trade and industrial investment fair | November 12th - 13th, 2018<br>Chengdu, China                       | This forum aimed at promoting cross border trade through E Commerce. A web-based platform has been developed to ease trade between China and African following the China International Import EXPO that creates an avenue for the world to export to China.   |
|  |  | KEPSA is currently reviewing an MoU that will allow its members use of the web-based platform that will offer end to end services for import and export   |
| Sustainable Blue Economy Conference  | 26 <sup>th</sup> to 28 <sup>th</sup> November 2018<br>KICC Nairobi | KEPSA was a key organizing partner to the government of Kenya<br>during the preparations as well hosting the conference. The KEPSA<br>Chairman and CEO, KEPSA Leadership and members also participated<br>in several sessions (Panel discussions).  |
|  |  | KEPSA members attended the forum and benefited from the educative sessions as well as networking opportunities.   |
| Africa CEO's Forum – High level panel discussion  "Kenya Growing With Africa"  | 12 <sup>th</sup> June 2018,<br>Intercontinental Hotel<br>Nairobi   | KEPSA, key partner to the Africa CEO's Forum held a high-level forum aimed at educating its membership on the importance of attending the forum. Through this session, KEPSA mobilized participation from within its membership. Top private sector leaders from KEPSA attended the Africa CEO's forum held in March 2019   |
| High-Level Economic Mission to the Federal Democratic Republic of Ethiopia:  | 1st – 2nd March 2019   | KEPSA was a key partner with regards to mobilizing its membership to Join and participate in the High-Level Economic mission to Ethiopia. 20 KEPSA Members attended the mission that was led by H.E President Uhuru Kenyatta.   |
| Breakfast Meeting With 45 French<br>Business Leaders   | 13th March 2019,<br>Intercontinental Hotel<br>Nairobi              | KEPSA, a partner to MEDEF was key in the organization of this forum alongside the State Visit by the President of France to Kenya. KEPSA hosted a breakfast meeting attended by KEPSA members and the visiting MEDEF delegation from France seeking to enhance deeper collaboration between the two bodies as well as opening up trade and investment opportunities for their members to participate in both in France and Kenya. KEPSA Director MRS. Brenda Mbathi together with Mr. Philippe Gautier, CEO of MEDEF International led the joint session  |
| Networking Dinner With 45 French<br>Business Leaders   | 12th March 2019<br>Intercontinental Hotel,<br>Nairobi              | KEPSA, a partner to MEDEF was key in the organization of this forum alongside the State Visit by the President of France to Kenya. KEPSA hosted a VVIP networking dinner attended by KEPSA members and the visiting MEDEF delegation from France seeking to enhance deeper collaboration between the two bodies as well as opening up trade and investment opportunities for their members to participate in both in France and Kenya. KEPSA Chairman Mr. Nick Nesbitt, Mr. Philippe Gautier, CEO of MEDEF and Dr. Chris Kiptoo – Principal Secretary, State Department of Trade – Ministry of Industry, Trade and Cooperatives led the joint session |
| 1st Tunisian Kenyan Business Forum   | 21st March 2019,<br>Radisson Blu Hotel<br>Nairobi                  | KEPSA was a key organizing partner and thus benefited from branding opportunities as well as key speaking slots focused on enhancing and exploring trade opportunities between Kenya and Tunisia. The KEPSA CEO made remarks on behalf of the private sector.   |
|  |  | KEPSA members attended and engaged in B2B sessions with the visiting Tunisian Business delegation.  |
|  |  | KEPSA CEO attended, held a bilateral meeting with the Tunisian Minister for Trade and well as signed an MoU with The Tunisian Union of Industry, Trade and Handicraft's (UTICA)   |

| EVENT  | DATE & VENUE  | SUMMARY  |
|--|---|--|
| Trade & Investment Forum with Turkish Exporters Assembly,                  | 21st March 2019,<br>Intercontinental Hotel<br>Nairobi             | KEPSA was a key organizing partner and thus benefited from branding opportunities as well as key speaking slots focused on enhancing and exploring trade opportunities between Kenya and Turkey. KEPSA Director Ms. Lucy Karume made remarks on behalf of the private sector.  |
|  |   | KEPSA members attended and engaged in B2B sessions with the visiting Turkish Business delegation.  |
| Africa CEO Forum   | 25 <sup>th</sup> to 26 <sup>th</sup> March 2019<br>Kigali, Rwanda | KEPSA leadership and members participated as well attended the leading event for CEO's in Africa in Kigali Rwanda  |
| Mentorship Breakfast Meeting for<br>Women in Business (SME's & Start-Up's) | 27th March 2019<br>Intercontinental Hotel,<br>Nairobi             | KEPSA in partnership with the Irish Embassy in Nairobi and the KEPSA Gender sector board hosted 100 SME's and Start Up's to a mentorship breakfast meeting aimed at mentoring participants through listening to the story of successful women entrepreneurs. A panel discussion was held featuring leading women entrepreneurs in Kenya who were able to inspire the participants by sharing the lows and highs of their entrepreneurial journey. Post forum feedback indicates a strong desire for KEPSA to host similar forums more regularly annually |
| Kenya Mauritius Business Forum   | 10 <sup>th</sup> to 12 <sup>th</sup> April 2019<br>Mauritius      | KEPSA in partnership with the Economic Development Board of Mauritius (EDB) organized a three-day forum for KEPSA delegates alongside the State Visit to Mauritius by H.E. President Uhuru Kenyatta. The three-day program featured sector briefings, site visits and a business forum. KEPSA CEO led the private sector delegation and made remarks during the business forum graced by both heads of states.   |
|  |   | Kenya made big wins from announcements made during the visit as well as MoU's signed that will grow trade and investments between the two countries.   |
|  |   | ▶ The government of Mauritius has lifted a ban on several Kenyan farm produce as the two countries signed agreements to enhance trade. The ban on avocados, baby carrots, baby beans and broccoli were lifted.   |
|  |   | During the bilateral talks, President Kenyatta and PM Jugnauth<br>witnessed the signing of several agreements including the<br>Double Taxation Avoidance Agreement (DTAA); an Investment<br>Promotion and Protection Agreement (IPPA); and an MOU on<br>Cooperation for the Development of Special Economic Zones<br>(SEZs) and Export Processing Zone in Kenya.   |
|  |   | Other agreements were an MOU in the field of Tourism; an MOU in the field of Higher Education and Scientific Research and an MOU in the field of Arts and Culture.   |

**—**— 47

# KEPSA FOUNDATION

The Foundation, as the social arm of KEPSA, continues to carry out its mandate to champion socio economic transformation of Kenya devoting its resources to social activities to enhance activities by the Private Sector that contribute to the economic and social development in Kenya.

#### KEPSA FOUNDATION LEADERSHIP

To effectively carry out its vision the Foundation now has 15 Trustees and an Executive committee that guides its strategic and policy direction.

#### **KEPSA FOUNDATION PROJECTS**

01

SOCIO-ECONOMIC TRANSFORMATION PILLAR:

MULTI-SECTORAL INITIATIVE AGAINST CORRUPTION — NATIONAL VALUES



Launched on 9th August 2018, the Multi-Sectoral Initiative is a platform for engagement with leaders from various sectors of society around a unified and well-coordinated multi-sectoral approach to national development and achievement of the Vision 2030 based on a diverse and inclusive partnership model. It draws its sectoral representation from the Private Sector; Religious Community; Media; Professionals; Youth; Women; Trade Unions; Civil Society; Academia; Development Partners and the Government.

As part of the key programs and in light of the efforts to fight corruption at the national level, the immediate area of focus has been building a unified, multi-sectoral and sustainable approach to fighting corruption and promoting national values under the theme "movement against corruption."

In order to achieve the desired outcome, each sector was organized to develop anti-corruption strategies that are specific to the sector and that are both internal and external looking to find holistic solutions to the problem. During this period each sector held sector specific conferences which culminated in the National Anti-corruption conference.

During the Sectoral conferences, sector leaders from across the country met and discussed implementable sector-based strategies and interventions that would lead to the reduction and elimination of corruption within their sectors. Outcomes from the sector specific conferences informed the agenda for the National Anti-Corruption Conference that was held on 24th and 25th January 2019 at the Bomas of Kenya.

The two-day conference brought together all the sectors of the society, both public and private under one roof where the various sector leaders made their presentations on the forms of corruption within the specific sectors, proposed internal interventions as well as external interventions to fighting corruption in the said sectors. The conference was attended by over 2000 delegates.

The government delegation led by H.E President Uhuru Kenyatta, made their pledges in fighting corruption. Among those who gave their remarks were the Deputy President, Dr. William Ruto, the AU Envoy for Infrastructure, Rt. Hon. Raila Odinga, The Chief Justice, Hon. David Maraga, the Speaker of the National Assembly, Hon. Justin Muturi, the Speaker of the Senate, Hon. Kenneth Lusaka, the Attorney General, Hon. Kihara Kariuki, the DPP, Mr. Noordin Haji, the EACC CEO, Mr. Twalib Abdalla among other state agencies' heads. They reiterated their commitment to fighting corruption across all sectors to safeguard the country's Vision 2030, sustainable development, and shared prosperity.

As part of the unified approach towards the fight against corruption, the Citizens Demands were presented to the various arms of government for their action. The arms of government through the various leaders presented its action points in commitment to the fight against corruption

#### Implementation of sector commitments



From the month of February, the different sector committees have continued to meet to fine tune sectoral implementation strategies and kick start the process. The MSIAC framework of engagement provides a phased in approach to the fight against corruption in the following manner:

- a) Immediate 90-day implementation strategy (March-May 2019) to achieve the low hanging fruits and quick wins.
- b) Short-term (June 2019- May 2020)
- c) Mid-term This is the 1 ½ -year strategy (June 2020-May 2022)

To strengthen the fight against corruption, the following thematic working groups were formed to oversee the implementation of the cross cutting agendas;

- a) Policy, Legal and Compliance Committee
- b) Advocacy and Government Engagement
- c) National Values
- d) Leadership and Integrity
- e) Citizen mobilization

The other working group committees include; Technical Committee, Communications committee, Resource mobilization committee and the Monitoring and Evaluation committee.

A key expected outcome in the work of the Multisectoral initiative Against Corruption is to ensure that Kenya's corruption index moves from 144 to 70 by 2022.

#### AJIRA DIGITAL PROGRAM - YOUTH DEVELOPMENT



A PPP initiative with the Ministry of ICT, with funding from Rockefeller Foundation, to implement the Ajira Digital program aimed at introducing Kenyan youth to online work through training and mentorship, with the overall objective of making Kenya a freelance hub and the global destination for online work by the year 2022.

Implementation of the Ajira project initiative has so been far in two phases. Phase 1 of the Ajira Digital Project, implemented in 2017, identified training and mentorship as a key pillar to creating awareness, and enabling access to online work for Kenyan youth. After a total of 7,168 youth (1984F) were trained and mentored, an evaluation was carried out in September 2018 which showed that 57% of the project beneficiaries (25% being female and 75% male) are connected to jobs and income opportunities (wage employment, self-employment and online work) with 40% of the program beneficiaries having successfully managed to earn from online work.

The second phase of the project, implemented in 2018/2019, is focusing on promoting the supply side of job by making a deliberate effort on sensitization of outsourcing digital work by local job providers (both public and private sector). The four main interventions are;

- Engaging and sensitizing local businesses on the need to outsource and developing business cases on digital jobs,
- Expanding the Ajira training curriculum, developing a ToT curriculum, and conducting training of trainers,
- Conducting a study on growth constraints of Online work in Kenya and;
- Conducting e-readiness survey on ICT hubs in the country.

These are aimed to catalyze public and private sector towards developing partnerships aimed at encouraging local firms to create and outsource digital jobs to the youth in Kenya, ultimately contributing to youth employment.

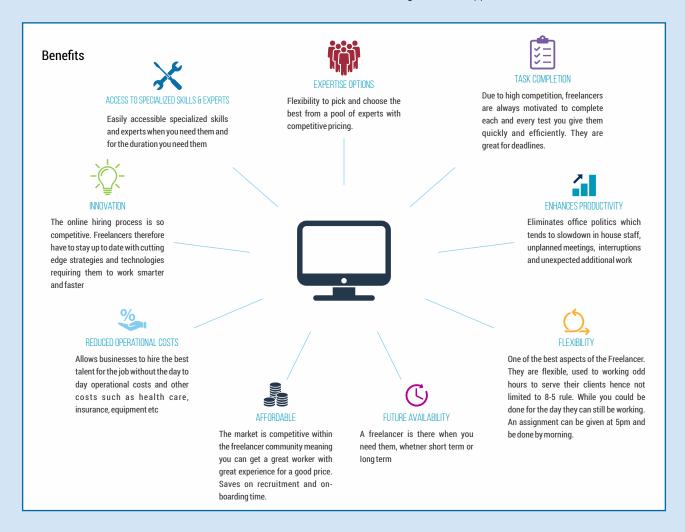
#### Phase II Achievements

- Business case studies on digital jobs were developed and delivered to 10 companies out of which 7 companies were later able to outsource and provide paid work to the freelancers involved. This aimed at showcasing the value of digital jobs to local companies to encourage them to create and outsource online jobs.
- Engaged in various forums to sensitize the private sector on the need to support digital outsourcing which culminated to the CEO Breakfast meeting in March 2019 themed "Driving business services optimization through digitally empowered services."
- Phase I training curriculum was reviewed and expanded with inclusion of 5 specific areas of online work; digital marketing, transcription, content writing, data management and translation.

- ▶ 570 Training of Trainers (ToTs) (drawn from ICT county Officers, Ministry of ICT, Universities and TVETs) trained for 5 days with an aim to transfer knowledge and online job skills to youth in counties across the country
- Commissioned a study on the constraints affecting growth of online work in Kenya which seeks to identify strategies and policies that need to be put in place to make Kenya a hub of freelancers by 2022 and employ over 1 million Kenyans youth.
- Commissioned the ICT Centre's E-readiness survey to establish the capacity of over 700 centers to support training and mentorship of youth in counties by Ministry of ICT, TVETs, and Ministry of gender and youth.
- KEPSA is currently incubating the Online Work Freelancers Association that will be the recognized professional Association of choice for online workers in Kenya.

#### Call to Action:

The Project has continuously sensitized the private sector, State Corporations/Agencies, Business Process Outsourcing (BPOs), local online work platforms and individual experienced freelancers on the benefits of digital work and how companies can take advantages of these opportunities.



Ajira project therefore calls the private sector to take lead in the drive to increase the number of jobs in online work by ensuring that there is adequate and accessible local and international online jobs for the Kenyan youth. This can be done by:

**Outsourcing digital jobs** – Some of the jobs that can be outsourced include data entry, translation, transcribing, web research, virtual assistance, search engine optimization, graphic design, writing and copywriting, proofreading and editing, Customer Support, Data Entry, Accounting, Research and Development, web Design, software, development, Creative services, Computer Programming among others.

KEPSA is available and able to link companies and organizations with several ways on how they can outsource jobs in a bid to enhance digital work.

Seize a business opportunities currently available for the private sector - Build a credible platform (escrow enabled) to place the jobs, match it with skills of the young people and maintain a pool or data base of verifiable and authenticated online work freelancers from distinct fields of online jobs.

#### KILIMANI POLICE STATION REDEVELOPMENT PROJECT - SECURITY



In the spirit of enhancing investment in community security and police welfare through public private partnerships, the Kilimani Police Station Redevelopment Project continues to bring together the government, businesses and community of Kilimani to work together to rehabilitate the police stations in order to provide a conducive environment for the police officers to undertake their duties.

On September 27th 2018 Hon. Ole Ntutu, CAS, Ministry of Interior and National coordination visited the site and presided over the borehole water project commissioning event accompanied by the Inspector General for the National Police Service, Mr. Joseph Boinnet, area MP, Mr. Simba Arati and Nairobi Senator, Hon. Sakaja.

The provision and accessibility of water at the station is part of the larger project to develop the station into a model facility for Nairobi by investing in community security and police welfare. As part of the essential amenities, the borehole was successfully drilled and connected to provide water for general use within the station and for construction.

This included installation of two 10,000lts water tanks, a pump house and electrical power connection.

Building plans have been resubmitted to the county for approval with the State Department of Public works actively involved in the project and giving proper guidance Government policy and procedures.

Discussions on going with key benefactors towards raising funds to complete the project.

#### BETTER BUSINESS PRACTICES FOR CHILDREN - CHILDREN WELFARE



Better Business Practices for Children (BBPC) is a UNICEF funded project that aims at improving maternal and infant through making the working environments conducive to supporting new mothers. This is done through strengthening technical capacity, lobbying and continued advocacy with private sector employers to implement the components of BBPC

**———** 51

The implementation of the two year (2016-2018) phase II of the initiative was successfully concluded in September 2018 realizing the following;

- Over 1000 private sector companies were directly and indirectly sensitized on BBPC.
- Over 50 private sector companies established lactation stations as a result of the advocacy with over 40 more in various stages of implementation
- ▶ Undertook end-line evaluation with an aim of providing detailed information against which to compare project achievements based on all project indicators. Findings from the end-line evaluation indicated an improvement on Knowledge, Attitude and Practices (KAP) from the baseline evaluation.
- Compilation of best practices on BBPC among the private sector organizations through a documentary and Business case studies on employer support for improved breastfeeding practices booklet
- Development of private sector workplace policies for BBPC that provide guidance on how to implement BBPC at the organization level
- Led the private sector in observing the world breastfeeding week in August 2018 under the theme 'Breastfeeding: Foundation of life'. This was through launching of the Mabati Rolling Mills (MRM) Lactation Room and holding Private Sector BBPC Dinner where private sector members who had implemented BBPC were recognized



Following successful implementation of the latter two phases, KEPSA and UNICEF have signed an additional two year (2019-2021) partnership with an aim of scaling up BBPC for improved Maternal Infant and Young Child Nutrition (MIYCN) practices through private sector intervention.

The project will sensitize women in the informal settlements of Nairobi on MIYCN through women groups/ Savings and Credit Cooperative Organization (SACCOs) and Investment Clubs, establish a strong network of agro-processors, food marketers and private sector nutrition champions to propagate the MIYCN agenda within the private sector as well as advocate for BBPC within the private sector.

## PARTNERSHIP WITH UNODC AND CLEAN START - CHILDREN WELFARE

KEPSA Foundation together with the KEPSA Gender and Youth Sector Board partnered with Clean Start and UNODC in a program targeting to rehabilitate incarcerated young girls at Dagoretti Girls Rehabilitation Centre. The program prepares the girls for re-integration into society by arming them with hard and soft skills that they will need post incarceration and how to overcome challenges such as stigmatization from society and family, coupled with a sense of hopelessness for their future. The Foundation and Sector board participated by offering company visits and one on one mentorship sessions.

#### KIJANI MOVEMENT – ENVIRONMENT



The Kijani Movement is an initiative whose primary objective is to bring together the different stakeholders and influence the planting of trees across the country, to help increase the overall forest cover. In May 2018, through the movement, KEPSA participated in the launch of the National Tree planting initiative dubbed "Panda Miti Penda Kenya" presided over by H.E. President Uhuru Kenyatta. Through the membership KEPSA raised funds for approximately 50,000 seedlings.

On 30th June 2018 the Foundation launched the Kijani Movement during a tree planting event at Mangu High School under the Feed and Green our Institutions program; a drive that seeks to partner with educational institutions in the creation of solutions that will contribute towards the overall greening of the Nation. The launch was attended by the then Cabinet Secretary for Education Ambassador Amina Mohamed and KEPSA members.

On 30th March 2019, Kijani Movement held its 2nd KEPSA tree planting event at Lenana School, under the same initiative led by Old boys of Lenana, KEPSA Members and Government. 200 fruit trees were planted.



Follow up engagements post planting are a major part of the Feed and Green our Institutions program. This is to ensure that the schools receive the technical support they require to ensure a high success rate for the fruit trees. As such 2 post-planting visits have been made to Mang'u high school to check on the progress on the trees and offer support. Kijani movement seeks to further involve private sector in its agenda through the adopt-a-forest initiative and to raise public awareness on its greening agenda through grass-root and above the line awareness campaigns.

The Kijani Movement events have been supported by BIDCO, Coca cola, Madison Group, Kenya Association of International Schools, KUSSCO, Tabaki Freight International Services, Kenya Market Trust, Shanga Engineering Works, Bollore Transport and Logistics, Jijenge Credit, Plantronics Services, ACME Containers Ltd, Intercity Secure Homes Ltd, Protel Studios.

## THE AFRICA VENTURE PHILANTHROPY ALLIANCE - SOCIAL IMPACT INVESTMENT



KEPSA Foundation is part of the Kenya Local Host Committee and Strategic Advisory Group (SAG) that is steering the formation of the Africa Venture Philanthropy Alliance (AVPA) in Kenya. The Association aims at advancing social investment in Africa that will aid in tackling social challenges by creating a platform for attracting and connecting diverse parties who desire to engage in social development.

In 2018 the Strategic Advisory Group held its inaugural conference themed "Transforming the social investment Ecosystem in Africa" to create awareness and discuss the formation strategy of the Pan African Network under the banner African Venture Philanthropy Alliance. In March 2019, AVPA held its 1st Annual Founding Partners Breakfast to appreciate their support and update them on the progress of the Alliance.

KEPSA Foundation has been acting as the financial and contractual agents during the AVPA registration process period. To enhance efficiency and promote growth, a CEO and EA Director were recruited and are hosted by one of the partners, KPMG.

## 02

#### KNOWLEDGE PILLAR:

#### SUSTAINABLE INCLUSIVE BUSINESS

Sustainable Inclusive Business has continued to empower businesses, support, and connect them to reduce their footprint and raise their positive impact in society. Through 2018 and beginning of 2019, Sustainable Inclusive Business reached over 2000 businesses through various forums, activities, and events.

- Increase Knowledge on Sustainability and Inclusiveness -By engaging SMEs, Corporations, Academia and NGOs through:
  - i. Conferences: Sustainable Inclusive Business has held a conference annually which has been an excellent platform for businesses to meet, share, learn, grow, and help the project accelerate knowledge on Sustainability and Inclusiveness in the country.

In May 2018 Sustainable Inclusive Business held its 3rd Annual Private Sector Sustainable inclusive business conference themed 'New Economy, Transformation and Future Proof Business'. The conference brought together over 300 hundred participants from all major sectors. The guest speakers included the former Prime Minister of the Netherlands Hon. Jan Peter Balkenende, Dr. Manu Chandaria, Dr. Vimal Shah, Ms. Carole Kariuki among other eminent business leaders and academicians.



This year's 4th Private Sector Conference on Sustainable and Inclusive Business will be held on 17th May 2019 at the United States International University (USIU) under the theme 'Rethink Business #Circular Economy and #Change the story'.



ii. Workshops and Missions: Sustainable Inclusive Business organised at least 8 workshops and 2 missions in 2018 to address themed topics. On of such topics include waste management. The mission included a visit by waste management experts from the Netherlands who came to share knowledge and exchange knowledge with their Kenyan counterparts at a roundtable meeting.

Together with NIC Group and WWF, Sustainable Inclusive Business also put together a roundtable meeting to discuss steps businesses could take to restore, conserve, and preserve biodiversity. This later transformed into #Changethestory which will bring together business to think of opportunities to have more positive impact on People and the Planet that they could take up.

- iii. National and International Events: Sustainable Inclusive Business organised in partnership with the Ministry of Environment and Forestry, NEMA, PETCO, KAM, and the Netherlands Embassy the First National PET Forum whose output will contribute to the National Waste Management Policy Guidelines. The team also partnered to put together two related workshops at the Blue Economy Conference held in December 2018 and the UNEA 4 held in March 2019 on Marine Plastics Litter.
- iv. Website and Social Media: Sustainable Inclusive Business has a new, fresh and user friendly which serves as an information and knowledge centre and a marketing tool for some of its work. The project also has a strong social media presence on LinkedIn and Twitter which has helped it accelerate awareness creation on Sustainability and Inclusiveness.
- v. Mainstream Media: Mainstream media has provided an excellent platform for Sustainable and Inclusive Business to share. In 2018, 13 of its articles made it to mainstream newspapers such as Business Daily, Daily Nation and the Standard. The project was also featured during business shows on KTN and KBC.
- ▶ Increasing Sustainable Inclusive Business Practice-Besides raising awareness on Sustainability and Inclusiveness, SIB recognizes that real work has to be done. Inspiration is not enough. It has therefore been involved in initiatives that are developing policy guidelines on Waste Management, involved in actual clean-up activities by supporting a PET take back scheme development process.

- ▶ Impact Assessment Sustainable Inclusive Business in partnership with BLAB East Africa create the Boost Better Business Program (B3). This program is designed to help business measure their sustainability and inclusiveness impact. Since inception, IFDC partners and SNV Partners totalling to 15 have gone through the program and finished. The program has seen these businesses in the Agri-sector make improvements that have led to an increase positive impact on people and their profits.
- ▶ Partnerships Sustainable and Inclusive Business believes in partnerships that helps the project scale its activities and avoid multiplicity of efforts by plug in in to what others are doing. For these reasons, the project enjoyed strong partnerships with Blab East Africa on assessments, Ministry of Environment, NEMA, PETCO and KAM to promote responsible management of plastic waste, the Netherlands Embassy as the main supporter/funder of the project's activities.

The project also scaled its match making initiative between businesses locally and internationally leading to partnerships and increased business opportunities. Sustainable Inclusive Business supported at least 2 Sustainable Dutch Business in conducting market research that led to successful establishment of one locally. It also matched at least 22 businesses opening opportunities for partnerships and growth.

- ▶ Capacity Building Sustainable Inclusive Business believes in developing capacity for its staff. It is for this reason that it has trained three staff members on Circular Economy under the Ellen McArthur Foundation, supported one staff member to be part of the Commonwealth Business Forum and two Staff members to be part of the Inclusive Business Forum in Ivory Coast last year.
- ▶ Resource Mobilisation Sustainable Inclusive Business has been supported by the Embassy of the Netherlands in Nairobi since 2015. It is required to match the funding provide hence it has ensured its events, conference or activities are cost covering paid for in kind or cash. It has also engaged in paid work and consultancy such as the B3 program.

Sustainable Inclusive Business is currently developing a new strategy that will take effect in May of 2019 to build a case for project and extension and to seek fresh funding. The strategy will focus on four new thematic areas; Biodiversity, Circular Economy, Redefining Value and People. In line with this Sustainable Inclusive Business re-branded and have a new logo and new look.

### 03 SUSTAINABILITY PILLAR:

#### OFFICE SPACE ACQUISITION

KEPSA Foundation has continued with its efforts to acquire new offices that will enable KEPSA move into its own space as a way of enhancing sustainability. Suitable premises for purchase have been identified on the 5th Floor of the Association of Evangelicals in Africa (AEA) building, along Valley Road. The proposed new offices sit on a total 7,943.8 sqft, approximately 2000sqft larger than the current office space. The space further comes with 10 parking slots.

KEPSA & KEPSA Foundation leadership is jointly working toward raising of the funds required for the purchase, through the Lay Your Brick Campaign. The campaign intends to raise Ksh 185,000,000M towards purchase, fit out and all other costs related to the acquisition of the new premise.

Kicking off the fundraising activities Chandaria Foundation contributed Ksh 10 M towards as the deposit for the purchase of the office space.

KEPSA Foundation continues to appeal to members to support the acquisition of this space through financial contribution and sponsorship through the Lay-Your-Brick campaign where one can buy a brick as follows

#### **DIAMOND BRICK**

#### KSHS 10,000,000

- Branding of KEPSA office wing (e.g.: Secretariat Wing, Boardrooms wing)
- Partner visibility on KEPSA Wall of Fame
- Public recognition and issuance of participatory certification during the special Brick Buyers Breakfast
- Branding at launch event.
- ▶ 6month visibility on KEPSA digital platforms
- Invitation to PRT and presidential events when possible for a 2-year period (2019-2021)

#### **EMERALD BRICK**

#### KSHS 5,000,000

- ► Branding in designated area of the new premises e.g.: Boardroom, secretariat department etc.
- Partner visibility on KEPSA Wall of Fame
- ▶ 4-month visibility on KEPSA digital platforms
- ► Public recognition and issuance of participatory certification during the special Brick Buyers Breakfast
- Branding at launch event.
- Invitation to PRT and presidential events when possible for a 1.5-year period (2019-2021)

#### **PEARL BRICK**

#### KSHS 1,500,000

- Branding in designated area of the new office space, e.g.: meeting room, mothers' room etc.
- 2-month visibility on KEPSA digital platforms
- Partner visibility on KEPSA wall of Fame
- Public recognition and issuance of participatory certification during the special Brick Buyers Breakfast
- Branding at launch event.
- Invitation to PRT and presidential events when possible for a 1-year period (2019-2022)

#### **RUBY BRICK**

#### KSHS 1,000,000

- ▶ Partner visibility on KEPSA wall of fame.
- ▶ 1-month visibility on KEPSA digital platforms
- ► Public recognition and issuance of participatory certification during the special Brick Buyers Breakfast
- ▶ Branding at launch event.

#### **SAPPHIRE BRICK**

#### KSHS 500,000

- Partner visibility on KEPSA wall of fame
- ► Public recognition and issuance of participatory certification during the special Brick Buyers Breakfast
- Branding at launch event

This is part of a 2 phased strategy in which phase I involves the initial purchase of KEPSA offices that will provide both KEPSA and the Foundation with a home, thereby reducing rent related expenses. Phase II, a long-term plan, that involves the acquisition of an own asset (KEPSA building) that will be income generating.

# OPERATIONS

#### **HUMAN RESOURCES & ADMINISTRATION**

#### **KEPSA STAFFING**

During the year, we managed to recruit the following employees; Manager Public Private Dialogue, Finance Manager, Legal Advisor, PPD Assistant, PPD Legislative Officer and the Project Officer under the Business Hub.

#### STAFF TRAINING AND DEVELOPMENT



KEPSA fully supports an environment of learning and continuous development. This is the strongest pillar that allows KEPSA to achieve its set objectives. KEPSA staff attended training and development courses within and outside the country with support from our partners. Some of the countries visited include; Tanzania, Rwanda, South Africa, Zambia, Burkina Faso, China, Turkey, Denmark, US and UK.

In-house trainings for staff in the following areas; Online Work facilitated by Ajira Digital team and Employee wellness covering issues of back pains; Stress Management, Security within and outside the organization and financial management.



#### KEPSA team visit to Isuzu East Africa Ltd.



The team visited the Isuzu East Africa Ltd plant on 26th February 2019 courtesy of the KEPSA Vice Chair, Ms. Rita Kavashe. The team gained an understanding of the plant operations and assembly of the trucks. Isuzu East Africa Ltd presented the National Automotive Policy to the team. The is scheduled to have the next two visits in Naivasha during the forthcoming staff retreat in May 2019.

## Employee Security Awareness Training facilitated by National Counter Terrorism Centre



On 26th April 2019, National Counter Terrorism Centre (NCTC) conducted a Security Awareness Training on KEPSA staff. The training covered key security areas that included among other things types pf security threats, employee security awareness, effective response to threats, office security measures and how to handle an active shooting situation.

#### **Employee Satisfaction Survey**

This survey was carried out in September 2018 and its main objective was to gather views from KEPSA staff on a broad range of issues such as job satisfaction, compensation/benefits, company policies, retention, work hours etc for internal review and analysis of the organization's performance from the employees' perspective.

From the Survey, 77% of all the employees mentioned they were satisfied with their jobs and enjoy working at KEPSA with 32% being very satisfied. However, 23% were neither satisfied nor dissatisfied but all would recommend KEPSA to friends. Gaps identified are being addressed.

#### **MEMBERSHIP DEVELOPMENT**

#### **NEW MEMBERS**

**86** members have joined during the period June 2018 to April 2019 in the following categories:

| MEMBERSHIP CATEGORY                       | NUMBER OF MEMBERS |
|---|-------------------|
| BUSINESS MEMBERSHIP ORGANIZATIONS (BMO'S) | 8                 |
| CORPORATE - PLATINUM                      | 9                 |
| CORPORATE - DIAMOND                       | 5                 |
| CORPORATE - GOLD                          | 7                 |
| CORPORATE - SILVER                        | 27                |
| SME - TIER 1                              | 6                 |
| SME - TIER 2                              | 12                |
| START-UPS                                 | 12                |



#### MEMBER ACTIVITIES

**Induction Meetings** - PPD and Membership Department conducted three quarterly induction meetings in the months of June 2018, September 2018, and March 2019. The objective of the induction session is to ensure new members fully understand the role of KEPSA and to encourage them to engage especially in the Sector Boards.







Introduction to KEPSA Meeting - Non-member organisations were invited to become members and apprised on how KEPSA runs its policy advocacy agenda and the engagement platforms available for member participation. The organisations were briefed on the procedure of joining KEPSA to effectively contribute to the policy agenda and how they would access the beneficial opportunities in the process. Such meetings will be held on quarterly basis.



#### **EXHIBITIONS - PARTICIPATED IN:**

2nd Kenya Trade Week & Exposition - KEPSA CEO, Ms. Carole Kariuki, and KEPSA Chair, Mr. Nicholas Nesbitt, attended the official opening of the 2ndKenya Trade Week, which was hosted by the State Department for Trade and the Export Promotion Council (EPC) on 31stJuly 2018 at the KICC. The theme for this year's event was Powering Kenya's Big Four Agenda through Trade. The event served as a platform on which the highest policy making organs in the national economy could engage with stakeholders in Kenya's export trade. The intended outcome is to forge a common vision on export development and leverage global opportunities for national development.



Franchising Workshop – through a partnership between KEPSA and Africa Franchising Accelerator Project - Kenya, KEPSA coordinated hosting of two workshops on Business Format Franchising in November 2018 and February 2019. The plan is to hold regular workshops to create awareness on the concept.

Bechtel Corporation presents to Private Sector on the Nairobi Mombasa Expressway - Bechtel Corporation, a KEPSA member known in Kenya as BNT Construction and Engineering Kenya Limited, introduced members from the private sector to the Nairobi-Mombasa Expressway Construction Project at a Breakfast Meeting held at the Nairobi Serena Hotel on 19th February 2019.



EABC – KEPSA CEO's Roundtable Meeting - KEPSA and East Africa Business Council (EABC) convened a Chief Executives Officers' Round Table meeting on 12th March 2019 at Serena Hotel, Nairobi to discuss opportunities and challenges that companies based in Kenya face while doing business across borders and chart out recommendations for improving the business environment in the EAC.



#### **BMO SUPPORT**

KEPSA continues to encourage and support formation of industry associations to provide platforms through which members in the different industries can address issues specific to their sectors. In this regard, KEPSA offers guidance and meeting space to the upcoming associations including the following:

#### a) International Chamber of Commerce (ICC Kenya)

- Kenya's nominee, Ms. Njeri Kariuki who is a director at Chartered Institute of Arbitrators with vast experience in arbitration, was appointed a member of the International Court of Arbitration for a period of 3 years. Her nomination was approved by the ICC World Council on 21st June 2018.
- A Nominations Committee was constituted to take on the responsibility of recommending candidates for ICC arbitration cases. The committee comprises of representatives from Federation of Kenya Employers (Chairing), Chartered Institute of Arbitrators, Kenya Bankers Association, and the Kenya National Chamber of Commerce & Industry.
- The Chairman, Eng. Patrick Obath, was appointed to chair the Governance Committee of the ICC Executive Board.
- Registration application was lodged in January 2019. As finalization of this process is awaited member activities will resume.

#### b) Digital Lenders Association of Kenya (DLAK)

This has recently been registered as an entity for digital lenders in Kenya. The Association's main objective will be to promote the common interests of digital lenders, providing a platform for the coordinated engagement with key stakeholders and fostering industry learning and development. DLAK's vision is to create a common platform with a shared, influential voice that will help shape the future of industry, allowing digital lending to flourish to the benefit of customers.



DLAK will seek to set up a framework for digital lenders to develop data that can be used to drive informed conversations about digital lending with the regulator and consumers on responsible lending.

#### c) Online Professional Workers Association of Kenya



This is an association that brings together online professional workers in Kenya. OPWAK will provide a common voice through which members will be able to address challenges affecting their sector.

OPWAK will prioritize creation of awareness on online job opportunities and build capacity for more uptake with the end result of creating employment. OPWAK will work closely with KEPSA to exploit opportunities for online work within the private sector and with Government for facilitation with a conducive environment.

#### d) East Africa Petroleum Transporters Association

This is a new Association (formed in September 2018) and enrolled as a member of KEPSA in March 2019. They require funding to advocate for a number of issues and have since been linked up with The Business Advocacy Fund (BAF).

#### PR AND COMMUNICATIONS

The PR and Commination Department continues to communicate to its members and the external stakeholders regularly through the existing platforms such as the weekly bulletin, updates as well as social media platforms.

#### **SOCIAL MEDIA ENGAGEMENTS**

The visibility of KEPSA has greatly enhanced its online presence in the digital space, especially on Twitter, which is the official social media platform on the handle **@KEPSA\_KENYA**. The Twitter following has exponentially increased from 22,030 as at May 2018 to 29,061 Followers as at April 2019. This averages to 586 Followers per month.





The department continues to intensify engagements on the KEPSA YouTube channel that has a total of 86 videos with 1000 views from May 2018 to April 2019.

Apart from Twitter and the YouTube channel, KEPSA uses Flickr to upload media content and Facebook Page to interact with its external stakeholders. There is also more interaction and content sharing on the various sector specific KEPSA WhatsApp groups.

#### **KEPSA WEBSITE**

The KEPSA website now makes it easier to navigate and access information hence making it more interactive. It provides a platform for KEPSA members and also non-members to advertise on it, a move that helps the organisation raise revenue.

The department has also installed a google analytic tool to help measure number of hits on the website as well as find out what information is of key concern to members and the external stakeholders.



#### **KEPSA MAGAZINE**

KEPSA Magazine and its publication will continue in 2019 since there was no issue published in 2018.

#### **INCOME GENERATION**

Various aspects of communication including the website; media watch; and weekly bulletin have been monetized in order to provide additional revenue.

#### **MEDIA RELATIONS**

KEPSA visibility has greatly improved over the past year as the organisation engaged PR and media services on need basis to advise on the media relations especially on business related issues.

# FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016

| COMPANY INFORMATION                      | 63 |
|--|----|
| REPORT OF THE DIRECTORS                  | 64 |
| STATEMENT OF DIRECTORS' RESPONSIBILITIES | 65 |
| REPORT OF THE INDEPENDENT AUDITOR        | 66 |
| FINANCIAL STATEMENTS:                    |    |
| • PROFIT AND LOSS ACCOUNT                | 68 |
| • BALANCE SHEET                          | 69 |
| • STATEMENT OF CHANGES IN FUND BALANCES  | 70 |
| • STATEMENT OF CASH FLOWS                | 71 |
| ·NOTES                                   | 72 |

# COMPANY INFORMATION

**Board of directors** 

Mr Nicholas Nesbitt - Chairman

Ms Rita Kavashe - Vice Chair

Ms Patricia Ithau Mr Muhoho Kenyatta Ms Brenda Mbathi Mr Jeremy Awori

Ms Lucy Karume Ms Flora Mutahi Mr Isaac Okero

Mr Graham Shaw Mr Jaswinder Bedi

Ms Catherine Musakali Mr Li Quing

Eng Erastus Mwongera Amb Dennis Awori Mr Sam Shollei

Company secretary

Maonga Ndonye Associates Certified Public Secretaries 3rd Floor, Jadala Place

Ngong Road

P.O. Box 7324 - 00200

Nairobi, Kenya.

Registered office

L.R. No.209/8592/1

5th Floor, Shelter Afrique Building

Mamlaka Road P.O. Box 3556 - 00100

Nairobi, Kenya.

Independent auditor

RSM Eastern Africa LLP Certified Public Accountants 1st Floor, Pacis Centre,

Slip Road, off Waiyaki Way, Westlands

P.O. Box 349 - 00606

Nairobi, Kenya.

Principal bankers

NIC Bank Limited City Centre Branch P.O. Box 44599 - 00100

Nairobi, Kenya.

KCB Bank Kenya Limited Kipande House Branch P.O. Box 30012 - 00100

Nairobi, Kenya.

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements for the year ended 31st December 2018

Directorate

The directors who held office during the year and to the date of this report are set out on page 63.

Principal activities

The Company seeks to bring together the private sector representative Companys to enable them to speak with one voice so as to influence public policy formulation. Through constructive dialogue KEPSA engages the government in the formulation and implementation of pro-growth policies that maximize competitiveness and create wealth.

**Business review** 

The Company's turnover comprises of membership subscriptions, Public Private Dialogue (PPD) funds, project funds and other income such as bank interest and sponsorships. In 2018 turnover declined, mainly due to a decline in funding by partners for PPD activities. Having come from an election year in 2017, some of our funding partners were not able to offer support in 2018, and one major funding partner was going through re-organization that caused delay in releasing funding to the Company in 2018. In addition, 3 projects ended in the course of 2018 having being ongoing from prior years and in their final year ofi mplementation, they had a decreased funding. Further, for Private Public dialogue (PPD) activities it is worth noting that instead of receiving actual cash, some activities were funded by partners directly. As such, the Company was still on course with planned PPD activities (that are core) for the year, despite the dip in actual cash receipts.

The Company's expenditure includes; project activity costs, PPD activity costs and overheads of the Company. KEPSA being a membership Company means that its work is service oriented and thus people intensive and so its major costs go to people. In 2018 the Company - in a bid to manage costs took the approach of holding a lot of its PPD activities at minimal cost by having these engagements at KEPSA offices and government premises which resulted in minimal costs. As a result, it managed to carry out all planned PPD activities for the year.

The general fund over the years has resulted from deficits/surplus that the Company has incurred. The surpluses cushion against the more lean years when revenues dip as was experienced in 2018.

Statement as to disclosure to the company's auditor

With respect to each director at the time this report was approved:

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

The directors approve the annual audit engagement contract, which sets out the terms of the auditor's appointment and the related fees. The agreed auditor's remuneration of KSh 580,000 has been charged to profit or loss in the year.

By order of the board

Chairman, KEPSA Board

Nairobi APRIL 2019

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Kenyan 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 the profit or loss for that year. It also requires the directors to ensure that the Company keeps proper accounting records that: (a) show and explain the transactions of the Company; (b) disclose, with reasonable accuracy, the financial position of the Company; and (c) enable the directors to ensure that every financial statement required to be prepared complies with the requirements of the Companies Act, 2015.

The directors accept responsibility for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and in the manner required by the Kenyan 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 made an assessment of 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 APRIL 2019 and signed on its behalf by

Chairman, KEPSA Board

# REPORT OF THE INDEPENDENT AUDITOR

#### Opinion

We have audited the accompanying financial statements of Kenya Private Sector Alliance ("the Company"), set out on pages 6 to 16, which comprise the balance sheet as at 31st December 2018, the profit and loss account and statements of changes in fund balances and cash flows for the year then ended, and notes, including a summary of significant accounting policies.

In our opinion the accompanying financial statements give a true and fair view of the financial position of the company as at 31st December 2018 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the Kenyan 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and 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 directors are responsible for the other information. Other information comprises the information loded in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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, 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.

#### Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements that give a true and fair view in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Kenyan Companies Act, 2015, and for such internal control as the 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.

# REPORT OF THE INDEPENDENT AUDITOR

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

As part of an audit in accordance with ISAs, we exercise professional judgement 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.
- 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 management.
- conclude on the appropriateness of management's 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 the 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.

We communicate with those charged with governance 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 Kenyan Companies Act, 2015

In our opinion the information given in the report of the directors on page 2 is consistent with the financial statements

RSM Eastern Africa LLP
Certified Public Accountants

Nairobi

079/2019

The signing partner responsible for the independent audit was was CPA Elvis Ogeto, Practising Certificate No. 2303.

# PROFIT AND LOSS ACCOUNT

|   |      | General fund  |               | Public Private Dialogue and projects fund |               | Total         |               |
|---|------|---------------|---------------|---|---------------|---------------|---------------|
|   |      | 2018          | 2017          | 2018                                      | 2017          | 2018          | 2017          |
|   | Note | KSh           | KSh           | KSh                                       | KSh           | KSh           | KSh           |
| Public Private Dialogue and Project funds | 4    | -             | ÷             | 74,835,637                                | 137,269,351   | 74,835,637    | 137,269,351   |
| Depreciation met through capital grants   | 10   | 5,922,095     | 2,036,716     | -   | -             | 5,922,095     | 2,036,716     |
| Membership subscriptions                  | 5    | 75,637,186    | 64,618,848    | -   | -             | 75,637,186    | 64,618,848    |
| Other income                              | 6    | 20,393,096    | 7,397,565     | 613,532                                   | 670,224       | 21,006,628    | 8,067,789     |
| Total income                              |      | 101,952,377   | 74,053,129    | 75,449,169                                | 137,939,575   | 177,401,546   | 211,992,704   |
| Administrative expenses                   | 7    | (91,094,704)  | (98,594,051)  | (19,732,711)                              | (10,750,867)  | (110,827,415) | (109,344,918) |
| Establishment expenses                    | 8    | (9,759,206)   | (15,139,848)  | (5,397,203)                               | (281,155)     | (15,156,409)  | (15,421,003)  |
| Public Private Dialogue and Project costs | 9    | (38,513,716)  |               | (79,432,451)                              | (112,206,869) | (117,946,167) | (112,206,869) |
| Total expenses                            |      | (139,367,626) | (113,733,899) | (104,562,365)                             | (123,238,891) | (243,929,991) | (236,972,790) |
| (Deficit)/surplus for the year            |      | (37,415,249)  | (39,680,770)  | (29,113,196)                              | 14,700,684    | (66,528,445)  | (24,980,086)  |

# BALANCE SHEET

| FUND BALANCES                              | Note | 2018<br>KSh | 2017<br>KSh |
|--|------|-------------|-------------|
| General fund                               |      | (5,136,985) | 32,278,264  |
| Public Private Dialogue and Projects Fund  | 4    | 25,258,021  | 54,371,217  |
| rubiic Frivate Dialogue and Frojects i unu | 4    | 25,256,021  | 54,511,211  |
|  |      | 20,121,036  | 86,649,481  |
| Non-current liabilities                    |      |             |             |
| Capital grant                              | 10   | 1,801,375   | 7,540,828   |
|  |      | 01 000 411  | 04100000    |
|  |      | 21,922,411  | 94,190,309  |
| REPRESENTED BY                             |      |             |             |
| Non-current assets                         |      |             |             |
| Property and equipment                     | 11   | 3,665,010   | 5,313,900   |
| Intangible asset                           | 12   | 558,608     | 1,188,041   |
|  |      |             |             |
|  |      | 4,223,618   | 6,501,941   |
| Current assets                             |      |             |             |
| Trade and other receivables                | 13   | 8,895,523   | 7,493,971   |
| Financial assets at amortised cost         | 14   | -           | 32,137,474  |
| Cash at bank and in hand                   | 15   | 43,297,468  | 66,018,601  |
|  |      |             |             |
|  |      | 52,192,991  | 105,650,046 |
| Current liabilities                        |      |             |             |
| Trade and other payables                   | 16   | 34,494,198  | 17,961,678  |
| Net current assets                         |      | 17,698,793  | 87,688,368  |
|  |      | 21 022 411  | 04100000    |
|  |      | 21,922,411  | 94,190,309  |

The financial statements on pages 68 to 78 were authorised for issue by the Board of Directors on Line APRIL 2019 and were signed on their behalf by:

Chairman, KEPSA Board Director

# CHANGES IN FUND BALANCES

|                                | General<br>fund<br>KSh | Dialogue and<br>fund<br>KSh | Total<br>KSh |
|--------------------------------|------------------------|-----------------------------|--------------|
| At 1st January 2017            | 71,959,034             | 39,670,533                  | 111,629,567  |
| (Deficit)/surplus for the year | (39,680,770)           | 14,700,684                  | (24,980,086) |
| At 31st December 2017          | 32,278,264             | 54,371,217                  | 86,649,481   |
|                                |                        |                             |              |
| At 1st January 2018            | 32,278,264             | 54,371,217                  | 86,649,481   |
| Deficit for the year           | (37,415,249)           | (29,113,196)                | (66,528,445) |
| At 31st December 2018          | (5,136,985)            | 25,258,021                  | 20,121,036   |

# STATEMENT OF CASH FLOWS -

| Note  | 2018<br>KSh   | 2017<br>KSh                               |
|---|---|---|
| Cash flows from operating activities  Deficit for the year  Adjustments for:  | (66,528,445)  | (24,980,086)                              |
| Depreciation of property and equipment 11  Amortization of intangible assets 12  Interest income 6  Capital grant transfer to income statement 10  Assets write-off - property and equipment Assets write-off - intangible assets | 2,132,713<br>727,932<br>(2,846,143)<br>(5,922,095)<br>(205,240)<br>(34,267) | (2,036,716)                               |
| Changes in operating assets and liabilities:  (Increase)/decrease in trade and other receivables Increase/(decrease) in trade and other payables  | (1,401,552)<br>16,532,520   | 411,927<br>(15,122,561)                   |
| Cash used in operations   | (57,544,577)  | (43,321,608)                              |
| Interest received 6   | 2,846,143   | 5,341,081                                 |
| Net cash used in operating activities   | (54,698,434)  | (37,980,527)                              |
| Cash flows from investing activities Disposal of property and equipment Additions of property and equipment Liquidation of financial assets at amortized cost Additions of intangible asset  12                                   | -<br>(278,583)<br>32,137,474<br>(64,232)                                    | (826,969)<br>-<br>56,103,708<br>(110,069) |
| Net cash generated from investing activities  | 31,794,659  | 55,166,670                                |
| Cash flows from financing activities Additions of capital grant 10  | 182,642   | 256,595                                   |
| Net cash generated from financing activities  | 182,642   | 256,595                                   |
| Net (decrease)/increase in cash and cash equivalents  | (22,721,133)  | 17,442,738                                |
| Cash and cash equivalents at start of year  | 66,018,601  | 48,575,863                                |
| Cash and cash equivalents at end of year 15   | 43,297,468  | 66,018,601                                |

#### 1. General information

Kenya Private Sector Alliance (a company limited by guarantee) is domiciled in Kenya where it is incorporated under the Kenyan Companies Act, 2015 as a private company limited by guarantee. The address of ts registered office and principal place of business is L.R. No.209/8592/1, 5th Floor, Shelter Afrique Building, Mamlaka Road, P.O. Box 3556 - 00100, Nairobi, Kenya. The principal activities of the company are to bring together the private sector representative Company to enable them to speak with one voice so as to influence public policy formulation. Through constructive dialogue KEPSA engages the government in the formulation and implementation of pro-growth policies that maximize competitiveness and create wealth.

### 2. Basis of preparation and summary of significant accounting policies

These financial statements have been prepared on a going concern basis and in compliance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board. The financial statements are presented in Kenya Shillings (KSh). The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies below.

Revenue recognition

Subscription income from the members is recognised on accrual basis.

As per Income Tax Act Section 21(2), KEPSA is a trade association and therefore membership subscription (entrance fees and annual subscriptions) are not taxable.

Project funds from partners are recognised when received. Where project funds are received prior to the commencement of

the project itself, the amounts are accrued to ensure the matching concept of income and expenses.

Interest income is recognised on a time proportion basis using the effective interest method.

Translation of foreign currencies

All transactions in foreign currencies are initially recorded in Kenya Shillings, using the spot rate at the date of the transaction. Foreign currency monetary items at the reporting date are translated using the closing rate. All exchange differences arising on settlement or translation are recognised in profit or loss.

Property and equipment

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives, using the straight-line method.

If there is an indication that there has been a significant change in the useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

On disposal, the difference between the net disposal proceeds and the carrying amount of the item sold is recognised in profit or loss.

Intangible assets

Intangible assets comprise purchased computer software and are stated at cost less accumulated amortization and any accumulated impairment losses. If there is an indication that there has been a significant change in amortization rate, useful life or residual value of an intangible asset, the amortization is revised prospectively to reflect the new expectations.

### 2. Basis of preparation and summary of significant accounting policies (continued)

#### Financial assets

Trade and other receivables are initially recognised at the transaction price. Most revenues are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method.

At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

#### Impairment of non-financial assets

At each reporting date, property and equipment, and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### Financial liabilities

Financial liabilities are initially recognised at the transaction price (less transaction costs). Trade payables are obligations on the basis of normal credit terms and do not bear interest. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest method.

#### Leases

Rentals payable under operating leases are charged to income statement on a straight-line basis over the term of the relevant lease.

### Cash and cash equivalents

Cash and cash equivalents include cash in hand and demand and term deposits, with maturities of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### Capital grants

Grants relating to property and equipment are credited to the capital grants in the year in which they are received. Annually, an amount equal to the depreciation charge is transferred to the accumulated fund.

### Post-employment benefit obligations

The company operates a defined contribution retirement benefits plan for its employees, the assets of which are held in a separate trustee administered scheme managed by an insurance company. A defined contribution plan is a plan under which the company pays fixed contributions into a separate fund, and has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods. The company's contributions are charged to the income statement in the year to which they relate.

The company and the employees also contribute to the National Social Security Fund (NSSF), a national defined contribution scheme. Contributions are determined by local statute and the company's contributions are charged to profit or loss in the year to which they relate.

### 3. Judgements and key sources of estimation uncertainty

No significant judgements have had to be made by the directors in preparing these financial statements.

### 4. Public Private Dialogue and Projects

The Company's turnover is mainly made up membership subscriptions and Public Private Dialogue(PPD)/project funds. In 2018, there was a decrease in the income received from PPD/project funds as a result of major projects coming to an end. There was a deficit in general funds due to completion of several funding that previously funded some of activities in the current year. During the year, there were new projects that started such as the Multi-Sectoral Initiative Against Corruption and Countering Violent Extremism (CVE) on the Private Sector projects.

The expenditure met by the Company is made up of administration/operating costs and PPD/project costs. The PPD/projects expenditures went up mainly due to the new projects. Due to reduced income from the projects, the Company funded some of the PPD costs from membership income.

Equity over the years has been dictated by the surplus/deficits experienced during the periods.

|  | Outstanding as<br>at 1st January<br>2018<br>KSh | Received during<br>the year<br>KSh | Utilised during<br>the year<br>KSh | Interest<br>KSh | Net balance as at<br>31st December<br>2018<br>KSh |
|--|---|------------------------------------|------------------------------------|-----------------|---|
| KEPSA Public Private Dialogue Funds  |   |                                    |                                    |                 |   |
| Enhancing Private Sector Participation In<br>Government Reform   | 34,584  | 1,900,000                          | (1,004,965)                        | -               | 929,619   |
| Institutional Strengthening and Policy Support<br>Programme  | 5,734,166                                       | (5,496,568)                        | 149,949                            | 21,635          | 409,182   |
| Promoting Sustainable Consumption and Production<br>Practices and Eco-entrepreneurship                   | 9,626,823                                       | (1,438,265)                        | (3,546,582)                        |                 | 4,641,976   |
| Improving Business Environment to Deepen Trade and Investment for the Kenyan Private Sector              | (2,043,876)                                     | 24,334,493                         | (22,290,563)                       | -               | 54  |
| SME Policy Index Study, Presidential Round Table on<br>NBA II and County Own Revenue Policy and Tax Bill | 4,132,962                                       | 1,505,637                          | (6,988,678)                        | -               | (1,350,079)                                       |
| Improving Business Environment and Market Access to Enhance Kenyan Trade                                 | 117,176   | -                                  |                                    |                 | 117,176   |
| Business Sector Programme Support  | 396,525   | (90,175)                           |                                    |                 | 306,350   |
| Countering Violent Extremism (CVE) on the Private Sector   | -   | 3,276,160                          | (1,079,150)                        |                 | 2,197,010   |
| KEPSA Foundation Projects  |   |                                    |                                    |                 |   |
| Support for Better Business Practises for Children   | 3,747,952                                       | 9,046,609                          | (12,739,150)                       | 39,356          | 94,767  |
| Mkenya Daima Project   | 1,973,696                                       | -                                  | (1,257,455)                        | -               | 716,241   |
| Ajira Digital Project  | 23,217,611                                      | 15,175,988                         | (26,440,551)                       | 485,648         | 12,438,696  |
| Supporting Sustainable and Inclusive Business (SIBs) Sustainability Strategy 2017-2018                   | 7,329,941                                       | 13,809,758                         | (18,583,781)                       | 65,786          | 2,621,704   |
| Kilimani Police Station Redevelopment Project  | 103,657   | -                                  | -                                  | 1,107           | 104,764   |
| Multi-Sectoral Initiative Against Corruption   | -   | 12,000,000                         | (10,781,439)                       | -               | 1,218,561   |
| Kijani Movement  | -   | 812,000                            | -                                  | -               | 812,000   |
|  | 54,371,217                                      | 74,835,637                         | (104,562,365)                      | 613,532         | 25,258,021  |

# NOTES ---

### 4. Public Private Dialogue Funds and Projects (continued)

| KEPSA Public Private Dialogue Funds   | Outstanding as at<br>1st January 2017<br>KSh | Received during<br>the year<br>KSh | Utilised during<br>the year<br>KSh | Interest<br>KSh | Net balance as at<br>31st December<br>2017<br>KSh |
|---|--|------------------------------------|------------------------------------|-----------------|---|
| Enhancing Private Sector Participation In   |  |                                    |                                    |                 |   |
| Government Reform   | 1,154,288                                    | (881,104)                          | (238,600)                          | -               | 34,584  |
| Institutional Strengthening and Policy Support<br>Programme   | 7,269,462                                    | -                                  | (1,577,566)                        | 42,270          | 5,734,166   |
| Promoting Sustainable Consumption and<br>Production Practices and Eco-entrepreneurship                      | 4,469,406                                    | 7,730,638                          | (2,573,221)                        | -               | 9,626,823   |
| Improving Business Environment to Deepen<br>Trade and Investment for the Kenyan Private<br>Sector           | ı.   | 5,578,125                          | (7,622,001)                        |                 | (2,043,876)                                       |
| SME Policy Index Study, Presidential Round<br>Table on NBA II and County Own Revenue Policy<br>and Tax Bill | -  | 8,417,531                          | (4,284,569)                        |                 | 4,132,962   |
| Improving Business Environment and Market<br>Access to Enhance Kenyan Trade                                 | 158,020                                      | -                                  | (40,844)                           | -               | 117,176   |
| Business Sector Programme Support   | 426,125                                      | -                                  | (29,600)                           | -               | 396,525   |
| KEPSA Foundation Projects   |  |                                    |                                    |                 |   |
| Support for Better Business Practises for<br>Children   | 159,674                                      | 9,542,862                          | (5,988,456)                        | 33,872          | 3,747,952   |
| Mkenya Daima Project  | 25,985,760                                   | 3,175,000                          | (27,187,064)                       | -               | 1,973,696   |
| Ajira Digital Project   | -  | 87,547,940                         | (64,880,967)                       | 550,638         | 23,217,611  |
| Supporting Sustainable and Inclusive Business(SIBs) Sustainability Strategy 2017-                           |  |                                    |                                    |                 |   |
| 2018  | -  | 16,045,026                         | (8,757,808)                        | 42,723          | 7,329,941   |
| Kilimani Police Station Redev. Project  | -  | 106,733                            | (3,797)                            | 721             | 103,657   |
| Social Investment Focused Agenda  | 47,798                                       | 6,600                              | (54,398)                           | -               | -   |
|   | 39,670,533                                   | 137,269,351                        | (123,238,891)                      | 670,224         | 54,371,217  |

| 5. | Membership subscriptions   | 2018<br>KSh            | 2017<br>KSh            |
|----|--|------------------------|------------------------|
|    | Membership subscriptions   | 75,637,186             | 64,618,848             |
| 6. | Other income   |                        |                        |
|    | Bank interest  | 2,846,143              | 5,341,081              |
|    | Events Gain on disposal of assets  | 18,741,657             | 2,098,243<br>266,040   |
|    | Net foreign exchange (loss)/gain   | (581,172)              | 362,425                |
|    |  | 21,006,628             | 8,067,789              |
| 7. | Administrative expenses  |                        |                        |
|    | Employment:  |                        |                        |
|    | Salaries and wages   | 88,184,368             | 91,481,130             |
|    | Directors' remuneration*   | -                      | -                      |
|    | NSSF   | 463,680                | 439,560                |
|    | Staff development Staff provident fund   | 347,252                | 1,097,469              |
|    | Staff medical  | 5,068,822<br>5,280,734 | 4,872,534<br>4,276,339 |
|    | Staff welfare  | 1,197,156              | 1,108,599              |
|    | Staff transport  | 690,449                | 801,573                |
|    | Total employment costs   | 101,232,461            | 104,077,204            |
|    | * Directors do not earn any remuneration, their services are on voluntary basis. |                        |                        |
|    | Other administration expenses:   |                        |                        |
|    | Telephone, fax and postage   | 377,167                | 259,551                |
|    | Parking  | 554,103                | 623,903                |
|    | Internet and website   | 1,250,261              | 1,900,411              |
|    | Printing, stationery and office supplies Audit fees                              | 754,864<br>580,000     | 1,654,684<br>522,000   |
|    | Office equipment and furniture maintenance                                       | 695,131                | 2,023,199              |
|    | Legal and professional fees  | 139,200                | 169,138                |
|    | Office cleaning  | 5,000                  | 74,020                 |
|    | Bank charges   | 304,532                | 374,734                |
|    | Events and other meetings  | 1,474,153              | 7,362,238              |
|    | Bad debts written off  | 3,460,543              | 2,604,057              |
|    | Tax account  | -                      | (12,300,221)           |
|    | Total other administration expenses  | 9,594,954              | 5,267,714              |
|    | Total administrative expenses  | 110,827,415            | 109,344,918            |
| 8. | Establishment expenses   |                        |                        |
|    | Rent and rates   | 9,407,477              | 10,329,133             |
|    | Insurance  | 1,627,033              | 1,018,680              |
|    | Licences  Pagairs and maintanance  | 49,500                 | 39,500                 |
|    | Repairs and maintenance Assets written off                                       | 1,451,261<br>(239,507) | 286,781                |
|    | Depreciation of property and equipment   | 2,132,713              | 2,490,990              |
|    | Amortization of intangible assets  | 727,932                | 1,255,919              |
|    | Total establishment expenses   | 15,156,409             | 15,421,003             |

11

| 9. | Public Private Dialogue and Project Costs             | 2018        | 2017        |
|----|---|-------------|-------------|
|    |   | KSh         | KSh         |
|    | Expenditure under Public Private Dialogue Funds       |             |             |
|    | Public Private Dialogue meetings                      | 41,961,333  | 17,764,334  |
|    | Research and consultancy                              | 16,670,520  | 11,301,475  |
|    | Transport   | 481,937     | 748,324     |
|    |   | 59,113,790  | 29,814,133  |
|    | Expenditure under KEPSA Foundation Projects           |             |             |
|    | Mkenya Daima Project                                  | 1,251,760   | 26,901,124  |
|    | Support for better business practises for children    | 8,109,269   | 2,514,734   |
|    | AJIIRA Digital Project                                | 24,879,696  | 49,198,985  |
|    | Supporting Sustainable and Inclusive Business Project | 14,987,017  | 3,777,893   |
|    | Multi-Sectoral Initiative Against Corruption          | 9,604,635   | -           |
|    |   | 58,832,377  | 82,392,736  |
|    |   | 117,946,167 | 112,206,869 |

A number of projects with 2 and 3 year cycles had those cycles come to an end at the close of 2017 and some in 2018. As a result PPD funds did not fully supplement membership funds in meeting PPD expenses, as such the general fund, which serves as a buffer in leaner years such as 2018 was kicked in. Consequently all scheduled PPD work was carried out in the year.

| 10. | Capital grant                              | 2018<br>KSh | 2017<br>KSh |
|-----|--|-------------|-------------|
|     | At start of the year                       | 7,540,828   | 9,320,949   |
|     | Additions: Property and equipment          | 182,642     | 256,595     |
|     | Less: Prior years understated depreciation | (4,502,338) | -           |
|     | Less: Depreciation for the year            | (1,419,757) | (2,036,716) |
|     | At end of year                             | 1,801,375   | 7,540,828   |

Capital grant represents an amount of KSh 182,642 in respect of assets granted by Sustainable and Inclusive Businesses (2017: KSh 256,595 granted by UNICEF) for the purchase of property and equipment and intangible assets. Each year an amount equal to the depreciation or amortization of these assets is transferred to operating income.

|   | Property and equipment  | Furniture,<br>fittings &<br>equipment<br>KSh | Computers,<br>copiers &<br>faxes<br>KSh | Total<br>KSh                         |
|---|---|--|---|--------------------------------------|
| , | Cost<br>At start of year<br>Additions<br>Asset write-off  | 16,561,835<br>135,173<br>-                   | 7,780,689<br>143,410<br>(410,345)       | 24,342,524<br>278,583<br>(410,345)   |
| , | At end of year  | 16,697,008                                   | 7,513,754                               | 24,210,762                           |
| , | Accumulated depreciation At start of year Annual depreciation Accumulated depreciation on write-off | 11,813,076<br>1,668,495<br>-                 | 7,215,548<br>464,218<br>(615,585)       | 19,028,624<br>2,132,713<br>(615,585) |
| , | At end of year  | 13,481,571                                   | 7,064,181                               | 20,545,752                           |
|   | Carrying amount<br>At end of year   | 3,215,437                                    | 449,573                                 | 3,665,010                            |

The following annual rates are used for the depreciation of property and equipment:

Computers, copiers and faxes 33.33 per cent Furniture, fittings and equipment 12.50 per cent

| 12. | Intangible assets - software   | 2018<br>KSh                                    | 2017<br>KSh                                    |
|-----|--|--|--|
|     | Cost At start of year Additions Asset write-off  | 7,225,998<br>64,232<br>(98,000)                | 7,115,929<br>110,069<br>-                      |
|     | At end of year   | 7,192,230                                      | 7,225,998                                      |
|     | Accumulated amortization At start of year Amortization Accumulated amortization on asset write-off | 6,037,957<br>727,932<br>(132,267)              | 4,782,038<br>1,255,919<br>-                    |
|     | At end of year   | 6,633,622                                      | 6,037,957                                      |
|     | Carrying amount At end of year   | 558,608  | 1,188,041                                      |
|     | The annual amortization rate used is 20%.  |  |  |
| 13. | Trade and other receivables  |  |  |
|     | Membership fees receivable Other receivables Rent deposit Prepayments                              | 325,000<br>4,646,784<br>1,104,255<br>2,819,484 | 3,435,345<br>272,175<br>1,462,150<br>2,324,301 |
|     |  | 8,895,523                                      | 7,493,971                                      |
| 14. | Financial assets at amortised cost   |  |  |
|     | Fixed deposits   | -  | 32,137,474                                     |
|     | Maturing: - Within 1 year  | -  | 32,137,474                                     |
| 15. | Cash and cash equivalents  |  |  |
|     | Cash at bank<br>Cash in hand   | 43,283,879<br>13,589                           | 66,003,734<br>14,867                           |
|     |  | 43,297,468                                     | 66,018,601                                     |
| 16. | Trade and other payables   |  |  |
|     | Trade payables Prepaid membership fees Advance project receipts                                    | 9,070,425<br>10,255,834<br>14,138,000          | 2,665,275<br>14,453,333<br>-                   |
|     | Other payables   | 1,029,939                                      | 843,070  |
|     |  | 34,494,198                                     | 17,961,678                                     |

# KEPSA MEMBERS 2018 - 2019 -

### **BUSINESS MEMBER ORGANIZATIONS**

| AFRICAN WOMEN AGRIBUSINESS NETWORK (K)                             | INTER-COUNTY YOUNG ENTREPRENUERS AND PROFESSIONALS ASSOCIATION | KENYA WATER INDUSTRY ASSOCIATION                      |
|--|--|---|
| AGRICULTURAL EMPLOYERS ASSOCIATION                                 | KENYA ASSOCIATION OF AIR OPERATORS                             | LAIKIPIA FARMERS ASSOCIATION                          |
| AGROCHEMICALS ASSOCIATION OF KENYA                                 | KENYA ASSOCIATION OF INDE PENDENT INTERNATIONAL SCHOOLS        | LEASING ASSOCIATION OF KENYA                          |
| AMERICAN CHAMBER OF COMMERCE (K) LIMITED                           | KENYA ASSOCIATION OF MANUFACTURERS                             | MARKETING & SOCIAL RESEARCH ASSOCIATION               |
| ASSOCIATION OF CONSULTING ENGINEERS OF KENYA                       | KENYA ASSOCIATION OF PHARMACEUTICAL INDUSTRY                   | MARKETING SOCIETY OF KENYA                            |
| ASSOCIATION OF GAMING OPERATORS KENYA                              | KENYA ASSOCIATION OF TRAVEL AGENTS                             | MICRO & SMALL ENTERPRISES FEDERATION                  |
| ASSOCIATION OF INSURANCE BROKERS OF KENYA                          | KENYA ASSOCIATION OF WOMEN BUSINESS OWNERS                     | MOTORCYCLE ASSEMBLERS ASSOCIATION OF KENYA            |
| ASSOCIATION OF KENYA INSURERS                                      | KENYA ASSOCIATION OF WOMEN IN TOURISM                          | MUSIC ASSOCIATIONS ALLIANCE OF KENYA                  |
| ASSOCIATION OF PRACTITIONERS IN ADVERTISING                        | KENYA AUTO BAZAAR ASSOCIATION                                  | NATIONAL ASSOCIATION OF PRIVATE UNIVERSITIES IN KENYA |
| ASSOCIATION OF PUBLIC RELATIONS AND COMMUNICATION MANAGEMENT FIRMS | KENYA BANKERS ASSOCIATION                                      | NATIO NAL POTATO COUNCIL OF KENYA                     |
| BRITISH CHAMBERS OF COMMERCE KENYA                                 | KENYA BIOGAS STAKEHOL DERS NETWORK                             | OIL & GAS CONTRACTORS ASSOCIATION OF KENYA            |
| CHARTERED INSTITUTE OF ARBITRATORS                                 | KENYA CHAMBER OF MINES   | ORGANIZATION OF WOMEN IN INTERNATIONAL TRADE          |
| CLEAN COOKSTOVES ASSOCIATION OF KENYA                              | KENYA FLOW ER COUNCIL  | PETROLEUM INSTITUTE OF EAST AFRICA                    |
| DELEGATION OF GERMAN INDUSTRY & COMMERCE KENYA                     | KENYA FOREX & REMITTANCE ASSOCIATION                           | PHARMACEUTICAL SOCIETY OF KENYA                       |
| DOMAIN REGISTRARS ASSOCIATION OF KENYA                             | KENYA GREEN BUILDING SOCIETY                                   | PROTECTIVE SECURITY INDUSTRY ASSOCIATION              |
| EAST AFRICA PETROLEUM TRANSPORTERS ASSOCIATION                     | KENYA HE ALTHCARE FEDERATION                                   | RETAIL TRADE ASSOCIATION OF KENYA                     |
| EAST AFRICAN TEA TRADE ASSOCIATION                                 | KENYA INSTITUTE OF SUPPLIES MANAGEMENT                         | ROADS & CIVIL ENGINEERING CONTRACTORS ASSOCIATION     |
| EAST AFRICAN VENTURE CAPITAL ASSOCIATION                           | KENYA MOTOR INDUSTRY ASSOCIATION                               | SAFARICOM DEALERS ASSOCIATION                         |
| EASTERN AFRICA GRAIN COUNCIL                                       | KENYA MOTOR REPAIRERS ASSOCIATION                              | SEED TRADE ASSOCIATION OF KENYA                       |
| ELECTRONIC CARGO TRACKING SYSTEMS PROVIDERS ASSOCIATION OF KENYA   | KENYA NATIONAL ASSOCIATION OF PRIVATE COLLE GES                | SHOPPING CENTRES ASSOCIATION OF KENYA                 |
| ENVIRONMENT INSTITUTE OF KENYA                                     | KENYA OIL & GAS ASSOCIATION                                    | SOCIAL ENTERPRISE SOCIETY OF KENYA                    |
| FEDERATION OF KENYA EMPLOYERS                                      | KENYA PR IVATE SCHOOLS ASSOCIATION                             | TECHNOLOGY SERVICE PROVIDERS ASSOCIATION OF KENYA     |
| FEDERATION OF WOMEN ENTREPRENUERS ASSOCIATION                      | KENYA PROPERTY DEVELOPERS ASSOCIATION                          | TEEP KENYA  |
| GLOBAL INNOVATION SOCIETY OF KENYA                                 | K ENYA RENEWABLE ENERGY ASSOCIATION                            | THE ARCHITECTURAL ASSOCIATION OF KENYA                |
| INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OF KENYA                 | KENYA SECURITY INDUSTRY ASSOCIATION                            | THE LAW SOCIETY OF KENYA                              |
| INSTITUTE OF CERTIFIED SECRETARIES                                 | KENYA SHIPS AGENTS ASSOCIATION                                 | TOWN & COUNTY PLANNERS ASSOCIATION OF KENYA           |
| INSTITUTION OF ENGINEERS OF KENYA                                  | KENYA TEA GROWERS ASSOCIATION                                  | UNITED BUSINESS ASSOCIATION                           |
| INSTITUTION OF SURVEYORS OF KENYA                                  | KENYA TOURISM FEDERATION                                       |   |

| ACTIS AFRICA LIMITED                          | BELFRICS KENYA LIMITED                       | COOPER-K BRAND LIMITED                     |
|---|--|--|
| AFRICA DIGITAL MEDIA INSTITUTE                | BEVERAGE THREESIXTY LTD                      | CPF FINANCIAL SERVICE LIMITED              |
| AFRICA PRACTICE EAST AFRICA LIMITED           | BEYOND BORDERS LIMITED                       | CUSTODY & REGISTRARS SERVICES LIMITED      |
| AFRICA SPIRITS LIMITED                        | BIDCO AFRICA LIMITED                         | DALBERG GLOBAL DEVELOPMENT ADVISORS        |
| AFRICA VOICES DUBBING CO. LIMITED             | BIOGAS POWER HOLDINGS (EA) LIMITED           | DAMAZA DYNAMIC CLEANING & SUPPLIES LIMITED |
| AFRICAN BANKING CORPORATION                   | BISMART INSURANCE AGENCY LIMITED             | DAVIS & SHIRTLIFF LIMITED                  |
| AFRICAN MANAGEMENT INITIATIVE LIMITED         | BLACKBERRY INVESTMENTS LIMITED               | DAWA LIMITED                               |
| AGRI EXPERIENCE LIMITED                       | BLUE NILE ROLLING MILLS LIMITED              | DHL EXPRESS                                |
| AIG KENYA LIMITED                             | BLUE SKY FILMS (EPZ) LIMITED                 | DIK DIK PROPERTY LIMITED                   |
| AIRTEL NETWORKS KENYA LIMITED                 | BNT CONSTRUCTION & ENGINEERING KENYA LIMITED | DORFKEM KENYA LIMITED                      |
| AKIIRA GEOTHERMAL LIMITED                     | BOC KENYA LIMITED                            | DORION ASSOCIATES                          |
| ALTERNATIVES AFRICA LIMITED                   | BOLLORE TRANSPORT & LOGISTICS (K) LIMITED    | DOSHI & COMPANY (HARDWARE) LIMITED         |
| AMBOSELI COURT LIMITED                        | BRIDGE INTERNATIONAL ACADEMIES LIMITED       | DOW CHEMICAL EAST AFRICA                   |
| APEC CONSORTIUM LIMITED                       | BRIGHT VISION MEDIA LIMITED                  | DREAMCATCHER PRODUCTIONS LIMITED           |
| ASSOCIATED BATTERY MANUFACTURERS (EA) LIMITED | BRITISH AMERICAN TOBACCO KENYA PLC           | EAST AFRICAN BREWERIES LIMITED             |
| ASTRAL AVIATION LIMITED                       | BROOKSIDE DAIRY LIMITED                      | EASTERN PRODUCE KENYA LIMITED              |
| ATC KENYA OPERATIONS LIMITED                  | CAREPAY LIMITED                              | AFRICASOKONI                               |
| ATLAS COPCO EAST AFRICA LIMITED               | CARDNO EMERGING MARKETS LIMITED              | JUMIA KENYA                                |
| AVCON CONTRACTORS LIMITED                     | CAREER READINESS SOCIAL INITIATIVE LIMITED   | ECOBANK KENYA LIMITED                      |
| AZURI BLOCKCHAIN CONSULTANTS LIMITED          | CEKEHA ENTERPRISES LIMITED                   | ELGON KENYA LIMITED                        |
| AZURI TECHNOLOGIES KENYA LIMITED              | CENTUM INVESTMENT COMPANY LIMITED            | EMPIRE FEEDS LIMITED                       |
| B. BRAUN MEDICAL (K) LIMITED                  | CERBERRUS CAPITAL LIMITED                    | ENEL GREEN POWER KENYA LIMITED             |
| BABS SECURITY SERVICES LIMITED                | CETROS COMPANY LIMITED                       | ENGEN KENYA LIMITED                        |
| BAMBURI CEMENT LIMITED                        | CHANDARIA INDUSTRIES LIMITED                 | ENGIE EASTERN AFRICA LIMITED               |
| BASE TITANIUM LIMITED                         | CITIBANK N.A KENYA                           | ENGLISH PRESS LIMITED                      |
| BASF EAST AFRICA LIMITED                      | CMC MOTORS GROUP LIMITED                     | ESELLE GROUP COMPANY LIMITED               |
| BATA SHOE KENYA PLC                           | COCA COLA EAST & CENTRAL AFRICA              | ESRI EASTERN AFRICA                        |
| BDP INTERNATIONAL LIMITED                     | COMPUTER PRIDE LIMITED                       | EXPRESS COMMUNICATIONS LIMITED             |
|   | · · · · · · · · · · · · · · · · · · ·        | · · · · · · · · · · · · · · · · · · ·      |

| FAIRMONT HOTELS AND RESORTS KENYA             | HUAWEI TECHNOLOGIES KENYA COMPANY LIMITED | KENYA MARKETS TRUST                       |
|---|---|---|
| FARM AFRICA LIMITED                           | HUMAN CAPITAL SYNERGIES AFRICA LIMITED    | KENYA PIPELINE COMPANY LIMITED            |
| FINANCIAL AND PROPERTY CONSULTANTS LIMITED    | I BUILD COMPANY LIMITED                   | KENYA POWER & LIGHTING COMPANY LIMITED    |
| FREIGHT FORWARDERS KENYA LIMITED              | IBL INTERNATIONAL LIMITED                 | KENYA TEA PACKERS LIMITED                 |
| FRONTIER INVESTMENT MANAGEMENT AFRICA LIMITED | IBM EAST AFRICA LIMITED                   | KENYA WINE AGENCIES LIMITED               |
| FUSION CAPITAL LIMITED                        | ICON SPORTS MARKETING                     | KIBO AFRICA LIMITED                       |
| G4S KENYA LIMITED                             | IGNITE TRADE AFRICA                       | KIPTINNESS & ODHIAMBO ASSOCIATES          |
| GALANA OIL KENYA LIMITED                      | IMPERIAL HOUSING GROUP LIMITED            | KITUO CHA MAADILI                         |
| GAMBI INTERNATIONAL LIMITED                   | INFORPARTS LIMITED                        | KNLAWLLP                                  |
| GANATRA PLANT & EQUIPMENT LIMITED             | INSTITUTE OF PUBLIC FINANCE KENYA         | KOKO NETWORKS LIMITED                     |
| GAPCO KENYA LIMITED                           | INTERCITY SECURE HOMES LIMITED            | KPMG KENYA                                |
| GE EAST AFRICA SERVICES LIMITED               | INTERNATIONAL QUALITY AWARDS LIMITED      | KROLL ASSOCIATES UK LIMITED               |
| GEMS SKILLS KENYA LIMITED                     | INTERNET SOLUTIONS KENYA LIMITED          | KTDA MANAGEMENT LIMITED                   |
| GENGHIS CAPITAL LIMITED                       | IPSOS LIMITED                             | KUSCCO LIMITED                            |
| GEO-NET COMMUNICATIONS LIMITED                | ISUZU EAST AFRICA LIMITED                 | KWALE INTERNATIONAL SUGAR COMPANY LIMITED |
| GERTRUDE'S CHILDREN'S HOSPITAL                | JAMII TELECOMMUNICATIONS LIMITED          | LIAISON GROUP (I.B) LIMITED               |
| GLOBAL FORENSIC SERVICES LIMITED              | JIJENGE CREDIT LIMITED                    | LINKSOFT INTEGRATED SERVICES (EA) LIMITED |
| GLOBAL PRIMETIME SOLUTIONS LIMITED            | J00QWAH LIMITED                           | LIQUID TELECOMMUNICATIONS                 |
| GLOBELEQ KENYA LIMITED                        | JUNGLE GROUP HOLDINGS LIMITED             | LONGITUDE FINANCE LIMITED                 |
| GOOD TESTIMONY JUNIOR SCHOOL                  | KALUWORKS LIMITED                         | LUKENYA HIGH SCHOOL LIMITED               |
| GOOGLE KENYA LIMITED                          | KARANJA - NJENGA & CO. ADVOCATES          | MABATI ROLLING MILLS                      |
| GRAIN INDUSTRIES LIMITED                      | KARTRIDGES KENYA LIMITED                  | MADISON GROUP LIMITED                     |
| GRANT THORNTON CONSULTING LIMITED             | KAZI REMOTE LIMITED                       | MAERSK KENYA LIMITED                      |
| HACO TIGER BRANDS (E.A) LIMITED               | KENERGY RENEWABLES LIMITED                | MAGHREB INVESTMENT LIMITED                |
| HEALTHY U TWO THOUSAND LIMITED                | KENGAS LINK LIMITED                       | MARUBENI CORPORATION                      |
| HEINEKEN EAST AFRICA                          | KENWEST CABLES LIMITED                    | MARS WRIGLEY CONFECTIONERY KENYA LIMITED  |
| HOSPITALITY SYSTEMS CONSULTANTS               | KENYA BUS SERVICE MANAGEMENT LIMITED      | MCKINSEY & COMPANY                        |
| HOUSING FINANCE                               | KENYA KAZI SERVICES LIMITED               | MIH (MULTICHOICE KENYA LIMITED)           |

| MILLENVIAL SPEAK LIMITED                     | PEVANS EAST AFRICA LIMITED                      | SCANIA EAST AFRICA LIMITED                                       |
|--|---|--|
| MK LIGHT AFRICA RIGHT LIMITED                | PEWIN CABS LIMITED                              | SCHNEIDER ELECTRIC (K) LIMITED                                   |
| M-KOPA LIMITED                               | PKF KENYA LIMITED                               | SENACA EAST AFRICA LIMITED                                       |
| MOBISOKO LIMITED                             | POLUCON SERVICES KENYA LIMITED                  | SERANO AFRICA LIMITED  |
| MOMENTUM CREDIT LIMITED                      | PREFERRED PERSONNEL AFRICA LIMITED              | SEVEN SEAS TECHNOLOGIES LIMITED                                  |
| MONSANTO KENYA LIMITED                       | PREMIER ACADEMY                                 | SGS KENYA LIMITED  |
| MSINGI EAST AFRICA LIMITED                   | PRICEWATERHOUSECOOPERS LIMITED                  | SHREEJI DEVELOPMENT COMPANY                                      |
| MTENDERS AFRICA LIMITED                      | PRIDEINN HOTELS & INVESTMENTS LIMITED           | SILIKON CONSULTING GROUP LIMITED                                 |
| MWAMBA TEALAND ENTERPRISES LIMITED           | PROCTER & GAMBLE SERVICES LIMITED               | SIMBA CORPORATION LIMITED  |
| NAIROBI BOTTLERS LIMITED                     | PROTEL STUDIOS LIMITED                          | SOCIAL PERFORMANCE ADVISORY LIMITED                              |
| NAIROBI INSTITUTE OF TECHNOLOGY              | REDHOUSE GROUP LIMITED                          | SOLIDARIDAD EASTERN & CENTRAL AFRICA EXPERTISE CENTRE<br>LIMITED |
| NAIROBI SECURITIES EXCHANGE                  | RENTCO EAST AFRICA LIMITED                      | SOWITEC KENYA LIMITED  |
| NEWMATIC AFRICA LIMITED                      | RENTWORKS (EA) LIMITED                          | SPACE & STYLE LIMITED  |
| NIC BANK LIMITED                             | RESOLUTION HEALTH LIMITED                       | STANBIC BANK   |
| OAKAR SERVICES LIMITED                       | RESORTS AND CITIES                              | STANDARD CHARTERED BANK  |
| OBG COMPANY LIMITED                          | RESPONSABILITY AFRICA LIMITED                   | STANDARD GROUP LIMITED   |
| OCP KENYA LIMITED                            | REVITAL HEALTHCARE (EPZ) LIMITED                | STARTURE ENTERPRISES LIMITED                                     |
| OGILVY PUBLIC RELATIONS                      | REXE ROOFING PRODUCTS                           | STIMA SACCO SOCIETY LIMITED                                      |
| OIL AND GAS CONTRACTORS ASSOCIATION OF KENYA | RIA RA GROUP OF SCHOOLS                         | SURAYA PROPERTY LIMITED  |
| ONE ACRE FUND                                | RSM EASTERN AFRICA CONSULTING LIMITED           | SYNERGY INDUSTRIAL CREDIT LIMITED                                |
| OPTICOM KENYA LIMITED                        | S.L.O. INDUSTRIAL PROJECTS & CONSULTING LIMITED | TANOL OPE CONSULTANCY LIMITED                                    |
| OPTIVEN LIMITED                              | SAFARICOM LIMITED                               | TATA CHEMICALS MAGADI LIMITED                                    |
| ORACLE CORPORATION                           | SAIF PROPERTIES LIMITED                         | TECNOFIN KENYA LIMITED   |
| ORARO AND COMPANY ADVOCATES                  | SAP EAST AFRICA LIMITED                         | TELKOM KENYA LIMITED   |
| OSHO CHEMICALS INDUSTRIES LIMITED            | SAROVA HOTELS LIMITED                           | TEMBEA AFRICA TOURS & TRAVEL                                     |
| P. KAMAU & KAMAU ADVOCATES LLP               | SASI NI LIMITED                                 | THE NAIROBI HOSPITAL   |
| PACIFIC AFRICA GROUP LIMITED                 | SAVANNAH CEMENT LIMITED                         | THE VILLAGE CREATIVE LIMITED                                     |
| PANAFRICAN EQUIPMENT KENYA LIMITED           | SAYANI INVESTMENTS LIMITED                      | TILISI DEVELOPMENTS PLC  |
|  | •   |  |

| TOYOTA KENYA LIMITED                 | ULTRA WORLD SECURITY SYSTEMS LIMITED             | WELLS FARGO LIMITED              |
|--------------------------------------|--|----------------------------------|
| TRANS BUSINESS MACHINES LIMITED      | ULTRAVETIS EAST AFRICA LIMITED                   | WEST KENYA SUGAR COMPANY LIMITED |
| TRANSPORT & LIFTING SERVICES LIMITED | VISA INTERNATIONAL SERVICE ASSOCIATION           | WILDLIFE DIRECT KENYA            |
| TULLOW KENYA B.V                     | VIVA AFRICA CONSULTING LLP                       | WILL TO WIN GLOBAL               |
| TUSKER MATTRESSES LIMITED            | VIVO ENERGY KENYA LIMITED                        | YOUNG LEADERS ASSOCIATION        |
| TWIGA CHEMICAL INDUSTRIES LIMITED    | WAMAITHA WAWERU CO. ADVOCATES                    | YUSUDI LIMITED                   |
| UAP-OLD MUTUAL GROUP                 | WASTE ELECTRICAL AND ELECTRONIC EQUIPMENT CENTRE | ZENKA FINANCE LIMITED            |
| UBER KENYA LIMITED                   |  |                                  |

83















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