PRT VI

6TH PRESIDENTIAL ROUNDTABLE

26TH MAY 2016 | STATEHOUSE, NAIROBI

KEPSA
KENYA PRIVATE SECTOR ALLIANCE

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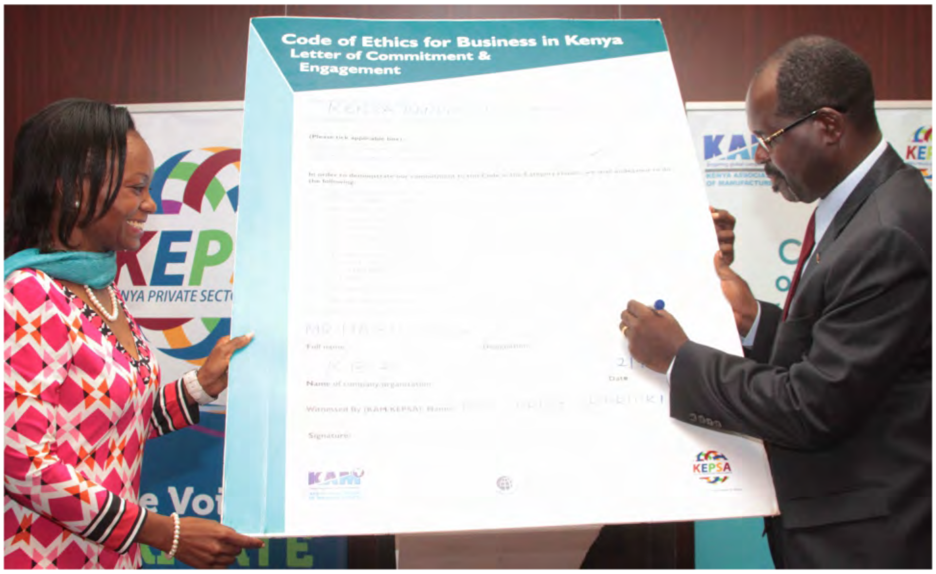
About KEPSA



The Kenya Private Sector Alliance (KEPSA) is the voice of the private sector in Kenya and is the umbrella body for private sector associations and corporate bodies in all sectors of the economy including trade associations. KEPSA speaks for multinationals, SMES and startups organized under different sector boards and working groups reflective of the 16 sectors of the economy. KEPSA has over 100,000 members through business member organizations and companies. It provides a platform for the private sector to engage in Public Private Dialogue at Local, National and International level. It also offers information, advisory and networking opportunities for members and is a key partner to government and other stakeholders in the formulation and implementation of policies and strategies geared towards spurring economic growth, wealth creation and national development.

The Established PUBLIC PRIVATE DIALOGUE PLATFORMS

1 Presidential ROUNDTABLE (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. Implementation of the PRT resolutions and commitments are cascaded down to the respective implementing Ministries and other arms of government.

2 Ministerial STAKEHOLDER FORUMS (MSFs)

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.

3 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.

4 Council of GOVERNORS FORUM

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.

5 INTER-MINISTERIAL FORUM

This forum brings together various Ministries on cross-cutting business issues that require more than one Ministry to implement.

6 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.

7 Platforms With SELECTED STATE AGENCIES

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

8 Development PARTNERS' ROUNDTABLE

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.

9 Regional FORUMS

KEPSA meets with regional organizations created under the EAC Treaty, and other agencies with a regional mandate such as East African Legislative Assembly (EALA), Northern Corridor Integrated Projects (NCIP) Summit, EAC Summit and Regional Ministerial meetings.

The National BUSINESS AGENDA

KEPSA's consultative advocacy guide is built into a five-year National Business Agenda (NBA) with the current running from 2013 to 2017. The NBA is a collection of strategic business advocacy issues which informs business consultation with the public sector to address strategic and cross-cutting issues aimed at improving business environment and the economy. The present NBA (NBA-II) is constructed into five broad thematic areas of:

- **I. IMPROVING GOVERNANCE AND THE BUSINESS REGULATORY ENVIRONMENT**
- **II. UPGRADING SECURITY**
- **III. INFRASTRUCTURE DEVELOPMENT**
- **IV. ENHANCING TRADE & INVESTMENT**
- **V. PROMOTING HUMAN CAPITAL DEVELOPMENT & ENTREPRENEURSHIP**

KEPSA hopes that achievement of goals set under each of these thematic areas will significantly encourage economic growth in Kenya by mobilising various stakeholders to effect public policy reforms to boost business, investment, and job creation.

Progress on

KEY ISSUES OF KENYA'S COMPETITIVENESS

& Commitments from the 5th PRT

CORRUPTION AND PERCEPTION OF CORRUPTION:

LISTED AS A KEY HINDRANCE TO COMPETITIVENESS

Issue Raised	Recommended Actions	Progress
Dealing with Corruption and Corruption Cases	a) A Committee was created between MDAs and Private Sector to identify specific measures and recommendations on the fight against corruption by 20th November 2015.	a) A report with specific recommendations on measures to fight corruption was presented to the President
	b) Strengthen the capacity of agencies involved in the fight against corruption such as the EACC and the office of Director of Public Prosecutions.	b) Pending
	c) The judiciary to expedite resolution of corruption cases and consider meting out stiffer sentences as a deterrent measure.	c) The Judiciary has strengthened and expanded the anti-Corruption court.
	d) Government to collaborate with national and international agencies on asset tracking and recovery.	d) This is to be undertaken under the provisions of the Mutual Legal Assistance Act. Anti-Money laundering legislation has already been enacted to support asset tracking and recovery.
	e) Ranking Government Ministries that take decisive measures in addressing corruption	e) A mechanism is yet to be developed to determine the ranking of government agencies in regard to fighting corruption
	f) Enactment of the Parastatal Reform Bill to reduce opportunities for theft and wastage	f) Parastatal Reform Bill is yet to be enacted. **ASK:** Government should expedite the process of enactment
	g) Development of a master items list to set prices for government procurement	g) PPOA publishes an annual Market Price Index available on its website. **ASK:** PPOA be required to review the Index on a quarterly basis and should be gazetted and publish it on all leading dailies for public use, scrutiny and reference.

Issue Raised	Recommended Actions	Progress
Government Procurement	a) All government procurement to be conducted with only those companies and business agencies that have signed up the business code of ethics	a) PPOA developed a supplier's code of Ethics which has already undergone stakeholder validation. b) Over 400 companies have signed up to the Code of Ethics for Business in Kenya Championed by KEPSA under the Global Compact Network Kenya.
	b) Enhanced adoption of e-government through increased use of ICT in areas such as tendering and digitization of records to reduce the interaction between government and recipients of government services.	c) Digitization of records is on-going in key state departments including: Lands, Interior and finance
	c) Procurement law to be amended to allow for surcharge of those responsible for losses incurred as a result of corruption	d) The procurement law is yet to be amended. ASK: Immediate amendment of the procurement law to enable surcharging of public officers whose actions lead to the loss of public funds
Enactment of Proposed Anti-Bribery Bill	a) Pass the proposed Anti-Bribery Bill developed in conjunction with the Private Sector to address offences relating to bribery. The Anti-Bribery Bill was prepared by the private sector under the Business Against Corruption in Kenya Initiative (BACK).	a) The private sector presented the Anti-Bribery Bill to the office of the Attorney General for review. The bill has been reviewed by the Attorney General and Department of Justice and is awaiting publication and presentation to the National Assembly.
Develop a Campaign to drive the National Values System	KEPSA has initiated the fourth phase of the MKenya Daima Campaign with a focus on National Values aligned to Article 10 of Kenya's Constitution and as expressed in the spirit of Kenya's National Anthem. The emphasis will be on accountability, transparency and leadership ethos.	The MKENYA Daima Steering Committee has met with relevant stakeholders as follows:- → IEBC- To capture mass voter registration → Eurobond Debate - To create a wider understanding on the Eurobond by availing information as part of good practice in Public Finance Management → Code of Ethics for Business in Kenya - An initiative by the business community of Kenya to promote and enhance business ethics. Other stakeholder meetings held include meetings with :- → Uwiano Peace Platform → Youth Leaders → Religious/Faith Based leaders → Civil Society Leaders → Media Editors → University Student Leaders → Development Partners

CLUSTER DEVELOPMENT & VALUE ADDITION:

KENYA NEEDS TO INCREASE ITS CAPACITY FOR VALUE –ADDITION TO BOOST EXTERNAL TRADE BALANCE

Issue Raised	Recommended Actions	Progress
Enhance Export promotion and Value Addition	a) Finalize the Export promotion policy and the national trade policy	a) Both policies have been developed and have already undergone stakeholder validation
Development and strengthening of the leather and the agro-processing clusters.	a) Government to initiate specific measures and incentives required to support procurement of locally manufactured products to create a ready market for leather	a) Ministry of Industry Investment and Trade (MoIIT) developed the Kenya Industrial Transformation Programme (KITP). b) Four draft concept notes have been prepared by MoIIT with themes on agro-investment, land for industry, SMEs and Skills development c) A leather industrial park is under preparation in Athi River where a Feasibility Study, master planning, and fencing off has concluded. The first leather company under the industrial park is expected to break ground in June 2016. d) The Ministry set aside 1000 acres for industrial use, and called for Expression of Interest (EoI) on this land. The EoIs received are currently under review. e) Kengen has also set aside 1000 acres of an industrial park , and its master plan is ready and working group set up to look at its infrastructure. The park is expected to attract high energy industries working towards going green. **Asks:** f) Support toward establishing infrastructure at industrial parks/SEZ which require partnership with private sector and development partners. g) Development of SME financial support/credit lines.
	b) Introduce measures to support agro-processing through the development of agricultural value chains	h) The full range of measures to support agro-processing is yet to be developed.

ENHANCEMENT OF THE INVESTMENT ENVIRONMENT:

NET FOREIGN DIRECT INVESTMENT HAS BEEN IMPROVING BUT PERFORMANCE REMAINS RELATIVELY WEAKER THAN OTHER SSA COUNTRIES.

Issue Raised	Recommended Actions	Progress
Need to improve FDI Performance and increase its share in GDP	a) Overhauling KENINVEST and modelling it on leading investment agencies e.g. Singapore's Economic Development Board and Costa Rican Investment Promotion Agency to positioning it as the centre of all investment in the country and a one-stop shop.	a) A Taskforce on National Investment Policy (NIP) was constituted and Gazetted in December 2015. b) The Policy being developed shall propose measures to improve performance of both foreign and domestic investment. **Ask:** A select Committee to be constitute to proffer measures deemed sufficient to improve the performance of KENINVEST, including its placement, and the same to be adopted in the NIP being developed.
Addressing quality of Inbound FDIs.	a) Review all inbound FDI in terms of volume and quality for those that are supporting Kenya's long-term growth and specific national development to be incentivized. We are providing incentives to ensure they support Kenya's long-term growth and specific national development objectives.	a) The proposed NIP is based on investments for sustainable development principles and is therefore seeking to come up with incentive instruments that will be aligned to promoting SMEs, employment and regional and sectoral investment needs. b) The NIP seeks an integrated approach to trade and investment which develops backward and forward linkages in terms of production of raw materials, to processing and to markets
Avoidance of Double Taxation Agreements	a) Operationalization of the EAC Avoidance of Double Taxation Agreement.	a) Draft EAC Policy on Harmonization of Domestic Taxes was forwarded to the International Monetary Fund (IMF) for review and incorporation of comments. This is yet to be finalized. b) The treaty can only become operational if all EAC countries ratify it and is expected to lower taxes and increase cross-border investments. c) So far only Kenya and Rwanda have ratified the Treaty. The rest of the EAC partner states are yet to ratify, although Burundi and Uganda have the document in their Parliaments for approval before ratification.

BUSINESS REGULATORY REFORM

Issue Raised	Recommended Actions	Progress
Creating awareness of the recent business reform laws assented	a) The Office of the Attorney General and Department of Justice to convene a meeting with the Private Sector to create greater awareness on the recent business reform laws assented by the President.	a) KEPSA is in consultation with the Office of the Attorney & Department of Justice to create awareness on the business reform laws which include the Companies Act, Insolvency Act and Business Services Registration Act.
Sustaining Doing Business Reforms programme		a) Deliberate focus and collaboration between the Government and Private Sector on key business regulatory issues related to the ease of doing business has yielded positive results and team remains committed to improve Kenya's Ranking in Doing Business. b) Progress in the past six months include: → Improvements in Ease of Doing Business - up to 108th position in 2016 from 129th in 2015 → Insolvency, Companies, & SEZ Acts were enacted, and regulatory changes have been realised. → Reduction in the time taken to register a business. → KEPSA has rallied business leaders who are now more proactive in participating in the surveys on the Doing Business Index and Global Competitiveness Index.

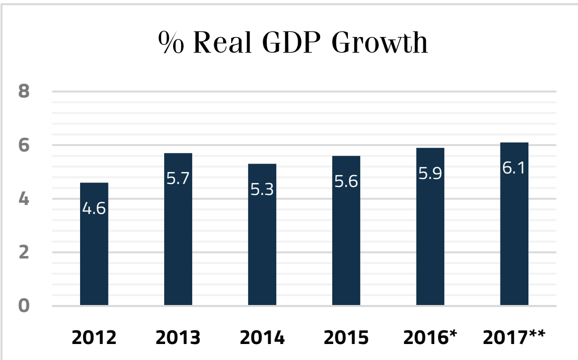
H.E President Uhuru Kenyatta assents to the business reform laws

COMPETITIVENESS:
STATE OF THE ECONOMY

OVERVIEW:
A PRIVATE SECTOR PERSPECTIVE ON THE ECONOMY

1. Macroeconomic Environment

A. GDP GROWTH AND OTHER KEY MACROECONOMIC INDICATORS:



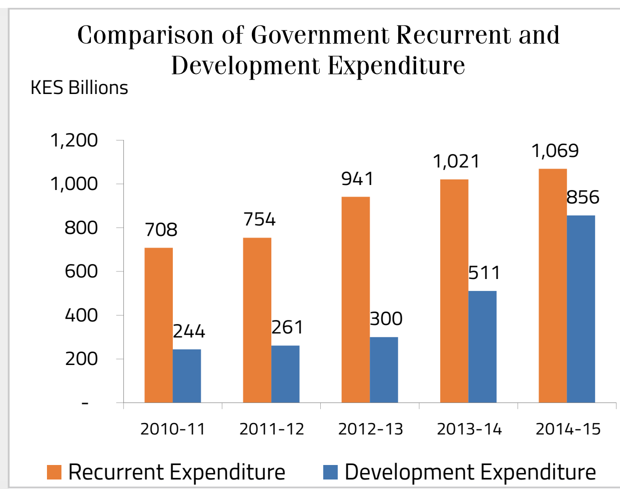
Source: Kenya National Bureau of Statistics

GDP:

- Economic performance remains solid. Growth rate has been improving g marginally each year since 2012 from 4.6% to 5.3% in 2014 and to 5.6% in 2015.
- The 2016 estimate and the 2017 projection show economic expansion of 5.9% and 6.1% respectively.
- Kenya's strong economic performance has consistently exceeded the SSA average growth since 2009.
- The country is ranked among the top 20 "Global All Star Economies" to experience robust growth in 2015.

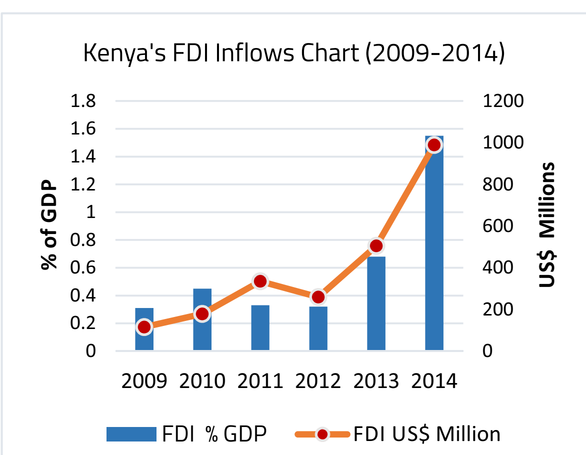
B. FISCAL DISCIPLINE: GOVERNMENT EXPENDITURE

- In the past four years, recurrent expenditure has been at approximately 67% with only 33% of the budget allocated to development expenditure.
- The allocation to development rose from 33% in 2014 to 44% in 2015, reflecting government's emphasis on resource allocation towards programmes focused on structural reform measures aimed at accelerating growth, employment creation, poverty reduction and facilitation of devolution for better service delivery.
- The debt levels that were flagged by the IMF on the back of a $2bn Eurobond issuance in 2014 prompted the Central Bank of Kenya to offer reassurance that public debt was sustainable, after it reached 46% of GDP by mid November 2014 and now stands at 46.8%.
- The development projects are a good source for financing to private sector, especially where they emphasize on maximizing local content input into the projects.



Source: The Economic Survey 2015

C. FDI PERFORMANCE



Source: theglobaleconomy.com; UNCTAD, 2015

- Kenya's FDI has risen consistently in the last two years by 95% from $259 million to $505 million in 2013, further rising by 95% to $989 million in 2014.
- In 2015, Kenya attracted 12.6% of the total FDI inflows to Africa in 2015, making it the 2nd FDI destination after South Africa's 17.1%.
- The country is considered as among the 7 outstanding emerging markets worth investing in globally; and the only African country on the list *(Fortune Magazine, 2015)*
- Nairobi attracted the highest amount of FDI at City level, displacing Johannesburg (*FDI Intelligence, 2015*).
- PPPs have been the main boosters of the FDI inflows, especially in Electricity Subsector.

2. Business Environment

Source: World Bank. Doing Business 2011-2016
* The DB 2015 ranking was revised from 136 to 129 by WB to capture effects of data revision and change in methodology

A. Kenya has consistently improved its Business Environment ranking:

- The improvement in Business Environment ranking from 129 in 2014/15 to 108 in 2015/16 in the World Bank's Ease of Doing Business globally is Kenya's best ranking in five years and marks a significant reversal of the downward trend witnessed between 2010 and 2014.
- In the 2015/16 DBI report, Kenya emerged 3rd best improved country globally and ranks at position 9 among 49 Sub-Sahara African countries.
- The aim of the concerted efforts between the private sector and government on improving the business environment is to see a reverse to an all-time high of rank 79 in 2009 and further improvement to top 50 globally by 2018.
- Digitization of company records is facilitating faster name search and reservation on the spot. This currently takes less than 10 minutes to complete the name search and reservation. Accessing services online and through the mobile telephone has more potential to improve business.
- Company registration services are now fully accessible from Huduma centres thereby making registration easier and faster. The 32 Huduma Centers spread throughout the country have increased convenience for businesses. Some of the online portals include e-citizen, e-regulations, Kenya open data etc.
- An independent study, of data and statistics of 11,919 limited liability company registrations received by the Companies Registry between February and June 2015 showed that the processing times at the Companies' Registry of these companies were 2 days on average, down from 12 business days as measured by the Doing Business 2015.
- The time for land records retrieval has significantly reduced in the land registry.
- Reduced processing time for Registering Property given that the procedures can now be done simultaneously.
- The National Single Electronic Window System (NSEWS) together with the other administrative reforms are not only expected to reduce the time taken to comply with payment of taxes, levies, duties and fees involved in cross border trade across the EAC region; it is also expected to double East African trade to $33.3 billion by 2016, and enhance transport along the Northern Corridor from the port of Mombasa to Uganda, Rwanda and Burundi.

B. Protection of Minority Shareholders interests

- On September 11, 2015 the President assented to the Companies Act 2015 which repeals the 1948 Companies Act (Cap 486). The new Act establishes a statutory and procedural framework for the regulation of takeover activity. The Act is key in protection of minority investors from conflicts of interests as well as rights in corporate governance.

C. Efficiency of the legal framework in settling disputes

- The legal framework continues to undergo reforms with the latest being new regulations in telecoms and resource extraction, operationalization of the new companies Act and security Act, increased utilization of Public-Private Partnerships and the ability of county governments to introduce their own laws to govern their operations.

D. Business costs of insecurity

- The Economist Intelligence Unit (EIU) 2015 ranks Kenya's capital City at position 120 in the list of 140 cities that are pleasant to live in due to insecurity, and other governance issues such as corruption.
- The government has made strengthening security and improving confidence a priority and has enhanced investment in security equipment and personnel. In the 2015/16 budget, the government allocated $1.2bn to the National Intelligence Services and Defence and $1.1bn to the State Department of the Interior. It has also purchased an additional 2400 police vehicles and recruited another 15,000 personnel into the security forces.
- In May 2015, the Kenya police implemented the first phase of its national security surveillance, communication and control system for Nairobi and Mombasa, which included CCTV cameras and an integrated command, as well as an emergency response contact center.
- The focus on Youth Employment that both government and private sector are spearheading has also helped to overcome the 'No Future' Narrative and Propaganda.

E. Infrastructure

Roads: Kenya's roads have improved in the last 5 years and the country has a relatively well developed infrastructure in the region. Although there are patches of poor quality of roads and significant stretches of unpaved roads, the country continues to make effort to improve road infrastructure. A Road Annuity Programme was developed to construct 10,000 KM of road by 2017. The number of KMs of paved road 2013 -2015 has increased by almost 2000km from 11,189 km to 13,197 km.

Rail: The railway network is outdated and under-utilized due to lack of regional connectivity. However, with completion of the on-going construction of SGR (which is 65 % complete), this is expected to change significantly.

Sea Port: With regards to port infrastructure, Mombasa port is the largest port and gateway to the East and Central Africa region. Mombasa port is naturally deep and well sheltered. It has 16 deep water berths, two oil terminals and safe anchorages and mooring buoys for sea-going ships. It has a modern grain bulk handling facility located at Berth 3 and is capable of handling ships of up to 45,000 tons deadweight

Airport: Kenya has 4 international airports. In 2015 two new terminals were opened at the Jomo Kenyatta international airport (JKIA). These developments have prospects of improving the seat km/week in millions over the coming periods.

Energy: Although quality of electricity still needs to improve, the power outages frequency has significantly improved. Geothermal Power is today 60% of Kenya's Energy Mix, which has helped in stabilizing generation and distribution of electricity. A program to generate 5000MW of electricity by 2017 is on target, within which additional 280MW has been achieved thus far and has helped reduce the cost of power by 30% already.

F. Limited prevalence of non-tariff barriers (NTBs)

Within the EAC region, Kenya has the least number of NTBs, which demonstrates Kenya's commitment to EAC integration. Out of 22 reported NTBs that remain unresolved in the EAC, only 4 are reported against Kenya as at December 2015. KEPSA has developed a programme to improve Kenya's domestication of EAC within which advocacy for elimination of NTBs will be addressed. The NTBs against Kenya are as follows:

- → Charges of plant import permit at Malaba for tea destined for auction at Mombasa
- → Kenya restricts Cable Corporation Uganda Limited from its tendering processes for the supply of electric cable products
- → Kenya has introduced the SCT for all trucks loaded within Kenya and destined for Uganda to be verified, issued with a C2 document and exit note at an ICD located on Mombasa Road
- → KRA requires the importer of ethanol from Tanzania to construct separate storage tanks. This requirement is seen to be a discrimination against Tanzania's products.

3. Financial Market Development

- → Access and proximity to financial services has increased significantly over the past 6 years. The 2016 FinAccess household survey indicated that 75% of the Kenyan population had access to formal and other financial services - an increase from 40.5% in the 2009 FinAccess survey. The financially excluded population has also decreased significantly from 32.7% in 2009 to 17.4% in 2016.
- → The improved access to financial services has been captured in the global reports such as:
  - o *The Economic Intelligence Unit (EIU) Global Microscope 2015*: Kenya was ranked no.11 in an assessment of the overall environment for financial inclusion in more than 50 countries.
  - o *The 2015 Brookings Financial and Digital Inclusion project report:* Kenya was ranked No.1 in an assessment of 21 geographically, economically and politically diverse countries.
- → The increased access to financial services in Kenya is largely attributed to innovations in digital financial services, particularly mobile financial services, and the development of proportionate regulatory frameworks that enhance financial inclusion.

4. Sustaining Economic Progress Against Key Risks

- Corruption, red-tape, negative media publicity and acrimonious political environment remains key risks that could roll back the gains made so far in the economic front.

  a. Risks related to corruption are: *macro and micro rent seeking culture, increased corruption incidence, inadequate consequence management, imbalanced perception relative to reality.*

  b. Risks related to red tape include : *civil service ambition/culture that is at odds with political ambition/culture; judicial and parliamentary culture that impedes action to contain red-tape; regulatory authorities and agencies that are a red tape multiplier.*

  c. Risks related to negative publicity are: *media that promotes prejudices and reinforcing biases, undermines patriotism, drains patriotic energy, and, bent on pushing the well-funded 'no future' propaganda to Kenyan youth.*

  d. Political risks include: *polarisation of citizens and heightened ethnic divisions; mass demonstrations that damages investments and scares business people from operating.*

- KEPSA is spearheading the fourth phase of an initiative known as "Mkenya Daima Campaign" which focuses on National Values as espoused in Article 10 of the Constitution and as expressed in the words of our National Anthem. The emphasis is entrenching accountability/transparency and leadership ethos. The campaign will be long term (5 years) and the thematic areas will also apply towards the August 2017 elections.

- Since the unveiling of fourth phase in November 2015, a series of activities have taken place among them include; The Eurobond Debate at the University of Nairobi and the Code of Ethics for Business in Kenya meeting with Global Compact. A series of stakeholder meetings have been held with the Civil Society, Religious Leaders, Youth Leaders and the media editors to discuss and share some common approaches towards the Mkenya Daima Campaign Phase 4 theme. The stakeholders are generally concerned about credibility of the police in addition to the Judiciary, IEBC & the Supreme Court - number of judges and level of confidence. They are ready to have a concerted effort towards increasing the focus on accountability and ethical leadership across all institutions and regions. The media have committed to work with the campaign through their strategic programmes.

- Regarding risks related to governance and ethics such as corruption, KEPSA has championed the adoption of the Code of Ethics for Business in Kenya under the Global Compact Network Kenya whose secretariat is hosted by the Kenya Association of Manufacturers. So far 400 companies have signed up to the code of ethics 12 of whom are Business Member Organizations and Professional Associations who are expected to motivate their members to sign up and abide by the Business Code of Ethics.

- The Kenya Bankers Association is the most recent BMO to have signed up to this code on April 21st 2016. This is significant in the wake of closure of 3 banks in this year only on concerns that have a governance and ethical bearing.

- The private sector also developed the draft Anti-Bribery Bill under the auspice of the Business Against Corruption in Kenya (BACK) initiative. The draft Anti-Bribery Bill, which is awaiting tabling before the National Assembly, also seeks to deal with corruption resulting from dealings with foreign entities by extending the mandate of various agencies beyond Kenya. It has proposed to bar directors who violate set governance standards in any institution from serving in a similar capacity in other institutions. To this extent the bill has far reaching implications on those who violate or take advantage of their position to unfairly award themselves benefits arising from the companies in which they serve as directors.

The SME MATURITY Rising Star Initiative

Context

A mature nation is one that provides an ecosystem conducive for the economic engine of the nation (the SMEs) to mature and thrive. SME's are the Cornerstone of any economy and it is the homegrown organizations that will make a nation sustain itself. We have seen Kenyan companies show great resilience in the face of challenging economic conditions and country challenges and are here to stay irrespective of the terrain.

Wealth generation happens mainly where a country is able to bring together its people with innovative ideas for its solutions and creating and supporting linkages between its dominant (cornerstone) industries, its SMEs/Start-Ups and Local Suppliers into a wealth generation machinery. The strength of this linkage is the springboard for economic growth, reduction in income inequality gaps, creation of additional decent and sustainable jobs, increasing tax collections, uplifting youths and attraction of FDI into a country.

Collectively between private sector and government, we have to make the next 10 years the decade of the Kenyan entrepreneur. Collectively we have to make the next 10 years our legacy for future generations to come.

The Strategy: What Must We Do

a) Support the establishment of new and innovative home-grown enterprises with potential for scale-up and ability to generate a web of different value chains to support employment and wealth creation.
b) Increase the number of sustainable jobs in the SME sector by 50% in the next 10 years.
c) Increase the transition of small to medium enterprises to large enterprises and focus on creating another 30-50 home-grown Safaricoms, Equities, Keroches, BIDCOs (Regionally and Globally-Ready Enterprises) within the next 10 Years.

What is Ailing the MSMEs in Kenya?

While the contribution of the MSME sector in Kenya remains unchallenged, the sector has suffered severe setbacks for growth due to:

- → Low productivity of factors- labor, capital and knowledge;
- → Limited access to finance and financing of i.e., short term working capital, long term debt financing instruments;
- → Rigid and complex policy regime. The legal and regulatory environment is difficult to navigate for MSMEs and the burden to formalize is very high. Evidently the responsibility for MSME policies is dispersed across different ministries which makes it difficult to offer operational policy management and efficiency;
- → Poor business information flow - limited knowledge of markets i.e., relationship and networking with buyers, understanding the role of standards, insurance, regulation, procurement and pricing;
- → Limitation in understanding of basic business practices i.e., book keeping, banking operations, business intelligence, marketing and market forecasting; and
- → Weak institutional and sector organizational capacity. MSMEs in Kenya are fragmented and lack the much needed common voice which is essential for their survival and growth. Because of their weak institutional and governance structure, they have failed to establish credible systems for transparency, accountability and integrity. Secondly there is no meaningful focal point, structure or institution for coordinating all MSMEs.

What Did We Learn From Post-GES Reflections That Is Relevant For This Initiative?

Based on the Post GES Reflections meeting between the Government and KEPSA we identified 10 SME Growth Factors that are going to be very critical to this journey of developing an Entrepreneurial Culture in this country.

a) Supporting innovation and ICT adoption by MSMEs.
b) Providing capability development and advisory to MSMEs.
c) Use industry role models to provide mentorships and stimulate partnerships with MSMEs.
d) Providing innovative access to public procurement.
e) Human resource management/development support and imbibing corporate governance.
f) Establishing innovative SME financing facilities.
g) Promote industry clustering and incubation centres.
h) Establish a supportive SME business regulatory framework.
i) Helping SMEs with branding and global marketing.
j) Creating linkage and expansion strategies for SMEs.

Four Initiatives for the Kenya Rising Star & Scale up Program

The President to champion this initiative as part of the GES legacy project in Kenya:

- → Develop a National Local Content Policy linked to
- → Develop, & launch a Kenya Rising Star & SCALE –Up KENYA Companies Framework
- → Set up the Kenya Development Bank and Biashara Bank to drive up Scale up & export revenues for next stage SMEs
- → Establish a comprehensive open National Data Set that will have detailed information for with evidence of turnover, employees, tax contribution & Directors

Impact Potential of the Kenya Rising Star & Scale up Program

The scale-up program has the potential to deliver:

- → Between Ksh. 100bn to Ksh 600bn towards Kenya's GDP between 2017 and 2025.
- → Between 54,000 to 1million additional formal jobs in Kenya by 2025.
- → Potential for higher growth in Kenya's productivity inspired by competition.
- → Impact across all-over Kenya, hence distributing growth beyond Nairobi.
- → Knock-on opportunities for firms in Kenya supply chain.
- → Impact across all sectors of the Kenyan economy, not just agriculture and other traditional sectors.

Context

The Manufacturing sector is an important component of the local economy creating productive employment and opportunities for wealth generation with direct linkages to all sectors of the economy including agriculture, ICT, infrastructure, transport, financial services, wholesale and retail, construction and energy among other sectors. Manufacturing employment increased by 3.4% in 2013 to 280,300 jobs, in 2014, increase by 2.9% to 287,456 jobs and in 2015, increased 2.9 per cent to 295,400 jobs.

The Manufacturing sector expanded by 3.5% in 2015 up from 3.2% in 2014 below its envisioned annual growth target of 10% under Vision 2030.

Under the Kenya Industrial Tran sformation Program, targets have been set to raise manufacturing share of GDP, initially to 15% from the current 10-11% and create over 100,000 new formal jobs each year. The main policy question is therefore:

what must we do to significantly increase productivity and competitiveness of manufacturing in Kenya to meet these ambitious goals?

Sector Performance

Contribution to GDP:

- → Sector's contributions to GDP dropped from 14% to 10% between 2006 and 2014 and slightly improved to 10.3% in 2015.
- → Nearly 40% of the respondents to KAM's manufacturing barometer in the first quarter of 2016 believe they have excess capacity above any foreseeable demand in the coming 12 months. This implies large segments of industry are not operating optimally.

Exports Performance

- → Manufacturing exports have also shed prominence in national exports from 58% in 2006 to 54% in 2015 as result of a loss in competitiveness in regional markets such as EAC by in part, due to the emergence of China and India in the EAC region.
- → Kenya's EAC (Including Ethiopia) market share dropped from 10% in 2002, to 4% in 2010 and now 3% in 2014. China and India the same period respectively increased from 6%, to 16% to 21% and 6% to 10% to 3%. This is according to UN statistics divisions (COMTRADE).
- → Between 2012 and 2015 exports to Tanzania dropped by 27% while exports to Uganda declined by 12% during the same period.
- → 2010 to 2015 exports to Ethiopia grew by 6% and to DRC by 5% despite the countries not implementing the full COMESA FTA. Exports to Asia and Australia are growing at 8% annually.

FDI Performance

- → Inflows of FDIs to Kenya and comparator economies in 2014 were as follows in millions USD: Kenya, 989; Ethiopia 1,200; Tanzania, 2142, Rwanda, 268; Bangladesh, 1,527 and Vietnam, 9,200.

What Is Ailing The Sector?

Key factors affecting the sector include:

- Low market access in EAC and Africa at large, with declining exports trend to the EAC.
- Weak competitiveness of Kenyan products locally and regionally, mainly due to taxation and inputs costs.
- County business regulations, fees and charges
- Weak control of counterfeits.
- Delayed Payments to manufacturers and small and medium enterprises (SMEs)
- Slow implementation of the Buy Kenya Build Kenya Policy

What Must Be Done to Improve the Sector's Competitiveness?

- Increase access to markets regional and global markets by addressing all factors responsible for decreased market penetration to regional markets in EAC and Africa
- Improve manufacturing sector competitiveness by addressing all factors that impede sector's competitiveness.
- Rationalize and harmonize county business regulations, fees and charges
- Promote Prompt Payments Culture
- Expedite the implementation of the Buy Kenya Build Kenya Policy

Private Sector Commitments

- Support implementation of KITP through a sectoral approach.
- Expand investment in the manufacturing sector with increased spread at County levels.
- Increase contribution of manufacturing to GDP from the current 10% to 15% by 2020.
- Create 1,000,000 jobs in the manufacturing in the next 10 years.
- Support SMEs by offering them opportunities for upgrade such as mentoring, subcontracting, capacity building and market access.
- Increased manufacturing's contribution to the tax kitty,
- Increasing youth employability through provision of industry relevant skills trainings and apprenticeships.
- Support tertiary institutions in development of relevant curriculum to improve linkage between industry and academia.

DRIVING AGRICULTURAL TRANSFORMATION IN KENYA:

PRODUCTIVITY & VALUE ADDITION

Context

Kenya's structural transformation has not happened at the pace required. Hence, the opportunity to industrialise, create more jobs and increase economic growth has been missed for decades now. To launch a successful industrialisation agenda, Kenya will have to largely pursue an agro-processing path and prioritise the sector in terms of public and private investments.

Sector Performance

CONTRIBUTION TO THE ECONOMY:

- The sector's contribution to GDP has stood between 20% and 25% in the last decade. Contribution to Government Revenue is 45%, export earnings: 60%, and employment: 79%. About 75% of agricultural production is from smallholders.

VALUE ADDITION:

- Agriculture value-add has increased from USD 9.9 billion in 2010 to USD 16.7 billion in 2014, recording growth of 14% per year. But, during the same period, agriculture value add as a percent of sector's GDP has merely increased from 27.8% in 2010 to 30.3% in 2014.

PRODUCTIVITY OF SELECTED PRODUCTS:

- Cereal yields (in Metrics tons per hectare, 2014) was 1.7, less than half South Africa's 3.7 and world's average of 3.9.
- Milk production (Kgs per cow per day) stood at 6.5, about 5 times less than South Africa's 34 and more than three times less than world average of 23.
- Chicken production (Carcass weight, kgs) was 1.2 and less than Uganda's 1.3, South Africa's 1.4 and world average of 1.6.

AGRO-PROCESSING PERFORMANCE:

- Kenya also lags behind competitor countries, with food manufacturing value added as a share of agricultural GDP standing at 13% compared to Egypt's 19%, Senegal's 28%, Morocco's 30%, Botswana's 55%, Brazil's 62% and South Africa's 120%.

PROCESSED SHARE OF AGRO-EXPORTS:

- Kenya also lags behind its competitors in terms of processed share of agro-exports, as a result of less value addition. In 2013, Kenya managed to export 16% of processed agricultural products while the rest were unprocessed agricultural products compared to Nigeria's 21%, Tanzania's 27%, Cote d'Ivoire's 32%, Uganda's 34%, and, South Africa's 52%. Meanwhile, 25% of Kenya's agricultural imports were processed.

What Is Ailing The Sector?

Currently, the sector's productivity is held back by a number of constraints, key among them are:

- Continuous subdivision of the potential agricultural land into very uneconomic units yet a legal framework lies in the lands office which could possibly create sanity to that process.
- Agricultural land being continuously released to other users is aggravating the situation, in spite of the growing population that is increasingly food insecure.
- Diminishing soil fertility and encroachment of agricultural land.
- Unfavourable taxation regime that levies VAT on key inputs and agro-processing procedures, poor quality inputs.
- Lack of prioritisation in the budgetary allocation currently at 3.4% to the sector against the minimum expected of 10% of the national budget.

| Data used in this Synopsis has been obtained from McKinsey & Company, a member of KEPSA

CASE STUDIES

THE VALUE OF DAIRY
(UN COMTRADE)

- In 2013, New Zealand, a country of 4.4 million people, exported $ 11 billion worth of dairy product, representing 13% of global trade value.
- In the same year, Africa imported over $ 3.5 bn in dairy products. Only two African nations (Uganda and S. Africa) respectively registered a positive trade balance: $ 21 mn and 128mn.

Lesson: Kenya, with its population and land size has the potential to be a net exporter of dairy products and generate significant jobs.

EFFICIENCY IN LIVESTOCK FARMING
(The Economist, PNAS)

- In America or Europe, 75-300kg of hay and other dry matter fed to cattle yields additional 1kg of meat.
- In Africa, for the same additional 1kg of meat the cattle need 500kg of hay and other dry matter. In Ethiopia, Sudan, Somalia and larger parts of Kenya, it takes up to 2000kg hay and other dry matter.

Lesson: Kenya can derive significant value from its meat trade if it improves quality and management of its livestock.

KENYA'S COFFEE COLLAPSE
(USDA)

- In 1986, Kenyan coffee production amounted to nearly 119,000 tonnes. By 2015, this dropped to 50,000 tonnes.
- Kenya is currently responsible for less than 1% of all global coffee production despite having the best coffee in the world.

Lesson: Changes to international trade agreements, poorly-organised (and leaky) marketing systems and a lack of farmer incentives are all responsible for the nearly 60% decline in Kenya's coffee trade.

Three Objectives to Transform Kenya's Agriculture

Globally, countries that have had success in agricultural transformation have, essentially, focused on three overlapping objectives:

1. Raising agricultural GDP from current $16Bn through increasing national income generated from agricultural production (increased exports and agro-processing)
2. Improving smallholder income (focussing on productivity and access to markets) to raise the individual household incomes for smallholders.
3. Improving food security through initiatives geared towards food price stability and food availability

Actions to Catalyse Agricultural Transformation

(PRODUCTIVITY, VALUE ADDITION AND COMPETITIVENES$

Kenya to prioritize the following:

1. Completion of the land user master planning policy and initiate its implementation to both curtail loss of agro-land to other users and stop uneconomic subdivision of agro- land.
2. Boosting agro-processing: Initiating 3-5 flagship agro-processing projects such as 'agropolis', agro-processing industrial park and logistics hub to get priority value chains off the ground.
3. Improving and scaling up specific value-chain(s): This can be done through targeted interventions to scale-up a value chain such as dairy and livestock value-chain from end-to-end taking into account the quality of inputs, extension, markets access and processing.
4. Implementation of a food hub i.e. Transform Mombasa into a regional food processing hub for Eastern Africa (focus on large imported products and provide value-added services such as processing for the region).
5. Targeted large investment over the line: this will entail implementation of large agribusiness or farm investments that could be game-changers for the country through an agricultural investment fund.
6. Transformation of a particular region: borrowing from cluster model, focusing on one specific region and initiating interventions will scale-up production and value addition.
7. Consider various forms of subsidization approaches to the sector and work with counties to ensure conducive business environment.

Appendices

AGRICULTURE, LIVESTOCK & FISHERIES

NBA Thematic Area:
Enhancing Trade & Investment

Issue	Recommendation	Progress
→ The current Agriculture Sector Taxation Regime is unfavourable as it levies VAT on key inputs and agro-processing procedures	→ Review the taxation on the agriculture sector to ensure increased investment in the sector to facilitate increased food security technology aided programme to sell fertilizer to farmers head of the factory establishment	→ Further consultations are to be undertaken with the National Treasury to discuss and agree on a way forward on agriculture sector taxation.
→ Diminishing soil fertility and encroachment of agricultural Land → Increasing land overutilization has led to low soil fertility leading to low yield impacting negatively on the country's food security.	→ Conduct soil mapping to identify most suitable crops for different areas → Work with the Ministry of Land, Housing and Urban Development to review the land tenure system and to map land for agriculture	→ The ministry has conducted pilot soil mapping in some counties in North Rift and Central Kenya, although this projected has halted due to inadequate funding. On the other hand, some counties are conducting soil mapping on their own → A soil fertility taskforce has been set up to look into all related issues → A draft Kenya Soil Management Policy has been drafted currently being discussed with the county governments. → The Ministry of Land, Housing and Urban Development has commenced development of a National Land Use Policy while the Physical Planning Bill is currently undergoing debate in the National Assembly.

Issue	Recommendation	Progress
→ The current Agriculture Sector Taxation Regime is unfavourable as it levies VAT on key inputs and agro-processing procedures	→ Review the taxation on the agriculture sector to ensure increased investment in the sector to facilitate increased food security	→ Further consultations are to be undertaken with the National Treasury to discuss and agree on a way forward on agriculture sector taxation.
→ Budgetary Allocation to Agriculture The country has seen low budgetary allocation to agriculture sector currently at 3.4% which has had a negative impact on the country's food security.	→ Increase budgetary allocation to at least 10% as per the Maputo Declaration. Further investment is required to facilitate research in Agriculture, technology driven farming as well as in post-harvest storage	→ The increase in budgetary allocation for the Agriculture sector is yet to be effected. There is need to consider this request as food security is key to productivity of the nation.
→ Multiplicity of taxation at county and National Levels & duplication of Legislative and Policy Frameworks	→ Develop guidelines on cess collection	→ Agriculture Fisheries and Food Authority (AFFA) is spearheading discussion with the Council of Governors, and the Intergovernmental Committee aimed at reaching an implementation framework to facilitate cess imposition only at the point of origin.
→ Commercial Government involvement in Agriculture Sector	→ Reduce the parastatal participation in the sector particularly the seed sector → Reduce the government subsidies to allow for fair competitive practices, improved standards and quality	→ The Cabinet Secretary promised to take up the issue and establish the facts on whether the private sector would be willing to stock seeds for the High Value Traditional Crops (THVCs). → Seed Trade Association of Kenya (STAK) was tasked to follow on this issue
→ Diminishing Markets for Kenya meat Products The country has lost significant market of its beef products especially in the Middle East and Somalia.	→ State Department of Livestock needs to work in conjunction with the Ministry of Foreign affairs and international Trade to establish new markets for the Kenyan Meat Products → Develop and strictly enforce quality standard measures in line with the international requirements to recover the lost market → Expose and train cattle keepers to modern technology that can be used to sustain the quality of meat, hides and even curb cattle rustling	→ Amendment of meat control act to remove some outdated sections and enhance its relevance to assist in market development is pending. → The Kenya Industrial Transformation Programme will focus on developing a market for meat and leather products → The Ministry has introduced bolus strategy to discourage use of hot iron branding in livestock → Ministry has committed to work with counties on capacity building and training of the relevant meat handling personnel → Private sector has been encouraged to be innovative in this sector which is a low hanging fruit in order to exploit the huge potential.

LABOUR & EAST AFRICA AFFAIRS

(STATE DEPARTMENT OF EAST AFRICA AFFAIRS)

NBA Thematic Area:
Enhancing Trade & Investment

Issue	Recommendation	Progress
→ Ineffective elimination of Non- Tariff Barriers and non-implementation of Summit decisions	→ Amend and fast track the ratification of the EAC elimination of NTBs Law. → Implementation of Summit and Sectoral Council Decisions.	→ The East African Community Elimination of Non-Tariff Barriers Act, 2015 has been assented to by Tanzania and Kenya. → The Sector Board's position that the Bill should have included the NTB experts' input especially on Dispute Resolution still stands and Kenya will lobby through EALA. → The elimination of specific NTBs such as issues with motor vehicles, tobacco, milk and food products testing, are being followed through the Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI) for resolution. → The Ministries of Labour and EAC have contracted a consultant to design and install an SMS based NTBs reporting and monitoring mechanism. → Longstanding NTBs such as the ban on Kenyan beef in Uganda, EABL products to Tanzania have been resolved.
→ Dis-harmony of domestic taxes in the EAC Region particularly Excise Duty, IDF, Income Tax and VAT in the EAC Partner States resulting in lower trade volume returns	→ Develop a policy to guide harmonization of taxes within the EAC. → Fast track the signing of the EAC Avoidance of Double Taxation Agreement	→ Draft EAC Policy on Harmonization of Domestic Taxes was forwarded to the International Monetary Fund (IMF) for review and incorporation of comments. This is yet to be finalized. → Only Kenya and Rwanda have signed the EAC Avoidance of Double Taxation Agreement

Issue	Recommendation	Progress
→ Non-Recognition of the revised EAC Rules of Origin	→ Fast-track the implementation and adoption of the revised Rules of Origin	→ Tanzania has recommitted to implement the revised EAC rules of origin in regards to certain goods originating from Kenya. → The EAC revised Rules of Origin were gazetted in all Partner States and all are expected to adhere to their provisions.
→ Low export diversification	→ Fast track the finalization of the Export development Strategy and EAC AGOA Strategy and Policy.	→ Policies and strategies under development include: a. Export Development Strategy b. Regional Integration Policy c. National Trade Policy under harmonization. d. EAC Trade Policy → The EAC AGOA Strategy and Policy have been developed and validated. → The duty remission scheme has been revised and it is currently product specific as opposed to company specific. Companies wishing to exit the scheme are free to do so on a product-based approach.
→ Increasing illicit trade within the EAC region creating unfair competition, and leading to loss of business	→ Separation of the East African Community Competition (Amendment) Bill, 2014 to have a stand-alone Anti-Counterfeit Bill, 2014 → Creation of a legal framework to fight against illicit goods in all Partner States.	→ Draft East African Community Anti-counterfeit Bill, 2014 under review by experts and yet to be presented to EALA. → Model laws have been developed at EAC level and it is upon Partner States to formulate and align their national intellectual property rights (IPR) laws to the regional laws which are based on international best practices.
→ Removal of county levies affecting intra-EAC trade and harmonization of inter-county trade policies	→ Update from the Ministry's efforts to coordinate with National Treasury and Ministry of Devolution to develop guidelines on introduction and application of levies/charges by Counties.	→ Ongoing sensitization by the Ministry on the need for the counties to remove levies particularly for trucks on transit from other Partner States. → Transit charges on trucks imposed by both Kwale and Kajiado counties have been eliminated.
→ Finalization and ratification of the EAC-EU Economic partnership agreement (EPA)	→ Rally the necessary signatures and ratification from Kenya as well as the other EAC countries on the document in order to meet the October 2016 deadline.	→ The EPA Agreement is awaiting signing by the parties after which it will go through ratification by individual EAC partner states and the EU. → The translation of the legally scrubbed EPA agreement into the 22 EU official languages and Kiswahili has been finalised.
→ EAC Common External Tariff	→ The application of CET across the EAC is not harmonized as different partner states apply stays of application on certain products.	→ Review of the CET is among the pending work in the EAC Secretariat's Work plan for 2015/2016 financial year. → The EAC Secretariat has circulated draft TORS for a consultant to review the CET and make recommendations for negotiation.

EDUCATION SCIENCE & TECHNOLOGY

NBA Thematic Area:
Promoting Human Capital Development & Sustainable Entrepreneurship

Issue	Recommendation	Progress
→ Public Private Dialogue between KEPSA and the Ministry of Education	→ Formation of a High level working group of 7 drawn from Ministry Of Education Science and Technology (Department Of Education), Ministry Of Education Science and Technology (Department Of Science and Technology), National Treasury, Ministry Of Industrialization and Enterprise Development and three KEPSA representatives	→ The private sector forwarded its representatives to the working group. The government is in the process of constituting its representation from the following Ministries: Education, Treasury and Industrialization.
→ Basic Education	→ Improve Transition from primary to secondary schools from 9.5% to 20% over a defined time period through a structured Public Private Partnership framework.	→ The Ministry of education is in advanced talks with IMF to have a facility available from 2017 that the private sector can access as part of a PPP arrangement with the government. This arrangement is to increase spaces available in secondary schools from students transitioning from primary school.
→ Private sector engagement in donor funded projects	→ Allow private sector schools to access TUSOME project learning material as they are now curriculum course books	→ Ministry of education committed to allowing private schools access to TUSOME learning material
→ Technical and Vocational Education and Training	→ Ministry to increase numbers and capacity of TIVET institutions.	→ Plans are in progress to expand the KTTC, which is the sole training institution of TIVET instructors. → 10 other polytechnic will be upgraded to become TVET instruction colleges under Module II. → Standards will be regulated by Curriculum Development Accreditation Council (CIDAC)
→ Regulations for Informal Schools	→ Recognition of Alternative provision of basic education and training (APBET) schools and registration of their candidates	→ APBET regulations have been released to informal schools and their compliance with the regulations will be monitored by the Ministry's quality assurance officials.

NBA Thematic Area:
Upgrading Security

ENVIRONMENT, NATURAL RESOURCES & REGIONAL DEVELOPMENT AUTHORITIES

Issue	Recommendation	Progress
→ Regulatory framework for environment	→ Enact the Forest Conservation and management Bill	→ Published for debate at the National Assembly
	→ Enact the Climate Change Bill	→ Climate Change Bill passed by the National assembly and is currently before the Senate
	→ Enact The Natural Resources (Classes of Transactions Subject to Ratification) Bill	→ Published for debate at the National Assembly
	→ Enact the Mining Bill	→ The bill has been passed by National Assembly and Senate and is awaiting Presidential Assent
	→ Enact the Natural Resources (Benefit Sharing) Bill	→ The bill originated from Senate that is still being debated at by the Senate
→ Double registration by National Environment Management Agency (NEMA) and Water Resource Management Authority (WRMA) through a double levying on waste water	→ A lasting solution to resolve the issue. KEPSA called on the parties to expeditiously seek a lasting solution to this matter of double levying on waste water.	→ The Ministry Of Water And Irrigation and The Ministry for Environment and Natural resources will have an inter-ministerial dialogue and provide an agreed position on this issue.
→ Investment in Rhino sanctuaries conservation to curb poaching	→ As a key stakeholder , KEPSA would like to contribute in the development of incentives for stakeholders in conservation	→ KEPSA shared proposals with KWS on incentives for conservancies engaged in effort to curb poaching, and awaiting feedback in the same.
→ Revision of the environmental impact assessment fees by NEMA	→ Private sector would like to be involve in the revision of the fees and reach a consensus with NEMA before the new fees are gazetted by the ministry	→ Discussions between NEMA and private sector are ongoing

INDUSTRY, INVESTMENT & TRADE

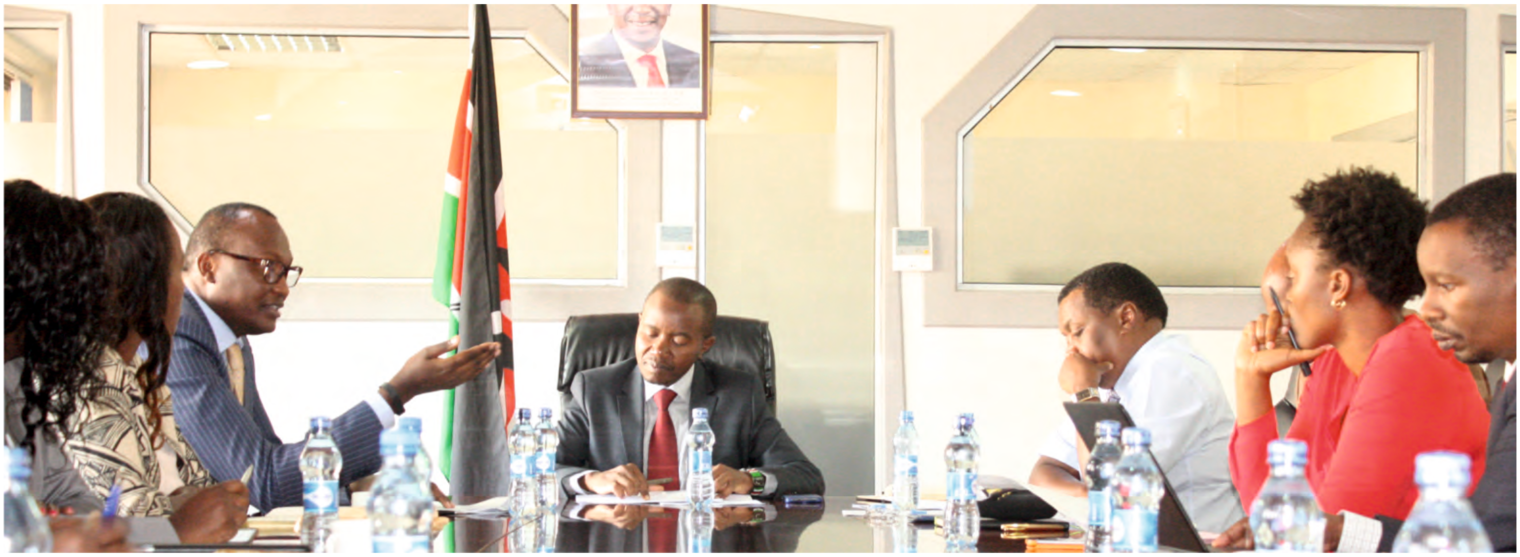
NBA Thematic Area:
Enhancing Trade & Investment

Issue	Recommendations	Progress
→ Low optimization of local content by providing internal market through local sub-contracting in all government projects.	→ Develop legal measures to ensure Local Content is entrenched in all Government Projects → Expedite finalization of the Buy Kenya Build Kenya Policy → Develop rules and regulations requiring all foreign contractors to publish standard requirements in advance to facilitate participation of local companies and to enhance transparency in sourcing of the required materials	→ Public Procurement and Asset Disposal Act was enacted in 2015 and regulations to implement the Act have been drafted. → The Buy Kenya Build Kenya Policy has been finalized awaiting Cabinet Approval
→ **Tackling Illicit Trade:** Increasing incidences of illicit trade negatively impacting on competitiveness of local products	→ Enhance collaboration among the agencies involved in the fight against illicit trade (ACA, KEBS and KRA). → Develop an EAC Anti-Counterfeit law, Separate from the EAC Competition Act to tackle illicit trade	→ There has been increased inter-agency collaboration between KEBS, KRA and ACA → A swoop has been conducted in the Mt. Kenya Region and sub-standard goods intercepted. → East African Anti-Counterfeit law is pending development

Issue	Recommendations	Progress
Import Declaration Fee: High rate Import Declaration Fee (IDF) charged at 2.25% discriminates Kenyan products and negatively impacts on their competitiveness.	In the spirit of applying uniform customs laws within EAC and to promote growth of the local industry the IDF needs to be abolished particularly for raw Materials	The National Treasury proposed a reduction of the IDF to 2%. However, this was included in the Miscellaneous Levies and Charges Bill, 2015 which is yet to be enacted in Parliament.
Low incentives for diversification and value addition in the production process.	Develop clusters with a special taxation regime for the promotion and facilitation of global and local investments	The Special Economic Zones Act was enacted in December 2015 and development of regulations to implement the Act Commenced. The process of setting up the first SEZ has commenced in Dongo Kundu and is currently at tender stage
Kenya's Industrialization Road Map	Develop an industrialization road map to guide investors where best to allocate resources & funds so as to improve competitiveness.	Kenya Industrial Transformation Plan (KITP) was launched in September 2015, and its implementation has commenced.
Access to land for industrial use: Access to land remains a huge hindrance in industry. At present the main path to access to industrial land is purchase of agricultural land and conversion through change of user.	Set aside land for establishment and expansion of industries to accelerate economic growth and government revenue.	The Ministry set aside 1000 acres for industrial use, and called for Expression of Interest (EoI) on this land. The EoIs received are currently under review. Kengen has also set aside 1000 acres of an industrial park , and its master plan is ready and working group set up to look at its infrastructure. The park is expected to attract high energy industries working towards going green.
Business Environment Reforms: The country has been ranking low in the Doing Business Reports at 136 in 2014.	There is need for collaboration in legislative and regulatory reforms to propel the country to rank top 50	The country moved from position 136 to 108 in 2015 and is expected to be below 100 this year due to the increased reforms.

INFORMATION, COMMUNICATION & TECHNOLOGY

NBA Thematic Area: Infrastructure Development



Issue	Recommendation	Progress
→ National ICT Policy	→ Review the ICT policy to align it to the current developments in the ICT Sector	→ The National ICT Sector Policy Guidelines 2006 review has commenced to take into account changes in the ICT Sector over the last 8 years .The review is expected to end by end of June 2016 .
→ Low ICT Penetration in rural areas hampering access of government services to citizens in the rural areas.	→ Resolve issues around NOFBI management and expand the NOFBI coverage.	→ A team comprising of all operators has been formed towards developing a management consortium as opposed to the current single manager model. → An additional 7,000kms of fibre has been laid while response time for the repair of fibre cuts has been reduced from 8 to 4 hours.
→ Implementation of ICT projects under the Northern Corridor Integration Project	→ Develop areas of collaboration with the private sector in implementation of the ICT projects under the Northern Corridor Integration Project.	→ The ICT cluster meeting was hosted in Kenya on 15th -18th March 2016. → A draft Mutual Recognition Agreement for ICT Professionals was drafted by Rwanda but Kenya opted to not sign until pertinent issues are addressed. Further review of the MRA is to be undertaken to accommodate concerns raised by Kenya
→ Implementation and expansion of the Presidential Digital Talent Programme	→ Expand the programme to provide access to more beneficiaries across the country	→ Call for applications for phase two of the Presidential Digital Talent Programme has been done and closed in March 2016. → Phase 2 will have 400 beneficiaries.

Issue	Recommendation	Progress
→ Enterprise Kenya	→ Provide clarity on establishment and operational timelines of Enterprise Kenya Clarity on the Operational & Governance Model to be adopted by Enterprise Kenya Clarity on areas of partnership with the private sector and source of finances to support programme operations	
→ Digital Learning Programme	→ Create an understanding and clarity on role of the private sector in the programme Open the Education platforms to enable entrepreneurship and build new education based enterprises and ICT business in content and app development.	→ Tender evaluation has been completed and awarded for supply, installation and commissioning of the Digital Learning Solution for the 22,000 public primary schools. → ICTA is currently undertaking proof of concept in 150 schools selected across the country, after which a roll out will be done in all schools across the country.
→ Vulnerability to vandalism exposing service providers to KSh 5bn annually in repair, maintenance and loss of revenue.	→ Classify ICT as a public utility with a dedicated and/or shared infrastructure alongside power, water and sewer. Develop frameworks for sharing ICT infrastructure	→ The Critical Infrastructure Protection Bill was developed and is awaiting Cabinet Approval
→ Increasing rate of cyber insecurity. According to the Kenya Cyber Security Report, 2014, Kenya loses Sh5 billion annually to cybercrime with attacks having more than doubled to 5.4 million in 2014 up from 2.6 million 2013.	→ Enact a law to curb and prevent cyber-crime in the country. → Allocate funds to complete the Forensic Laboratory	→ Cyber Security Regulations have been drafted under the Kenya Information, and Communications Act A Cyber-crime Bill is under development in consultation with office of the Director of Public Prosecutions (DPP). → NCIP Partner states have signed an MOU to collaborate on cyber security. → Review of the Kenya Information and Communications Act, 1998 (as amended) and its regulations which enhance the role of Communications Authority as the ICT regulator with regard to management of critical internet resources and cybercrime has commenced.
→ Inadequate legislative framework to govern the ICT Sector	→ Develop, enact and implement a clear legislative framework to govern the ICT sector	→ Access to Information Bill, 2015 was enacted in April 2016 and forwarded to the President for Assent. → Data Protection Bill, 2015 is undergoing debate in parliament.
→ **Universal Service Fund:** Need for improved governance of the Universal Service Fund (USF).	→ Include an amendment in the Statute Law (Miscellaneous Amendments) Bill 2015 to provide for private sector participation in the USF Board	→ The proposal to include an amendment through the Miscellaneous Amendment Bill to allow private sector participation in the Universal Service Advisory Council was not included in the final Act. The proposal was aimed at improving governance of the Universal Service Fund (USF), established under the Kenya Information and Communications Act.

LAND, HOUSING & URBAN DEVELOPMENT

NBA Thematic Area:
Infrastructure Development

Issue	Recommendation	Progress
→ Clarification on land tenure and renewal for leases by local and foreign entities.	→ Develop regulations and provision of a clear Legal Interpretation Article 65 Of The Constitution Of Kenya 2010	→ Ministry is developing regulations that will among others respond to: • State of land tenure of foreign owned land • renewal of leases for foreigners • the definition of a foreign owned company and • renewal of leases for Kenyans
→ 0.5% Construction Levy	→ Downward review of the 0.5% Construction Levy and conversion into a minimum service charge. → 0.5 per cent construction levy on total project cost is an unjustified burden on developers; should be subjected to a ceiling as a flat fee of a max amount and be considered as a tax deductible. → KEPSA proposes to have the levy reduced to 0.25% with a maximum cap of Ksh. 10 Million	→ MOLHUD has received submissions and recommendations from KEPSA, the National Construction Authority and an inter-ministerial committee are set to look into the issue. They are in the process of compiling the final position which will be shared to all stakeholders before being gazetted.

Issue	Recommendation	Progress
→ Digitization of land systems and processes	→ **Digitize land registry and processes:** MoLHUD and NLC to roll out the Land information Management systems (LIMS). This will speed up processes in the land sector.	→ Nairobi registry digitization is complete and 13 other registries are 90% complete. The target is to have 23 complete registries by the next financial year → On the computerization of the Land Sector, it was reported that the Nairobi land registry is fully digitized while 13 other registries are 90% complete. The remaining 10% is on verification and validation of data and these registries will be going live from 1st Match 2016. → The National Titling Centre has automated adjudication processes while Digital maps are now being produced with the intention to phase out the manual maps. → Creating a digital survey and digital registration will help the government address the slow pace of provisioning for housing. Currently standing at 20000, this has the capacity to move to 100000-200000.
→ Reforms in the housing sector	→ Review of the sectional properties act 1988 → Develop and gazette Regulations for the Sectional Properties Act 1987.	→ The Housing Contact Group which brings together ministry and private sector has made progress on the sectional properties act. They are currently developing regulations to support the sectional properties act 1987. The regulations will standardize and provide uniformity of procedures and requirements. If the regulations are approved and gazzetted it is expected to reduce lead time from the current 9 months to 1 month.
→ Community Land Bill	→ Enact Community Land Bill	→ Published for debate in parliament
→ Evictions and Resettlement Bill	→ Enact Evictions and Resettlement Bill	→ Submitted to the Cabinet for approval
→ Minimum and Maximum Acreage Bill	→ Enact Minimum and Maximum Acreage Bill	→ Submitted to the Cabinet for approval
→ Physical Planning Bill	→ Enact the Physical Planning Bill	→ Published for debate in parliament
→ The Land Laws amendment Bill	→ Enact the Land Laws amendment Bill	→ Published for debate in parliament
→ Historical Land Injustice Bill	→ Enact Historical Land Injustice Bill	→ Submitted to the Cabinet for approval

NATIONAL TREASURY

NBA Thematic Area:
Governance & Business Regulatory Environment

Issue	Recommendation	Progress
→ Delay in VAT refunds prior to the enactment of the VAT Act, 2016	→ Allocate one-off refund for all verified claims	→ Funds to be allocated in the 2016/17 financial year allocating Ksh.11.2B for verified claims
→ VAT charges on Tour operators	→ Zero rate Tour Operator Services and classify them as recognized Export Services	→ To be discussed by stakeholders
→ VAT on text books for education purposes	→ Zero rate text books for educational purposes	→ Publishers to develop a paper proposing Treasury to consider only KIE approved textbooks for zero rating
→ VAT on supplies to donor funded projects	→ VAT Zero rate officially funded projects instead of VAT exempting them.	→ Treasury will re-look at the position in regard to VAT application prior to the coming into effect of the vat Act 2013
→ Capital Gain Tax on Oil, Gas and Mining	→ Harmonize the CGT in Oils and Gas sector with the rest at below 10%	→ Matter is under consideration in the next budget
→ Regulations for the Tax Procedure Act (TPA), 2015	→ National Treasury to develop TPA Regulations in order to provide clarity of terminologies	→ KEPSA to send the list of issues identified in the implementations of the TPA for consideration in the Regulations
→ Appointment of Withholding VAT Representatives for Suppliers	→ Eliminate appointment of Agent /representation for the purposed of withholding VAT for Suppliers	→ Treasury will convene a meeting with Kenya Revenue Authority to understand the provision of the VAT Act and the Tax Procedure Act
→ Development of Advance Price Agreements	→ Create provisions in the Income Tax Transfer Pricing Rules 2006 which facilitate tax payers to agree with KRA on Advance Price Agreements (APA) to its Transfer Pricing policy or allows the commissioner power to make advance price rulings	
→ Withholding tax for gaming winners for foreigners with no PIN Certificate	→ Propose that all provisions on withholding tax be removed and in their place a law be enacted to provide for taxation of the operators of gaming businesses	→ KEPSA to work with the National Treasury to review the taxation of the sub-sector and address the ambiguity currently being experienced
→ Elimination of Import Declaration Fee (IDF)	→ Eliminate the IDF by factoring it in the coming Finance Bill	→ Reduction of the IDF to 2.0% was factored in the Miscellaneous Levies and Fees Bill which has been pending in National Assembly since June last year
→ Implementation of the new Excise Duty Regime	→ Offer Incentives to the private sector due to the high cost of installing the duty Management system being borne by the taxpayer	→ Private sector to prepare the challenges and quantify the cost associated with the system and share with the National Treasury for consideration

WATER & IRRIGATION

NBA Thematic Area:
Infrastructure Development

Issue	Recommendation	Progress
→ Human settlement in water/environment conservation areas	→ A mechanism should be set up to prevent human encroachment on wetlands	→ WRMA is working with National Land Commission (NLC) to reclaim identified wetlands that have been encroached on by human development. NLC will share the inventory of water catchment areas with WRMA → The water bill has legally captured the definition of a wetland, placing it under regulation by WRMA and this makes it possible to take legal action against human encroachment.
→ Double registration by NEMA and WRMA and double levying on waste water	→ A lasting solution to resolve the issue. KEPSA called on the parties to expeditiously seek a lasting solution to this matter of double levying on waste water.	→ The Ministry Of Water And Irrigation and The Ministry for Environment and Natural resources will have an inter-ministerial dialogue and provide an agreed position on this issue.

Issue	Recommendation	Progress
→ Frameworks for incentives for engaging stakeholders on environment friendly investments	→ NEMA to provide economic instruments document for input by KEPSA	→ Ministry of Environment and Natural resources committed to follow up with NEMA to provide the economic instruments document. → Private sector urged to develop their own proposals on the kind of incentives they would want from government
→ Double registration of water drilling by National Construction Authority (NCA) and the Ministry of Water and Irrigation (MWA)	→ Convene inter-ministerial dialogue between The National Construction Authority (NCA) under the Ministry of Lands, Housing and Urban Development (MOLHOD) and Ministry of water and irrigation to resolve this.	→ The matter was raised in cabinet in May 2015. A committee representing MWA, AG and MOLHUD was set up to come up with a working modality on this. They are yet to present their findings to cabinet. MWA will follow this up.
→ Classification ofdrilling rigs	→ Develop regulation for water drilling rigs: Traffic police and weighbridge officers routinely detain drilling rigs because there is no special categorisation for them. → The Ministry of Water and Irrigation should consult with the Ministry of Transport to get a special category and definition for water drilling rigs. In other jurisdictions they are referred to as special vehicles, exempting them from unnecessary extortion from unscrupulous officers as well.	→ Ministry of Water and irrigation will take this up with the Ministry of Transport and Infrastructure
→ Promotion of better environmental regulations	→ Enactment of the Water Bill 2014	→ Referred to back to the national assembly after consideration by the senate for final review before presidential assent


SUMMIT
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KISII ENTREPRENEURSHIP SUMMIT

NBA Thematic Area: Governance & Business Regulatory Environment

DEVOLUTION & PLANNING

Issue	Recommendation	Progress
→ Devolved Governance Policies that promote business investment and ease of doing business	→ Fast tracking of: I. Devolution Policy II. County Public Participation Guidelines III. Devolution Curriculum IV. County Public Private Partnership Policy	→ Devolution Policy and Civic Education Curriculum launched on 27th April 2016. Yet to be operationalized. → County Public Participation Guidelines signed on March 2016 → County Public Private Partnership Policy yet to be formulated
→ Double taxation and multiplicity of charges	→ Adherence to Article 209 of the constitution. → Harmonisation of tax regimes upon abolition of the single business permit framework in the previous local government regime. → Simplification of tax systems	→ Transition Authority issued an Advisory Note to all Governors in December 2015 outlining Constitutional provisions that Counties have to adhere to in the regulation of trade across the country and across county lines- the Advisory is not binding and therefore needs to be gazetted → Proposal to develop County Revenue Enhancement Policy by Intergovernmental Budgeting and Economic Forum (IBEC). → Double Taxation and Multiplicity of charges framework not yet resolved.
→ Intergovernmental Relations	→ Operationalize intergovernmental platforms to facilitate engagement on cross cutting issues arising from implementation of devolution	→ Intergovernmental Relations and Technical Committee board members gazetted on 10th February 2015. → Intergovernmental Relations and Technical Committee took over functions of the defunct Transition Authority on 4th March 2016 when devolution transition period came to an end. → Pending: IGRTC is yet to hold sectorial engagement forums with private sector.
→ Decentralisation of services at the county level	→ One stop shop to empower SMES at the County level	→ Pilot County Biashara Centres in Taita Taveta and Kwale have been established → Huduma SMART Card launched for use at the 32 Huduma Centres in the country
→ Decentralisation of Business Registration Services and Huduma Centre's	→ Roll out Huduma Centres in all counties → Enactment of the Business Registration Services Act → Devolution of business registration services including: incorporation of companies, registration of business names and partnerships → Service delivery culture of Huduma Centre personnel to be enhanced alongside the spirit of one stop shops → Integration of E-citizen, Huduma Centres Services and KRA I-tax platform	→ 32 Huduma Centres rolled out by end of 2015. → Appointment of the Business Registration services Board in December 2015 and gazettement in January 2016. → Business Registration services Board Shall have a national office and use the huduma centre platform spread across the counties

ENERGY & PETROLEUM

NBA Thematic Area:
Infrastructure Development

Issue	Recommendation	Progress
→ High business disruptions and costs due to high number and duration of power outages	→ Develop and implement power distribution and transmission infrastructure improvement programmes	→ ERC has drafted a National Electricity Transmission Grid Code and a National Electricity Distribution Code which will provide rules and regulations to govern the transmission and distribution of electricity in the country. The electricity grid code has undergone stakeholders validation , which is currently undergoing consolidation at the Energy Regulatory Commission → Least Cost Power Development Plan (LCPDP) now has a component on transmission and distribution improvement which should be implemented. Budgetary support for this is a challenge.
→ High cost of power	→ Reduce and stabilize the cost of power	→ Increased investment in geothermal development and a reduction in use of thermal power which is a more expensive source of power as a result the Fuel cost charge has gone down from Ksh. 2.51 to Ksh. 2.31
→ High cost and lengthy time taken to get electricity connection	→ Reduce the procedures and time taken to get electricity connection	→ Last mile connectivity project was launched in April 2016 and will increase rural electrification
→ Provision of Government Guarantees and Letters of support for ALL sizes of projects	→ Agree with private sector players on minimum guarantee/ support instruments acceptable to achieve bankability and revise excising and/or draft new documents as appropriate	→ A Framework has been developed by the National Treasury for handling Feed in Tariffs (FiT) for Independent Power Producers (IPP). This is a guiding framework on requirements for the Government Letter of Support
→ Lack of clarity on approach for acceptance, review and approval of projects and the involvement of the PPP unit	→ Discuss, agree and communicate procedure for project application, evaluation and award process under the FiT policy (whether bidding process or otherwise, investor requirements, timelines etc.)	→ Meeting held between the Government, investors and financiers in the power sector on 25th February 2016 clarified on the process on some of the issues raised. → The Ministry has commissioned a Study to inform shift from FiT to Renewable Energy Auctions , scheduled to be completed by June 2016
→ Lack of clarity on Power Sector Growth Plans	→ Communicate to investors on the power sector growth plan and its implementation timelines	→ This matter was discussed during a meeting held between the Government, investors and financiers in the power sector on 25th February 2016. There are inconsistencies on government reporting on the timelines and numbers on power sector growth plans.

Issue	Recommendation	Progress
→ Weak Legislative and Policy framework for the Energy Sector → Lack of a legal framework guiding the oil and gas sector	→ Review the National Energy Policy (2004) and the Energy Act, 2006 to align to the constitution and recent developments in the Energy Sector. → Develop and enact a legal instrument to guide the oil and gas sector	→ The National Energy Policy has been finalized pending Cabinet Approval → Energy Bill 2015 was enacted in April 2016 and forwarded to the President for Assent → Petroleum (exploration, development and production) Bill, 2016 was passed in the National Assembly in May 2016 and forwarded to the Senate for further debate.
→ Depletion of biomass which forms 68% of the national energy demand in Kenya.	→ Put in place measures, policies and regulation to strengthen and manage biomass supply from production, through conversion to end use.	→ A draft strategy and action plan on Bioenergy and LPG development in Kenya was developed and forwarded to the Ministry in December 2015. This is pending action and implementation.
→ Increased illegal LPG trade posing a threat to Public safety & Security	→ There is need to deepen collaboration between KRA and ERC to eradicate and close down all the illegal dens and deterring illegal LPG imports.	→ MOEP to liaise with KRA and ERC in closing down all the illegal dens and deterring illegal LPG imports.
→ Reimbursement of Yield Shift (Paper Stocks) to Oil Marketers after KPRL closure- → Pending refunds accrued on closure of KPRL owed to OMCs which is a capital lockdown for other investments.	→ MOEP to table to Cabinet for approval, a Cabinet Paper that was drawn up in January 2015 after Industry and MOEP agreed on a formulae and recovery period. → Expedite conclusion of the deed of termination between Government and Essar in order to progress the recovery process as to unlock capital for private sector investment	→ The reimbursement of Yield Shift is pending.
→ High rate of Capital Gains Tax and Withholding Tax on oil and gas sector	→ Reduce CGT from the current 30% and 37.5% applicable to O&G companies to 5% as applicable to other industries.	→ The reduction of capital gains tax is still pending. There is need to urgently consider this proposal to ensure investors do not shun from investing in the young upstream petroleum sector.
→ Non-existence of a specific Local Content policy as provided for in the Kenya National Energy Policy & the draft Energy & Petroleum Master Plan;	→ The development of a Local Content Policy (ref: item 15- Article 2.2.3 – [page 23]) of the Kenya National Energy Policy [listing of Policies and Strategies to be developed under the Petroleum Upstream sector];	→ Development of local content study to inform development of local content regulations has commenced. The regulations are to be developed through World Bank funding facility under the Kenya Petroleum Technical Assistance Project (KEPTAP), to develop local content capacity for the oil and gas sector.

INTERIOR & COORDINATION OF NATIONAL GOVERNMENT

NBA Thematic Area: Upgrading Security

Issue	Recommendation	Progress
→ TAXATION: Currently security surveillance equipment is liable to VAT	→ Zero rate security surveillance apparatus to ease access and affordability for the private sector	→ Cheaper equipment will lower the cost of providing private security to businesses and allow more businesses to access private security. This allows private security to complement the heavily burdened national security agencies.
→ POLICE REFORMS: Slow implementation of Ransley report 2009 recommendation such as effective framework for community engagement in community policing, low police to-population ratio (1:800, well below the United Nations recommended ratio of 1:450), equipment deficiencies and inadequate training and professionalism.	→ Enact the National Coroners Service Bill (2011). → Allocate budgetary resources for establishment of data centre and forensics lab and conduct specialized training for law enforcers to be stationed in the data centre, lab and the judiciary → Implement welfare-related recommendations in Ransley Report such as housing projects and medical welfare for the police. → Increase the police citizen ratio to conform with international benchmarks → Finalize the National Community Policing Policy. → Operationalize community policing clauses under Section 46/47 of National Police Services Act, 2011 → Digitization of police records	→ Government allocated Ksh. 10.4 billion in last year's budget for motor vehicle leasing, police medical insurance and police housing → Last year's budget also provided for the recruitment of an additional 15,000 security personnel

Issue	Recommendation	Progress
→ TECHNOLOGY-AIDED CRIME: It is estimated that Kenya loses up to 2 Billion annually to cybercrime. The number of cyber-attacks more than doubled from 2.6 million in 2012 to 5.4 million in 2013. There is need to develop and enact a Cyber Crime legislation to regulate this new terrain and have laws in place to convict cyber-crime offences.	→ Enact the Cyber Crime Bill and Computer Related Offences Bill and Enact the CCTV Policy → Conduct capacity needs assessment on cyber-crime in relevant agencies; and recruit and train enforcement personnel to handle digital crime, investigations and evidence. → Include safety and security processes at the design stage of building code and regulations in the construction industry	→ Cyber Security Regulations have been drafted under the Kenya Information, and Communications Act → A Cyber-crime Bill is under development in consultation with office of the Director of Public Prosecutions (DPP). → NCIP Partner states have signed an MOU to collaborate on cyber security.
→ NATIONAL DISASTER PREPAREDNESS AND MANAGEMENT: The country does not have a comprehensive disaster management plan/ framework at both the national and county level resulting in slow and uncoordinated/disjointed approach to disasters.	Finalize with the involvement of stakeholders, the National Disaster Management Policy to provide a legal framework for a structured coordination during response and management of disaster. Establish a disaster management institutional framework to coordinate the currently dispersed efforts.	Though some counties have developed support legislation to manage disasters there is no national integrated framework to deal with disasters
→ PROLIFERATION OF SMALL ARMS AND LIGHT WEAPONS (SALW): There are estimated to be between 530,000 to 680,000 illegal small arms and light weapons in civilian hands in Kenya. These poses a security challenge with an increase in crime and loss of life and economic losses across all sectors. Most of these firearms holders are not registered thus are unregulated.	→ Review existing laws and make the penalty for possessing illegal firearms more punitive as a deterrent measure → Provide reliable and adequate security in conflict prone areas to reduce the necessity of citizens arming themselves for protection → Registration and licensing of firearms in citizens' hands → Alternative livelihoods, socio-economic activities that will divert citizens from activities using firearms.	

Issue	Recommendation	Progress
→ INFLUX OF ARMED HERDERS IN TOURISM AREAS: In the recent past, there has been large-scale invasion of cattle in the national Parks and Reserves.	→ The Government should assist the County Authorities managing tourist sites to deal with the threat of illegal firearms. → Security to be steeped up in national reserves to ensure safety of visitors (local and foreign) and the staff working there.	→ Government continues to offer amnesty to those willing to return and register their Firearms
→ There have been several reports of harassment and extortion by security agents on visitors arriving and leaving the Airport.	→ There should be clear instructions given to all officers at the Airports regarding how tourists are to be treated - even where there is a suspicion of a crime. A clear log of all incidents involving tourists should be maintained for future reference. → A hotline should be installed whereby aggrieved persons (local or foreign) can seek redress measures while still at the Airport whenever an incident occurs.	→ Discipline and adherence to rule of law by police officers will increase tourist numbers and revenues translating into more jobs being created and more government revenue.
→ TAKING CLIENTS TO POLICE STATIONS FOR MINOR OFFENCES BY DRIVERS: There are very many reports whereby Traffic Police Officers take tourist vehicles to Police Stations with clients still on board in order to charge the Tour Driver-Guide. Many a time this is for relatively "minor" offenses where a Notice to Attend Court would have sufficed.	→ Apart for serious offences (where the tour vehicle would be a danger to those on board or other users) there should be no instance of tourists on board being taken to a Police Station in order to charge the Driver with an offence. A Notice to Attend Court should be issued and the vehicle allowed to proceed.	→ Discipline and adherence to rule of law by police officers will increase tourist numbers and revenues translating into more jobs being created and more government revenue.
→ NOTICES TO ATTEND COURT: Traffic Police very often issued a Notice to Attend Court to Tour Driver-Guides requiring then to attend court either the same day or the following day. This does not take into account the fact that the safari would be severely disrupted and in some cases clients can even miss a flight.	→ The Traffic Act allows a Police Officer to serve the Notice to Attend Court not later than seven days from the date upon which the offence is alleged to have been committed. → Tour-Divers should be granted the SEVEN days to avoid disruption to itineraries and the subsequent vulnerability to corruption.	→ Discipline and adherence to rule of law by police officers will increase tourist numbers and revenues translating into more jobs being created and more government revenue.

Issue	Recommendation	Progress
→ IMPOUNDING VEHICLES WITH BULL BARS, CONTRAVENING NTSA DIRECTIVE: Despite tour vans being allowed by NTSA to have bull bars; they keep getting impounded.	→ The police should be sensitised to abide by the NTSA directive and allow tour vans operate with bull bars	→ Discipline and adherence to rule of law by police officers will increase tourist numbers and revenues translating into more jobs being created and more government revenue.
→ SPEED GUNS: Tour vehicles are accused of flouting speed limits despite having working speed limiters. In some instances where the charge is denied in court and proof obtained, the hearings are delayed months with police not showing up.	→ There should be a study carried to establish the efficacy of speed guns or the manner in which they are being applied. There are several studies in European countries that suggest these gadgets are not 100% accurate and are probe to errors. → Tour Drivers charged for speeding should not be rushed to court but accorded the seven day notice to attend. → Where Police officers bring charges in Court and fail to attend or provide any evidence, there should be action taken on them so as to discourage this practice.	→ Discipline and adherence to rule of law by police officers will increase tourist numbers and revenues translating into more jobs being created and more government revenue.
→ RENEWAL OF PERMITS:	→ The Department of Immigration to reduce the duration taken to renew permits to ensure foreigners are in compliance with the law.	→ Discipline and adherence to rule of law by police officers will increase tourist numbers and revenues translating into more jobs being created and more government revenue.

PUBLIC SERVICE, YOUTH & GENDER

NBA Thematic Area:
Promoting Human Capital Development & Sustainable Entrepreneurship

Issue	Recommendation	Progress Status
→ Women employed on full time basis are less likely to initiate or continue breastfeeding once they return to work. About 25% combine breastfeeding and working for at least a month.	→ Development and promotion of minimum package for promotion of workplace support of breastfeeding to reduce health risks to babies.	→ National Assembly approved the breastfeeding clause in the Health Bill, 2015 in March 2016 which compels employers to allow nursing mothers breaks to breastfeed their babies during working hours. Under the new clause ''All employers shall in the workplace establish lactation stations, which shall be adequately provided with necessary equipment and facilities…" The bill is now awaiting Presidential Assent.

Issue	Recommendation	Progress Status
→ AGPO pre-qualification allocation, access and uptake yet to meet the 10% target	→ Increase uptake of AGPO opportunities by youth, women and persons with disabilities → Develop an integrated AGPO campaign sensitisation programme communication plan to create public awareness for youth and peri-urban women and persons with disabilities → Use of social media for continuous AGPO training. → Share success stories to encourage uptake → Quarterly monitoring and evaluation report on AGPO by Treasury uptake to be shared with private sector. → Review the validity of AGPO certification duration from 2 years to 5 years and repeat business regulation. → Shorten AGPO registration process and simplify tender documents by reviewing requirements like third party authorisations. → Well-coordinated training on the e-procurement portal for private sector suppliers → Supplier portal integration with the IFMIS platform. → Mobile and social alerts on status of tenders submitted → Relook the LPO/LSO financing by Government Procurement Entities'	→ National Treasury Circular 1/2015 issued to guide allocation of AGPO; set a PWD minimum 2% of the 30%; no category of PWD, Women or Youth should get more than 50% of the implementing agency allocation. → FY 2014/15 Ministries set aside Ksh.17.07 Billion and issued 97.17% (Ksh.16.68 Billion); Youth got 3,416 tenders, Women 3,372 tenders and PWD's got 261 tenders. → Cumulatively since AGPO inception in 2013: Total of Ksh.25 Billion set aside for AGPO; Youth Awarded 42.48% (Ksh. 10.62 Billion); Women 42.48% (Ksh. 13.99 Billion) and PWD 1.55% (Ksh. 388 Million). → Starting July 1, 2015, all Accounting Officers were required to submit Quarterly reports to the National Treasury in regard to the 30 percent preferential requirements for all procurements.
→ Few Women Owned Business trading on the global market	→ KEPSA in collaboration with the International Trade Centre ITC, (and other global business organizations) has committed to be part of a global call to action (SAO Paulo Sept 2015) that seeks to deliver 1 million women businesses to the global market	→ A meeting was held on 15th September 2015 to create awareness among Women Associations of KEPSA on the Commitments with 78 Women in business attendance.
→ Internship and Mentorship Projects for youth and women including the NYS Project	→ Inclusion and economic empowerment of the vulnerable and the marginalised groups through internship and mentorship projects	→ Kenya Youth Empowerment Project by KEPSA had impacted 20,484 youth, with 75% having secured employment(wage or self) and 9% gone for further skills development → The Employers Challenge Project is in the design stage aimed at creating 50,000 jobs. → Remodelled NYS curriculum comprises of three parameters; national service, Vocational training and paramilitary training

SPORTS, CULTURE & THE ARTS

NBA Thematic Area:
Promoting Human Capital Development & Sustainable Entrepreneurship

Issue	Recommendation	Progress
→ Develop a legal framework to legislate Sports , music and creative arts industry	→ Enact the Protection of Traditional Knowledge & Traditional Cultural Expression Bill, 2015. → Enact the Language Bill 2015 → Enact the National Museum and Heritage Bill, 2015	→ The Protection of Traditional Knowledge & Traditional Cultural Expression Bill 2015, the Language Bill 2015 and the National Museum and Heritage Bill, 2015 have been published and are scheduled for debate in parliament. → The music policy was launched on 12th August 2015 → Draft Film Policy and draft Film Bill to be completed by end of August 2016
→ Streamline Sports	→ Full implementation of the Sports Act to streamline sports in the country towards making Kenya a global sports centre → Put in place measures to curb doping	→ The institutions under the sports Act ; Sports Fund, Sports Kenya, Kenya Academy of Sports, Sports Registrar and Sports Tribunal are being constituted but at a slower pace due to limited budgetary allocation → Anti-doping agency in place
→ Enhance management of sports stadia	→ Build new international stature and rehabilitate existing sports stadia	→ The Ministry of sports culture and arts are developing a roadmap on stadia management.
→ Expand sport financing and support professionalization of local sporting leagues across the various disciplines	→ Establishment of a National Lottery Scheme	→ Infrastructure has been laid for the establishment of a Sports Lottery Fund and is awaiting legislation review to have the management of the lottery housed under the Ministry of sports (Currently this is under the Ministry of Interior and National Coordination)
→ Regulation in the film industry	→ Reinstatement of the Department of Film Services at the Ministry of Sports Culture Arts	→ To be taken up at the coming Ministerial Stakeholders Forum

NBA Thematic Area:
Infrastructure Development

TRANSPORT & INFRASTRUCTURE

Issue	Recommendation	Progress
→ High traffic congestion causing, high cost to businesses and high environment pollution	→ Expedite the Bus Rapid Transit System, Traffic Management Centre and installation of Intelligence Traffic System. → Address the legal challenges by harmonizing Traffic Act, NAMATA Bill and the NTSA Act. The Traffic Act needs to be harmonized with the constitution	→ Nairobi City County Public Transport Operations Working Committee has been established to look into the County's Transport Operations. → The Southern by-pass has been opened to redirect heavy commercial vehicles from main corridors has reduced traffic.
→ Lack of a platform for resolution of transport disputes	→ Establish the Transport Licensing Tribunal as stipulated in section 59 of the NTSA Act	→ The Transport Licensing Appeals Board was appointed in October 2015. The tribunal is however, not yet fully operational.
→ Lack of compliance to legal notice No:#1/14 of 2013 and National Construction Authority (NCA) Regulation on 40 % local component	→ Enforce compliance of Legal Notice No.1/14 of 2013 and NCA Regulations on 40% local component → Embed the local component requirements at the tendering stage	→ The enactment of Public Procurement and Asset Disposal Act, in December 2015, is expected to facilitate compliance and enhance local component requirements. → Development of regulations to operationalize this Act has commenced
→ Congestion within and out of Mombasa causing high surcharge on empty containers	→ Decongest the port of Mombasa to facilitate flow of goods	→ An audit of the Single Customs Territory (SCT) system shows that cargo clearance time at the port has dropped to an average of four to six days, from 18 to 22 in 2013 → Customs documentation requirements have been reduced by over 50 per cent from 2013 to date
→ Appointment of two shed operators for South Sudan Cargo creating a duopolistic situation for transit cargo at the port of Mombasa.	→ Open up the shed operations to more players	→ MoTI is working with Ministry Foreign Affairs and International Trade to review the situation to allow more CFS to be accredited

Issue	Recommendation	Progress
→ Pending Bills to contractors amounting to Ksh. 30 Billion	→ Allocate funds to clear pending Bills to contractors → Create alternative innovative infrastructure financing methods	→ All Bills pending to December 2014 have been cleared, while those accumulated since January 2015 are pending.
→ Digitization of Transport Services	→ Adopt digitization to facilitate efficient delivery of transport services and to curb corruption in the transport sector	→ The ministry is currently developing the Transport Integrated Management System a portal based system that will incorporate all functions of registration, licensing, inspection and enforcement of all motor vehicles and trailers online. → The e-CITIZEN portal has been under implementation facilitating such services as online renewal of Driver's Licenses. → The process of developing New Generation Number Plates has commenced and is currently at tendering stage. → The tendering for Smart Driving License has also been concluded and is currently in the process of being awarded. Implementation is expected to commence in July 2016.
→ Regulation of the Taxi Services	→ Provide the requisite regulation for a fair playfield for the conventional taxi players and new entrants, technology based players.	→ A taskforce was formed following the high uprising against the Uber Taxi and a report submitted for implementation
→ Imposition of Excise Duty on imported vehicles of Ksh 150,000 for vehicles 1 – 3 years old and Ksh 200,000 for vehicles of 4 -8 years	→ Revert to a 20 % rate of the Excise Duty to avoid disadvantaging buyers of smaller vehicles, and introduce a 1.5% Environment Levy for older vehicles	→ The review has been proposed to the National Treasury but is pending implementation
→ Low institutional and capacity training in the management of the transport sector	→ Create a road transportation training Institute → Formulate Road Transport Studies Curriculum	→ A working group to develop the concept on establishment of Road Transport Institute is yet to convene. → The Driving Schools Curriculum has been finalized awaiting Gazettement. The curriculum looks into Driver and Instructor Training, Testing and Licensing and Operation rules for Driving Schools.

KEPSA BMO MEMBERS

African Women in Agribusiness Network-Kenya Chapter	Intercounty Young Entrepreneurs and Professionals Association	Marketing & Social Research Association
Agricultural Employers' Association	Kenya Agribusiness and Agroindustry Alliance	Marketing Society of Kenya
Agricultural Industry Networks Limited	Kenya Association of Air Operators	Matatu Owners Association
Agrochemicals Association of Kenya	Kenya Association of Independent International Schools	Media Owners Association of Kenya
American Chamber of Commerce (K) Limited	Kenya Association of Manufacturers	Micro& Small Enterprises Federation
Aquacultural Association of Kenya	Kenya Association of Tour Operators	Motorcycle Assemblers Association
Architectural Association of Kenya	Kenya Association of Travel Agents	National Association of Private Universities of Kenya
Association of Chartered Certified Accountants	Kenya Association of Women Business Owners	National Potato Council of Kenya
Association of Consulting Engineers of Kenya	Kenya Association of Women in Tourism	Oil & Gas Contractors Association of Kenya
Association of Gaming Operators Kenya	Kenya Auto Bazaar Association	Organization of Women in International Trade (Nairobi Chapter)
Association of Insurance Brokers of Kenya	Kenya Bankers Association	Outdoor Advertising Association (K)
Association of Kenya Insurers	Kenya Healthcare Federation	Petroleum Institute of East Africa
Association of Practitioners in Advertising	Kenya Institute of Supplies Management	Private Sector Youth Federation
Association of Public Relations and Communication Management	Kenya IT & Outsourcing Services	Producers' Guild of Kenya
Association of Small and Medium Energy Contractors	Kenya Miners Marketing Cooperative Society	Protective Security Industry Association
British Chambers of Commerce Kenya	Kenya Motor Industry Association	Pyrethrum Growers Association
Clean Cookstoves Association of Kenya	Kenya Motor Repairers Association	Retail Trade Association of Kenya
Delegation of German Industry and Commerce of Kenya	Kenya National Chamber of Commerce & Industry	Roads & Civil Engineering Contractors Association
East Africa Venture Capital Association	Kenya National Farmers' Federation	Safaricom Dealers Association
East African Tea Trade Association	Kenya Oil & Gas Association	Seed Trade Association of Kenya
Eastern Africa Grain Council	Kenya Private Schools Association	Shippers Council of Eastern Africa
Federation of Kenya Employers	Kenya Property Developers Association	TEEP Kenya Chapter
Federation of Women entrepreneur Associations	Kenya Renewable Energy Association	Telecommunications Service Providers Association of Kenya
FEWA SACCO	Kenya Security Industry Association	The Chartered Institute of Arbitrators
Global Innovations Kenya	Kenya Ships Agents Association Kenya	The Kenya Chamber of Mines Company
Institute of Certified Public Accountants of Kenya	Tea Growers Association Kenya	The Kenya Flower Council
Institute of Certified Public Secretaries of Kenya	Tourism Federation	United Business Association
Institution of Engineers of Kenya	Kenya Water Industry Association	Wide Vision Investors and Business
Institution of Surveyors of Kenya		

KEPSA CORPORATE MEMBERS

AAR Insurance Kenya Limited	Engen Kenya Limited	Kenya Toner & Ink Supplie rs Limited	ResponsAbility Africa Limited
Actis Africa Limited	English Press Limited	Kenyatta International Convention Centre	Rift Valley Railways (Kenya) Limited
Advantage Financial S.A	Eveready East Africa Limited	Keroche Breweries Limited	Riverside Place Limited
AEA Limited (Avery)	Express Communications Company Limited	Kinangop Wind Park Limited	RSM Eastern Africa
Africa Practice East Africa Limited	Financial & Property Consultants Limited	KPMG Kenya	Safari Park Hotel & Casino
African Banking Corporation	Fincom Technologies	Kuguru Food Complex Limited	Safaricom Limited
Agri Experience	Flowmatics Limited	KUSCCO Limited	Sameer Africa Limited
AIG Kenya Limited	Freight Forwarders Kenya Limited	Kwale International Sugar Company Limited	SAP Africa
Airtel Networks Kenya Limited	Frontier Investment Management Africa Limited	Lantech (Africa) Limited	Sarova Hotels Limited
Akiira Geothermal Limited	Fusion Capital Limited	Lee Construction Limited	Sasini Limited
Aldwych Africa Development Limited	G4S Kenya Limited	Liaison Group (I.B) Limited	Savannah Cement Limited
Apec Consortium Limited	Gapco Kenya Limited	Liquid Tele communications Kenya Limited	Scania East Africa Limited
Ascent Capital Advisory Services	GE East Africa Services Limited	Lukenya Schools – Boys	Scion Real Estate Limited
Ashleys Kenya Limited	General Motors East Africa Limited	Mabati Rolling Mills Limited	Senaca East Africa Limited
Atlas Copco Eastern Africa Limited	Generics Africa Limited	Maersk Kenya Limited	Seven Seas Technologies Limited
Avenue Healthcare Limited	Geonet Communications Limited	Marubeni Corporation	SGS Kenya Limited
Bamburi Cement Limited	Gertrude's Children's Hospital	Mckinsey & Company	Simba Corporation Limited
Base Titanium Limited	Good Testimony Junior School Limited	MTN Business (Kenya) Limited	Sodexo Pass International
BAT Kenya Limited	Google Kenya	Multichoice Kenya Limited	Sowitech Kenya Limited
Bidco Africa Limited	Grant Thornton Consulting Limited	Mwongozo East Africa Limited	SP Advisory
Bio Food Products Limited	Haco Tiger Brands E.A. Limited	Nairobi Bottlers Limited	Steam Plant Limited
Biogas Company of Kilifi Limited	Heva Fund Limited	NIC Bank Limited	Stima Sacco Society Limited
Blue Sky Films EPZ Limited	Hewlett Packard	Nicky Consultants Limited	Sunesis Consulting Limited
Bollore Africa Logistic Kenya Limited	Hospitality Systems Consultants	Oakar Services Limited	Suraya Property Group
Brands and Beyond Limited	Housing Finance Company Limited	OBG Company Limited	Synergy Industrial Credit Limited
Bright Vision Media Limited	Human Capital Synergies Africa Limited	Octagon Pension Services Limited	Tata chemicals Magadi
Brookside Dairy Limited	IBM East Africa Limited	Oil & Energy Services Limited	The Cooper Motor Corporation
Centum Investment Company Limited	ikapamedia East Africa Limited	Ol Pejeta Ranching Limited	The Copy Cat Limited
CFC Stanbic Bank	Infinity Industrial Park Limited	Optiven Limited	The Riara Group of Schools Limited
Chase Bank Limited	Interconsult Engineers Limited	Oracle Corporation	The Standard Group Limited
Citibank N.A	Interconsumer Products Limited	Osho Chemical Industries Limited	The Wrigley Company (E.A.) Limited
Civicon Limited	International School of Advertising	Oxford University Press East Africa Limited	Toyota Kenya Limited
Coca Cola East & Central Africa	Ipsos Limited	Pamoja Capital Limited	Transcend Media Group Limited
Control Risks East Africa Limited	iWay Africa Kenya Limited	PDM Kenya Limited	Transcentury Limited
Cooper K-Brands Limited	Jamii Telecommunications Limited	Pewin Cabs Limited	Tullow Oil
CPF Financial Services Limited	Jungle Group Holdings Limited	PKF Kenya	Tusker Mattresses Limited
Davis & Shirtliff Limited	Kaluworks Limited	PricewaterhouseCoopers Limited	Twiga Chemicals Industries Limited
Deacons Kenya Limited	Kenergy Renewables Limited	PrideGroup Kenya	UAP Insurance Company Limited
Deloitte Limited	Kengas Link Limited	Prime Bank Limited	Ultravetis East Africa Limited
Dow Chemical East Africa	Kenwest Cables Limited	Procter & Gamble	Verve K.O. Limited
Dynamic People Consulting Limited	Kenya Bus Service Management Limited	Qalaa Holdings	Vestas Deutschland GmbH
Eagle Africa Insurance Brokers Limited	Kenya Kazi Services Limited	Quest Holdings Limited	Virgin Tours Limited
East African Breweries Limited	Kenya Markets Trust	Questworks Limited	VISA International Service Association
East African Cables Limited	Kenya Power & Lighting Company Limited	Rescom Development Group Limited	Vivo Energy Kenya Limited
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