



Report on the 7th Presidential RoundTable

CONVENED AT STATEHOUSE,
NAIROBI, 5TH JUNE 2017

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BACKGROUND



Group photo of the 7th Presidential Round Table at State House Nairobi

Before 2009, the private sector and the president would meet at least once a year. The current Presidential Roundtable (PRT) was formed in 2009 as the highest Public-Private Dialogue platform between the Government and the Private Sector in now a more structured platform. It serves to highlight and review issues of concern to the Private Sector in the quest to improve the business environment, Kenya's competitiveness and overall development of the economy.

The PRT builds upon issues deliberated upon at Ministerial Stakeholders' Forum (MSFs), the Speaker's Roundtables with both Houses of Parliament and other PPD engagement platforms, and focuses on those issues that require Presidential intervention and which cannot or have not been effectively addressed through the other PPD Platforms.

The 7th Presidential Round Table convened at State House, Nairobi, on June 5, 2017 under the chairmanship of President Uhuru Kenyatta. This was the first PRT convened in 2017 following the 6th PRT that was held May 26, 2016. The core focus of the 7th PRT was on assessing the progress and achievements made in the last 4 years through the Public Private Dialogue (PPD) to businesses in the last 4

years under the National Business Agenda (NBA II) and available opportunities that the Private sector and the Public sector can work together as outlined in our submission to the MTP-III process which KEPSA co-chairs with the Ministry of Devolution and Planning.

The 7th PRT was also attended by the Deputy President, H.E. William Ruto, Cabinet Secretaries, Senior Government officials and members of the Kenya Private Sector Alliance.

1.0 Opening Remarks by Mr. Adan Mohamed, Cabinet Secretary, Ministry of Industrialization, Trade and Co-operatives



On behalf of the president, Dr. Adan began by welcoming the private sector and the strong partnership between the Private sector and the Government. He reckoned the fact that many issues and hot topics that have been long standing and affecting the private sector have been resolved under the partnership. For instance issue on VAT refunds that the private sector has been pushing for a while stands resolved with the government having been able to refund almost half of the amount owed.

He pointed out that there had been numerous changes in the business environment both locally and globally since the last PRT that was held in May 2016; therefore, the PRT is a good platform to engage on business related issues and also for the government to get the perspectives from the private sector side on the work undertaken in the last 4 years.

2.0 Key Highlights of the presentation by the private sector on National Business Agenda II and the National Business Agenda III Process



The KEPSA CEO Ms. Carole Kariuki highlighted some of the achievements from the engagement between the private sector and the Government through the various Public-Private Dialogue Platform as envisaged in the National Business Agenda II. She emphasized on importance of a symbiotic relationship that the private sector has with the government in all progressive economies. The private sector drives the economy in terms of revenue generation for the government, job creation and private wealth creation and in turn needs facilitation and an enabling business environment as provided by the government. This relationship is always brokered by a strong partnership between the organizations that represent business and the leadership of government.

Ms. Kariuki noted that this kind of relationship in Kenya had improved over time and grown in strength leading to an improved business environment and increased business activity that had sustained the country's GDP above 5% compared to 2.3% in Africa over the past 5 years. She expressed optimism that the progress made in reforming the business environment and facilitating businesses would eventually lead to increased jobs in all sectors, and attract even more foreign and local investments. With continued partnership, the relationship would be stronger and be seamless like in countries such as Germany, UK, Singapore, US, Denmark, France etc.

The CEO went ahead to share the achievements and impacts under the different thematic areas of the second National Business Agenda, resulting from different engagements through the various Public-Private Dialogue platforms between business and government.

In 2013, the private sector developed a 10 point Business Agenda that was presented to the President elect. The Agenda was endorsed and mainstreamed into the NBA-II combining the business priorities, the Vision 2030 and the Jubilee Manifesto. The Agenda was adopted during the 1st PRT on February 14th 2014 to guide PPD engagements going forward. The focus of the agenda was improving the country's competitiveness and the ranking on the ease of doing business to top 50.

In conclusion, Ms. Kariuki noted that many multinational companies coming into Kenya had quoted the quality human resource alongside the improved doing business environment and infrastructure as the key attractions to invest in Kenya. Thus, she called for greater focus by and partnership between the private sector and government on building the necessary market-based skills in the institutions of learning from universities to the intermediary colleges and technical institutions.

Click on this [LINK](#) to download the full presentation



Members of the Private sector following the proceedings during the 7th Round Table at State House Nairobi

3.0 Remarks by H.E the President, Hon. Uhuru Kenyatta



H.E the President, Uhuru Kenyatta addressing the 7th Presidential Round Table in State House Nairobi

H.E began by resounding the main reason for the 7th PRT, noting that this PRT was convened for both the government and the private sector to review the 4 years journey looking at what has been achieved and to explore potential opportunities for partnership between the government and the private sector.

The President thanked the private sector for acknowledging and affirming the achievements that his government had delivered in the last 4 years. He noted some of the reforms that the private sector had spearheaded such as the enactment and implementation of the Companies Act, the Huduma Centres, the scrapping of the NEMA and NCA fees, the improvement of infrastructure, energy etc. all of which had a positive impact to businesses and had been a direct result of the PRT.

He reported that his government was committed to laying the foundation for development towards achieving the country's Vision 2030 goals by investing in infrastructure and improving core areas such as health among others.

In enhancing the available institutions and opening the opportunities for the private sector in Kenya, the President noted that the government is focused on strengthening Public Private Partnership (PPP) Unit and streamlining its functions to ensure more of private sector inclusion in major infrastructure development.

The other areas of focus by the government include:

- ⇒ Creating an enabling environment to help the private sector create more jobs
- ⇒ Low cost Housing - Increasing access to affordable housing.
- ⇒ Increasing access to affordable financing
- ⇒ Job creation – incentivizing the private sector to give the youth jobs and help them acquire the skills necessary for employment and entrepreneurship.
- ⇒ Strengthening the partnership between the private sector and the government

The President concluded by saying that his government will continue to facilitate the private sector for job and wealth creation, noting that lack of cohesion and unity of focus in the government as a key hindrance to development and called for partnership and help from the private sector in reducing the political divide to accelerate a Kenya's take-off towards full economic transformation.

4.0 Remarks by H.E. the Deputy President Hon. William Ruto

4.1 Remarks by H.E the Deputy President Hon. William Ruto

The Deputy President also expressed his agreement with the presentation made by the KEPSA CEO, Ms. Carol Kariuki. He noted that the meetings held with the private sector over the last 4 years had been successful and affirmed that the private sector was in a position to advise on priority areas for their manifesto for the next 5 years that will inform their development agenda.



H.E the Deputy President, William Ruto addressing the 7th Presidential Round Table in State House Nairobi

He called for private sector input with a priority on 2 areas that the government is considering to focus on, namely internships and housing. He expounded on their plans to address these areas.

- 1) Internships: On internships, the DP highlighted that Kenya has over 100,000 youth leaving colleges every year with 60,000 being universities and about 40,000 from the TVETs. Therefore, the government seeks to collaborate with the private sector to offer internships to this group to sharpen their skills, boost their employability, and give them a starting point in their careers. The government plans to set aside Ksh 15 billion for the internship programme to ensure that the interns earn a monthly stipend of Ksh15,000 per month for a period of six months. He

suggested to the private sector whether they could share the cost and provide the internship opportunities if the programme is to be pursued.

- 2) Housing : On housing, the DP explained that despite the tax incentives offered by the government to lower the cost of housing and increase access to affordable housing, the numbers were increasing but still short of supply while the cost had remained high. The DP attributed this to, among other factors: the high cost of land which is also the main hindrance to development of other projects; for example; over Ksh40billion of the total Ksh327 billion cost of the SGR, Mombasa-Nairobi stretch went to buying land at highly inflated prices. He expressed optimism that the Land Index Bill which had been passed at the National Assembly and before the Senate would be enacted to curb hiking of land prices and guarantee affordable land for public use.

The DP further reported that the government was in the process of planning a project targeting to build 1 million houses over the next 5 years, and was seeking long term financing solution to implement the project. He called on the private sector to provide input on the proposal

4.2 Plenary responses

Private sector members in the meeting and other government officials gave insights on how to improve the plans on the two areas i.e. Internships and Housing.



H.E the President, Uhuru Kenyatta consults with KEPSA Chairman, Nicholas Nesbitt during the 7th PRT at State House Nairobi

4.2.1 Internships and youth employment

Mr. Patrick Obath (Eduardo & Associates)

- Embrace the idea of exporting graduates to work in other countries for a specified period of time to gain the skills and knowledge, then come back to work in the economy.

- Internships are also an opportunity for the private sector to recruit new staff by absorbing some of the interns
- The private sector wage employment is about 2 million and can support between 50-60 thousand graduates annually in the formal sector.

Mr. Mike Macharia (Kenya IT & Outsourcing Society)

- Companies should directly utilize a percentage of the Pay As You Earn (PAYE) tax to cater for internships within the company so that that this is offset as companies make their annual returns.
- Incentives can be used as a means to encourage companies to provide internships.



Dr. Chris Kirubi (International House Ltd)

- KEPSA to keep track of companies within their membership that provide internships
- The number targeted for the internship programme be increased from 100 thousand to 300 thousand
- The internship should take cognisance of the non-graduates who make up a large part of the unemployed youth.

Anne W. Mutahi (Biashara Factors limited)

- Ccreation of Business Economic Hubs around key markets and encourage the youth to take the internships within the business hubs in their localities where they could be absorbed easily into employment.

Mike Eldon

- Enhance the partnership between the academia and industry to ensure that there is adequate supervision.

Ms. Lucy Muchoki (Kenya Agribusiness and Agroindustry Alliance)

- The challenges identified from a study conducted in 2010 was half-baked graduates and youth hooked up to the social media at work.
- Intense supervision of the youth to ensure they spend their time constructively.

- Business hubs for the youth to be trained and absorbed by the private sector.

Prof. Mabel Imbuga (Jomo Kenyatta University of Agriculture and Technology)

- Exporting graduates to work outside the country. She noted a similar initiative by the JKUAT and Egerton Universities where the graduates are sent to Israel for internships before they are allowed to graduate and have received positive feedback from the programme.
- Universities are happy to collaborate with the private sector in providing supervision.
- Set up incubation centres for students to build and nurture their ideas” and ensure commercialization of business ideas.

Bill (McKinsey & Company)

- The Generation Initiative at McKinsey created in 2014 to help bridge the skills gap at speed and scale, has helped improve youths employability
- Worldwide, more than 75 million young people are unemployed and many employers can’t find people with the skills they need for entry-level jobs.
- Generation initiative as a finishing program for Universities and TVET Institutions to improve their employability

Mrs. Anne Mutahi (Biashara Factors limited)

- Proposed having ‘Economic or Business’ hubs around key markets that would help train the youth to deepen their empowerment and be absorbed easily into employment.
- Business Hub to match technical expertise with interns to facilitate transfer of knowledge and skills within specific localities.

4.2.2 Housing and Real estate

Ms. Emma Miloyo (AAK)

- Government ought to think beyond the 10km city radius to improve access to other areas at the outskirts of the city by improving infrastructure particularly public transportation, water and sewerage etc.

Mr. Karanja Kabage (Pacific Insurance Group)

- One of the major components in housing is steel and while there wasn’t a steel manufacturing industry in Kenya, it was important to map out the viability of setting up one in view of making building much more affordable.

Eng. Matu

- The cost of material is a key element to the total cost and it was crucial that we focus on the emerging technologies that greatly reduce the cost of building such as using timber.

George Gachara

- There need to focus on the non-traditional sectors and their capacity to employ citing the example of three companies within the Export processing Zones within the film industry that had employed 2000 people.

The Cabinet Secretary for Transport, Infrastructure and Urban Housing, Mr. James Macharia

- There is need to leverage on technology and create partnerships that would help achieve this goal.
- Nairobi accommodates 7 million Kenyans during the day of which 3 million exit in the evening. This presents a great opportunity to develop affordable housing outside Nairobi calling for an efficient public transport system for ease of access.
- The Ministry is fast tracking the Mass Rapid Transit System which includes Commuter Rail System whose plan is ready.

Ms. Njoki Macharia (Institute of Surveyors Kenya)

- The cost of land in Kenya is pushed by speculation and unregistered land agents.
- The government to identify potential land for low cost housing
- The County governments to provide the requisite infrastructure and then bring in private investors at controlled land rates to lower the cost of housing
- The National Land Commission should provide access to information on the prices of land across different areas
- Digitization of the land registry should be fast-tracked and issues between the Ministry of Land and the National Land Commission be resolved.



5.0 Remarks by the Chairman, KEPSA

The KEPSA chairman gave a recap of the discussions of the day noting that the meeting had allowed a review of the last 4 years of the current government and also a chance for the private sector to input into the agenda for the next 5 years through the discussion and the MTP-III inputs. The talks had revolved around the growth of SMEs, job creation and infrastructure development.



KEPSA Chairman, Nicholas Nesbitt addressing the 7th Presidential Round Table at State House Nairobi

Inputs into the 3rd Medium-Term Plan: As the co-chairs of the ongoing MTP-3, the private sector had presented over 80 suggestions regarding the MTP-3 to the coordinating ministries and a consolidated submission was presented to the President for his review and consideration. These were the Priorities for the third Medium Term Plan (MTP-3)

Some of the inputs to the MTP-3 included:

- i) Widening the tax bracket to ease the burden to a few businesses
- ii) Create and implement a robust SME development program to formalize SMEs and enable them to scale
- iii) Fully implement the recommendations from the Parastatal reforms taskforce to increase efficiency in the public sector.
- iv) Implement a framework for public private collaboration, partnership and dialogue on national and county development
- v) Harmonize laws, policies, county governments fees and levies between national and county governments to reduce business costs
- vi) Prioritize investment in hard infrastructure for our education system
- vii) Fully automate and digitize government institutions
- viii) Fully implement local content provisions
- ix) Finalize the County Own-Source Revenue Enhancement Policy and fast-track the enactment of the County Tax framework to address double taxation and multiplicity of charges across the counties.
- x) Fast track the development and implementation of the Healthcare Financing Policy and NHIF reforms to drive towards Universal Health Coverage.

- xi) Fast track harmonization of the Financial Services Regulatory Framework to simplify and enhance interagency coordination.
- xii) Complete and adopt the EAC Regional Integration Policy

On domestication of the EAC: the Chairman noted that the EAC region is a key market for Kenya and therefore elimination of the NTBS and TBTs would increase trade and encourage local sourcing/production leading to growth of local enterprises. Mr. Nesbitt called on the president to push for greater enforcement of the obligations and commitments under the Common Market Protocol.



Inputs into manifestos of next Administration received from members before the meeting: The Chairman also outlined the priorities that the private sector would like included in the next government's manifesto. These included:

- i) Increase engagement with the private sector in solving public sector challenges through PPPs,
- ii) Operationalize the Rising Star SME programme and establish the Biashara Bank,
- iii) On time Payment to SMEs by national and county governments
- iv) Focus on developing the local automotive industry.
- v) Develop a clear and comprehensive policy on agriculture and increase focus on agribusiness
- vi) County governments to build and rehabilitate agricultural produce markets
- vii) Develop proper food strategic reserve policy with private sector participation
- viii) Clear focus between the government and the private sector on enhancing global competitiveness of Kenyan products and services.
- ix) Increase investment in infrastructure projects e.g. expanding the SGR to other parts of the country, north to Isiolo and South to Tanzania
- x) Improve access roads to key areas of production such as the Industrial area.
- xi) Address the challenges of traffic congestion in Nairobi, Mombasa and other major towns.
- xii) Focus on enhancing security – focus on improved lighting

- xiii) Construct 10 fully equipped cancer centers country wide to reduce the burden and increase access to critical health services.
- xiv) Develop an enabling policy to encourage medical tourism from the region and across Africa
- xv) Support the creative sectors e.g. film, music and fashion to increase job creation
- xvi) Commit to achieve the 40% local content within 2 years of project initiations particularly major projects such as the SGR and priority given to Kenyan owned businesses as part of growing SMEs.
- xvii) Strengthen devolution. KEPSA recommended counties to achieve self-sufficiency particularly for recurring expenditure leaving central government allocations for development.

Mkenya Daima Campaign on Peaceful Elections: The KEPSA chairman emphasized the private sector's commitment and desire for peaceful elections. He highlighted some of the areas that Mkenya Daima is focusing on in partnership with the IEBC, Inter-religious Council, Civil society, student leaders and media. The Peace drive has launched a campaign to urge Kenyans to "*Kagua Kabla ya Kuchagua*".

He announced that Mkenya Daima would be conducting Presidential debates on 10th and 24th July, Deputy Presidential on 17th July. Nairobi Gubernatorial Debate will be on 26th June while the debate for deputy governor will be on 3rd July 2017.

He concluded by saying that KEPSA would develop a memorandum from the plenary comments, and deliver to the President's Office. He invited the meeting to sing the Mkenya Daima song which is a song donated by Mwalimu Wesonga to KEPSA during the launch of Mkenya Daima in 2013.

Click on this [LINK](#) to download the Mkenya Daima song



6.0 Closing Remarks by H.E the President, Uhuru Kenyatta



In his closing remarks, the President noted that the government considers the private sector as key partners and therefore the meeting was necessary to engage on the country's development going forward. He recognized the private sector support and noted the progress made in the last 4 years.

He reiterated his government's commitment to work with the private sector and focus on plans and programs towards ensuring businesses remain competitive and the business environment is conducive to attract investment, for increased job creation and wealth generation. He noted that Kenya had been ranked the 2nd leading FDI destination in Africa.

The President urged the private sector to forward suggestions on the areas discussed to jobcreation@ajiradigital.co.ke

In conclusion, he called for peace before, during and after the forthcoming elections and urged the private sector to pass the message through their employees, suppliers and to all Kenyans across the political divide.