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# INTRODUCTION

# **ABOUT KEPSA**

KEPSA is the voice of the private sector in Kenya and the umbrella body for private sector associations, trade associations and corporate bodies across all sectors of our economy. KEPSA speaks for local businesses from SME's and Start-ups up to large companies and multinationals, all organized under different sector boards and working groups reflective of the various sectors of the economy. Through Business Member



Organisations (BMOs) and companies, KEPSA has over 500,000 members. KEPSA's organizational structure and role mirrors similar organizations across the world like SBF, CBI, GBA, US CCA & RPSF amongst others that are recognized for their effectiveness.

# **BUSINESS FOCUS IN 2018**

Coming from a turbulent year that was 2017, characterised by uncertainties over the prolonged electioneering period, severe drought that ravaged the country and significantly reduced private sector credit, businesses ushered the year 2018 with renewed confidence as the government launched the transformative Big-4 Agenda, focused on realigning policies to support growth and development, while the stable political unity restored the much needed calm and an environment conducive for businesses to thrive.

The key focus areas for KEPSA in 2018 were:

- To ensure
  Recovery of the
  economy to the
  level it was in
  2016 i.e. 5.9% or
  higher.
- Continued
  engagement
  with the
  government in
  pursuit for an
  improved
  business
  environment,
  and resolution
  of emerging
  business issues.
- Development of an economy focused business strategy for the next 15 years (2018-2032) i.e. the Simba Era Strategy.
- Development of the third National Business Agenda (NBA-III) to identify private sector priorities over the next 5 years (2018-2022) and guide public private engagements.
- Engagement with the government to support and enhance private sector participation in the Big 4 agenda.

# AN OVERVIEW OF THE ECONOMY IN 2018

#### **GDP GROWTH**

The economy continued to record steady recovery reaching 6.3% growth rate by the 2nd quarter of 2018, compared to 5.7% in the 1st quarter of 2018 and 4.7% in the 2nd quarter of 2017. The growth was mainly supported by improved performance of the agricultural activities following favourable weather conditions, recovery in the Manufacturing sector to 3.1% growth in Q2 2018 compared to -0.2% in Q2 of 2017, Electricity and Water Supply, Wholesale and Retail Trade, Transport and Storage, and Real Estate. However, Financial and Insurance continued to record subdued growth.

Performance across the key macro-economic indicators has also improved significantly in 2018 compared to last year.

Resilient inflows from diaspora remittances and receipts from tourism, tea and horticulture exports maintained the Exchange Rate relatively steady. The Kenya Shilling strengthened by 2.5% percent against the US Dollar to exchange at an average of 100.75 during the 2nd compared with 103.36 in similar quarter last year. The Kenya Shilling also strengthened against the Japanese Yen, the Euro and the Pound Sterling. In the EAC region, the Kenya Shilling strengthened against all the currencies.

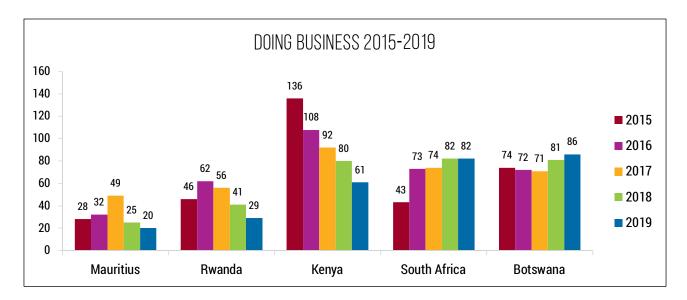
The lending rate remained stable below 14% as CBR (upon which the lending is pegged at no more than 4%) was lowered from 10% to 9.5% in March 2018 and further to 9% in July 2018. The average lending rate was 13.22% as of June 2018.

Inflation also continued to decline reaching 4.0 % in the 2nd quarter of 2018 compared to 4.5% in the 1st quarter of 2018 and 10.8% in 2nd quarter of 2017.



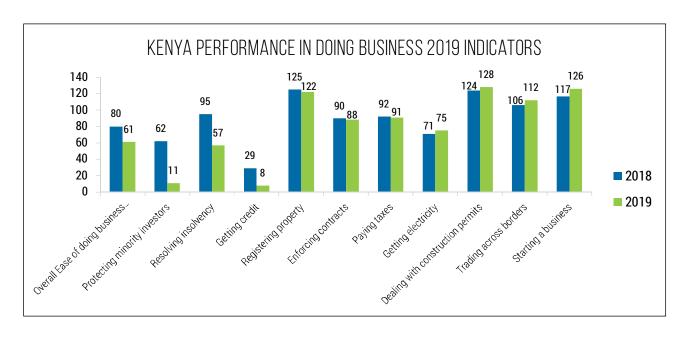
#### THE BUSINESS ENVIRONMENT

In 2018, Kenya improved by 19 places in the World Bank's Ease Doing Business Index (DBI) from position 80 to 61. Rwanda and Mauritius also improved to positions 29 and 20 respectively.



The main indicators that improved the most were: *Protecting minority investors* from 62 to 11, *Resolving insolvency* from 95 to 57 and *getting credit* from 29 to 8. These improvements were driven by key reforms implemented by the government in partnership with the private sector and the World Bank.

**Investment**: In 2017 Foreign direct investment (FDI) in Kenya increased by 71 % from \$394million to \$672 million. By contrast, the total FDI into Africa in 2017 declined by 22% and 23% globally.



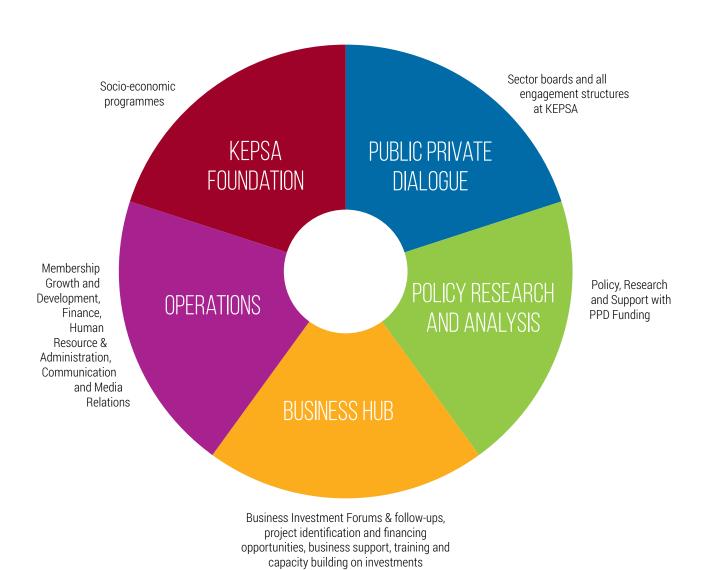
### **INVESTOR CONFIDENCE**

Kenya's score on the Stanbic Bank's Purchasing Manager's Index (PMI) steadily improved from lows of 34.4 % in October 2017 to 54.0% in October 2018 indicating increased confidence and health of the Kenyan private sector.

Complementing private sector efforts, the Third Medium Term Plan 2018- 2022 for the Vision 2030 was launched on 23 November 2018 with targets to support higher economic growth and development, increase real GDP annual growth from 5.9 % in FY 2018/19 to 7% and to create over 6.5 million new jobs over the plan period. The MTP-III also targets to improve Kenya's ranking in the Ease of Doing Business Indicator from position 61 to at least 45 out of the 189 countries in the next five years and Kenya's Global Competiveness Index from position 91 to 85 out of 137 countries.

# KEPSA'S STRATEGIC PILLARS

KEPSA has aligned its departmental operations within the following five pillars;



# PUBLIC PRIVATE DIALOGUE (PPD)









# 2018 KEYACHIEVEMENTS

The KEPSA Public Private Dialogue (PPD) Department in 2018 held dialogue engagements through the different existing engagement platforms springing up from the 15 KEPSA sector board engagements. A total 81 sector board meetings were held in the year 2018 with a further 64 subsector board meetings, 27 Ministerial Stakeholders Forums, 40 State Agencies and 8 Parliamentary Departmental Committees.

With government as KEPSA's main partner, KEPSA held meetings with all the three arms of government i.e. the Executive - Presidential Round Table, Ministerial Stakeholders Forum, State Agency meetings, the Judiciary-Chief Justice Round Table and the Legislature-Speaker's Round Table National Assembly and the Senate, Parliamentary Departmental Committees

Participation in the Sector Boards continues to thrive with the Membership Induction programme. 7 Legislative bulletins have been issued through the department on 11 policy tools cutting across policy, legal, regulatory, and institutional framework.

# **ENERGY & EXTRACTIVES**

SECTOR BOARD MEETINGS	SUB-SECTOR	MINISTERIAL STAKEHOLDER FORUMS	STATE DEPARTMENTS/ AGENCIES	PARLIAMENTARY ENGAGEMENTS
10	1 Power Generation 1 Bio-Energy	2 Energy MSFs,  Pre and 1 Post Presidential Roundtable Meeting (PRT) on lowering the cost of energy for Manufacturers 1 Petroleum and Mining MSF	Energy Regulatory Commission; KPLC new management	2 Parliamentary Departmental Committee (PDC) of Energy in the National Assembly  1 Energy Parliamentary Retreat

- KEPSA and the Ministry of Energy formed a joint committee that will work to finalize the draft framework on Bioenergy Development to ensure sustainable development in the sector.
- Ministry of Petroleum and Mining and KEPSA have formed joint working committee on Mining to look into five key areas affecting mining in Kenya
- c) The Taskforce on review of Independent Power Producers (IPP) and Power Purchase Agreement presented their report to the Cabinet Secretary for Energy in August 2018. The taskforce gave recommendation on how the cost of power can be brought down.
- d) The Kenya Pipeline Company is building 5,0000t storage facilities for (Liquid Petroleum Gas) LPG in the Kenya Pipeline Refinery in Mombasa and another 1,0000t in Nairobi. This will open up the LPG market in the country and lower the cost of LPG since it will be possible for investors in sector to purchase it through open-tender system.



- e) Increase tax on Kerosene is expected to resolve the issue of adulteration of Fuel which the downstream sector has been grappling with.
- f) The Sector board held an Energy Parliamentary Retreat drawing representatives from all government ministries, agencies, parliament and private sector with the following key resolutions:
  - > Set a framework for continuous engagement and consultations between the private sector and the Parliamentary Committee on Energy to enhance the direct link between legislation and the business environment;
  - Parliamentary Energy Committee will use their oversight role to support private sector investment in the energy sector towards affordable, reliable, sustainable energy;
  - Involvement of KEPSA through its analysis and research, and under the existing engagement framework, to inform the Parliamentary Energy Committee in their consideration of various legislation and policy;
  - Create better understanding of the private sector challenges and develop proposals for their resolution and actively contribute to the Big 4 Agenda;
  - Active engagement of KEPSA and the Energy Parliamentary Committee in development of subsidiary legislation to operationalize the Energy and Petroleum Bills, 2017; and
  - Discuss and develop a framework for increased transparency in cost build-up of goods and services and clarity in the demand for power to address inefficiencies in the system



# **LANDS & PHYSICAL PLANNING**



SECTOR BO ARD	SUB-SECTOR	MINISTERIAL STAKEHOLDER	STATE DEPARTMENT/
MEETINGS		FORUMS	AGENCIES
5	5 Affordable Housing meetings	2 State Department of Housing 1 Lands and Physical Planning	2 Housing

- a) A Special Committee to formulate and develop the Construction Industry Policy of the Republic of Kenya was formed. The Construction industry has been operating without any guidelines or framework hence this will help in regulating the industry efficiently.
- b) A Task Force on Electronic Land Transactions, Registrations, Conveyancing and Other Related Activities was formed. It will come up with a framework of digitalization of Land registries as the sector board has been advocating for.
- National Land Use Policy (NLUP) which will help in developing framework for use and utilization of land resources was launched in May 2018
- d) The Council of Governors launched the County Spatial Plan guidelines. Each County should have a spatial plan which will guide investor on where to invest their resources.
- e) The Urban Areas and Cities Amendment Bill has been enacted. It ensures that private sector is represented in urban boards.

# **EAC AFFAIRS AND TRADE**



# SECTOR BOARD MEETINGS

# MINISTERIAL STAKEHOLDER FORUM

3

# 2 MSFs

- · EABC introductory meeting with the Cabinet Secretary
- EAC Sector Board meeting with Ministry of East Africa Community
- Launch of the African Continental Free Trade Area Agreement (AfCFTA) in Rwanda.
- Ratification of AfCFTA and the Tripartite Free Trade Area Agreement (TFTA) by Kenya
- Establishment of the Northern Corridor Integrated Projects (NCIP)
   Financing Projects and Private Sector Cluster.
- d) Private sector Submission made towards the Kenya position on Common External Tariff (CET) Review. Negotiations are ongoing between member states.

# INDUSTRY, TRADE AND COOPERATIVES



# SECTOR BOARDS

# MINISTERIAL STAKEHOLDER FORUMS

# 2 Sector board meetings

4 on Big 4 -Manufacturing Agenda and illicit trade (Edible Oil and Sugar subsectors)

- a) Local content: The Buy Kenya Build Kenya Strategy was launched to facilitate the requirement by government ministries and agencies to locally source at least forty percent of their supplies locally for sustainable promotion and growth of local industries. A report to be presented from all government institutions for every accounting period on the amount the inclusion of locally produced products. KAM will continue to share with the ministry a list of locally manufactured products annually with the sector board monitoring the implementation to ensure growth of local industries.
- b) Illicit trade: A MAT was established to take on the fight against illicit trade constituting key government enforcement agencies. The edible oil and sugar subsectors have since come up with resolutions to address the rampant illicit trade in their respective sectors and boost local industry growth and revenues.

- c) Finalization of the Draft Export and Promotion Strategy 2017-2022
- d) Buy Kenya Build Kenya Strategy launched which aims to implement the President's directive that all government agencies should reserve 40% of their procurement budget for the purchase of locally produced goods and services.
- e) The report from the joint committee between manufactures, suppliers and retailers formed to address the issue of delayed payments by suppliers recommended development of draft Prompt Payment Bill, with regulations anchoring the Prompt Payment Code of Practice.

# **EDUCATION**



SECTOR BOARD MEETINGS	SUB-SECTOR	STATE DEPARTMENTS AND AGENCIES
4	6 sub-sector meetings;  • 3 TVET,  • 2 Basic and  • 1 University	1 Engagement with State Department of Technical Voc ational Education and Training P(TV)ET 3 policy and strategy engagements with different St ate Agencies as follows:  Kenya Institute of Curriculum Development (KICD),  Kenya National Qualifications Framework (KNFQ), and  Curriculum Development, Assessment and Certification Council – (CDACC)

#### Basic Education

- a) Implementation of the new education system 2-6-6-3 training materials for Pre-primary 1&2 and Standard 1-3 are listed in the "orange book".
- b) Partnership with Government to deliver credible examination season, private sector was part of the monitoring and surveillance team.
- c) Reviewing framework for vetting and approving expert teachers in Kenya in partnership with Directorate of Quality Assurance.
- d) Partnership with Government in addressing quality of teacher training in Public Teacher Training Institutions.

# Technical Vocational Education and Training- (TVET)

- a) Launch of the Technical and Vocational Education and Training Authority (TVETA) strategic plan 2018 -2022 on 12th April 2018. The strategic plan calls for concerted efforts between public and private sector to improve the sector governance, upgrade competency based skills framework, and create micro systems to ensure alignment of TVET with small and micro enterprises.
- b) Launch of Competency Based Education and Training Policy Framework that provides for industry and business led model for development occupational standards for all technical and vocational sectors and trade.
- c) Launch of NITA strategic plan for promotion of industrial training. The Launch established collaborative approaches with private sector to reduce youth unemployment.
- d) KEPSA is represented in six Sector Skills Advisory Committees (SSACS): ICT, Journalism, Fire Management, Social Work and Community Management, Construction and Mechatronics for development of competency based curriculum.
- e) Formation of State Department of Post Training and skills Development under the Ministry of Education as per the May 2018 Executive Order. The department aims at enhancing, skills, enterprise and Industry Partnerships' as well as Employment Management Information Systems.

# University

- a) Partnership with National Research Fund for funding science technology and innovation research for both private and public institutions.
- b) Development of Principles and Guidelines for Kiswahili Training programs and manual in EAC partner States.
- c) Finalization of the Intellectual Property Policy under the East African Science and Technology Commission.



# **DEVOLUTION & PLANNING**



SECTOR BOARD MEETINGS	STATE DEPARTMENTS AND INTERGOVERNMENTAL RELATIONS	PARLIAMENTARY ENGAGEMENTS
4	<ul> <li>6 policy and strategy engagements with:</li> <li>Intergovernmental Technical Relations Committee (IG RTC)</li> <li>State Department of Arid and Semi-Arid Lands,</li> <li>State Department of Devolution,</li> <li>State Department of Planning and with Vision 2030.</li> <li>6th Annual Pre-Devolution CEC Conference</li> </ul>	1 meeting with the Parliamentary SDG Caucus

- Cabinet approved the County Government Own Source Revenue Enhancement Policy and County Government Tax Regulations Bill on 14th August 2018.
- b) County Government Revenue Raising Process Bill underwent First Reading at the National Assembly. The Bill provides for procedure for counties to follow before raising levies and fees.
- c) KEPSA participated in the 5th Annual Devolution Conference held in Kakamega County on 23rd to 27th April 2018. KEPSA will implement the following four Key roles as articulated in the Conference Communique:
  - (I) Harmonization of regulatory frameworks to improve ease of doing business at the county level.

- (ii) Strengthen and provide linkages to Small, Micro and Medium Enterprises to access both domestic and international markets and that County Governments will be included in bilateral and multilateral trade negotiations.
- (iii) KEPSA in collaboration National and County Governments set up innovation center's to provide mentorship, business incubation, coaching, training, apprenticeship, peer to peer learning, research and development.
- (iv) Private sector in consultation with both levels of government and other stakeholders to establish an all-inclusive and integrated mechanism for the delivery of the affordable housing agenda.
- d) KEPSA participated in the Workshop for the Development of County Economic Blocs with will facilitate harmonization of regulatory frameworks, levies and fees in the blocs for ease of doing business.

# AGRICULTURE, LIVESTOCK AND FISHERIES



SECTOR BOARD MEETINGS	SUB-SECTOR	MINISTERIAL STAKEHOLDER FORUM	STATE AGENCIES
6	<ul> <li>10 Sub-sector meetings</li> <li>Crops subsector</li> <li>Farm inputs subsector</li> <li>Livestock and Fisheries subsector</li> </ul>	3	<ul> <li>5 engagement meetings with 8 state agencies</li> <li>Agriculture And Food Authority (AFA)</li> <li>Pest Control Products Board (PCPB)</li> <li>Kenya Plant Health Inspectorate Service (KEPHIS)</li> <li>Kenya Bureau Of Standards (KEBS)</li> <li>State Department of Trade National Sanitary&amp; Phytosanitary (SPS) Committee</li> <li>National Biosafety Authority (NBA)</li> <li>The National Commission for Science, Technology and Innovation (NACOSTI)</li> <li>Geothermal Development Company (GDC)</li> </ul>

- a) During a Ministerial Stakeholders forum held on 17th May 2018, a Joint sub-committee on policy review formed between KEPSA and Ministry of Agriculture. This enabled the sector to give input to the draft Agriculture policy (currently at Cabinet level). The Cabinet Secretary agreed to recall policy from Cabinet in order to incorporate private sector input.
- b) Through the joint sub-committee, members gave input to the Agriculture Sector Transformation and Growth Strategy (ASTGS) and the National Agriculture Investment Plan (NAIP) currently being formulated.

- During the MSF held on 17th October, 2018, KEPSA & the Ministry agreed to set up a joint team to facilitate the Agricultural Information Resource Centre (AIRC).
- To address the Weak linkage between the National and County government and inter-county governments' data/information management Systems, the Ministry of Agriculture established Kenya Agricultural Knowledge & Information Management System (KAKIS). KEPSA has nominated a member to represent the private sector at KAKIS. KAKIS is a Data/Information, Knowledge and skills repository(hub) on matters of agricultural information and Knowledge resources management that will serve Ministry of Agriculture, Counties, Small and Medium Enterprises, Farmers and all value chain players in the sector.
- d) The Ministry of Agriculture has agreed to collaborate with the private sector to enhance extension services. The Ministry will share a calendar of outreach programs to facilitate extension services by private sector.
- e) The sector participated in the Launch of Kenya Climate-Smart Agriculture Implementation Framework (KCSAIF) on 31st October, 2018
- KEPSA has been appointed to the National steering committee of the following projects;
  - Kenya Climate Smart Agriculture Project National Project
  - AGRIFI Programme
  - The National Agricultural and Rural Inclusive Growth Project (NARGIP)
- g) The Sector board was actively involved in the planning of the Future of Food Conference 2018 which took place on 19th -20th November, 2018 at Safari Park Hotel. The conference was organized in partnership with Oxyegne media and the Ministry of Agriculture.

- h) The National Biosafety Authority (NBA) has prioritized crops to drive the Big 4 Agenda on Food Security.
  - Bt. Cotton: National Performance Trials are underway. Commercialization next year.
  - Bt. Maize has been approved for National Performance Trials (NPT) but trails are yet to commence. Once trials are done Bt. Maize will be ready for commercialization.
  - Gypsophilla Rose is currently undergoing National Performance Trials and will soon be ready for commercialization. National Performance Trials are conducted for two seasons then the crop is ready for commercialization.
- i) The sector board is represented at the National Sanitary & Phytosanitary Standards (SPS) Committee, chaired by KEPHIS which is the World Trade Organization National Enquiry Point for Plant protection. The Secretariat is the State Department of International Trade, the custodian of all the trade agreements of the country.
  - The engagement has enabled some members to be trained on the World Trade Organization (WTO)
     Agreements on Sanitary & Phytosanitary/ Technical Barriers to Trade
  - The engagement has also enabled KEPSA members to access new notifications circulated by the WTO
  - The engagement has seen the signing of the MOU between China and Kenya on Sanitary and Phytosanitary Standards (SPS) an important tool towards promoting agricultural exports in China.
  - The Animal and Plant Quarantine Agency of the Republic of Korea has also cleared Green Bananas and Broccoli export to Korea.

# **PUBLIC FINANCE**



SECTOR BOARD MEETINGS	STATE DEPARTMENTS AND AGENCIES	PARLIAMENTARY ENGAGEMENTS
2 sector board meetings	<ul><li>Meeting with WTO representatives.</li><li>Green Finance and Bonds Engagement Meeting</li></ul>	1 Parliamentary Departmental Committee
1 multi-sector board meeting	<ul> <li>Consultative meeting with partners on crowd financi ng (Deloitte)</li> <li>Engagement with KRA- 3rd Tax Round table in May, 2018. An engagement matrix comprising of taxation challenges was developed through member submissions for KRA's acti on.</li> <li>Engagement with KRA- 4th Tax Round table in December, 2018 as a follow up on actions in the engagement ma trix and new issues submitted for action arising from taxati on proposals and actions from the Financial year 2018/19.</li> </ul>	

- a) The sector submitted a memorandum on the Budget Statement 2018 to the National Assembly's Finance and Budgeting committee.
- b) Submissions were also made by the sector board to the National Assembly Finance and Budget Committee on the Income Tax Bill 2018.
- c) The sector submitted a memorandum and made oral representations on The Finance Bill 2018 to the National Assembly's Finance and Budgeting committee.

# TRANSPORT AND INFRASTRUCTURE



SECTOR BOARD MEETINGS	SUB-SECTOR	MINISTERIAL STAKEHOLDER FORUM	STATE AGENCIES	PARLIAMENTARY ENGAGEMENTS
5	2 Rail Sub-sectors 2 Roads Sub-sector meetings.	1	4 with Kenya Airports Authority (KAA), Kenya Railways, National Transport Safety Authority (NTSA), Kenya National Highways Authority (KENHA)	1 Parliamentary Departmental Committee of Transport, Infrastructure and Public Works

- a) The Draft Motor Vehicles Inspection Regulations have been approved by Cabinet. If the regulations are approved by Parliament, they will give the Private Sector an opportunity to establish Inspection Centers as per the regulations.
- b) The Kenya Airport Authority has developed a Passenger Service Charter for JKIA. The Service Charter will help improve services in JKIA as the first place of contact with investors and tourists.
- Road maintenance is ongoing in Nairobi
  County. This has reduced the cost of doing
  business by reducing travel cost and time.
- d) Operationalization of the SGR cargo services that will ensure cost effectiveness in cargo transport from Mombasa to Nairobi especially when the current inefficiencies are sorted out.

# **ENVIRONMENT, NATURAL RESOURCES AND IRRIGATION**



SECTOR BOARD MEETINGS	SUB-SECTOR	STATE DEPARTMENTS AND AGENCIES	PARLIAMENTARY ENGAGEMENTS
3	Water Subsector     Green and Circular Economy subsector	<ul> <li>10 Engagements as follows:         <ul> <li>3 with Climate Change Directorate (CCD)</li> <li>2 National Treasury - Green Climate Fund (GCF),</li> </ul> </li> <li>National Environment Management Authority (NEMA),</li> <li>National Environment Complaints Committee (NECC),</li> <li>Water Resource Group,</li> <li>Water Sector Trust Fund</li> <li>Kenya Water Towers Agency</li> </ul>	1 meeting with the Parliamentary Departmental Committee on Environment and Natural Resources

The sector board also represented KEPSA in the Forestry Resources Management and logging activities' Taskforce, Consumptive Wildlife Utilisation Taskforce, The National Climate Change Action Plan 2018 – 2022 Taskforce and the Environmental Management and Coordination Regulations Review taskforce and the National Water Policy Taskforce.

a) Finalization and dissemination of the Forestry Resources Management and logging activities Report with one of the key recommendations being the development of a framework for commercialized forestry in Kenya. Commercialized Forestry will enable private sector invest in forestry to ensure sustainable production and consumption of timber products. KEPSA was a member of the Taskforce.

- b) National Climate Change Framework Policy Sessional Paper No. 3 of 2016 was adopted. It provides for coordinated, coherent and effective response for all stakeholders, including private sector at the local, national and global level to the challenges and opportunities presented by climate change.
- c) Development of the National Climate Change Action Plan (2018 – 2022) that mainstreams engagement of private sector in the implementation, measuring and reporting of climate actions in Agriculture, Energy, Transport, Water and Blue Economy, Wildlife Tourism and Forestry, Health, Manufacturing, sectors in order to combat negative effect of climate change in Kenya.
- d) Launch of Kijani Movement in collaboration with KEPSA Foundation at Mangu High School on 30th June 2018. The Kijani Movement will facilitate private sector contribution towards the overall greening and value addition of the nation.
- e) Review of Environmental Management and Coordination (Strategic Assessment Integrated Impact Assessment and Environmental Audit (EIA/EA) Regulations (2018). The regulations provided for public participation in the preparation of the assessments as well as integrates climate change vulnerability assessment and provision of relevant adaptation and mitigation actions.

#### **GENDER AND YOUTH**



SECTOR BOARDS	SUB-SECTOR	MINISTERIAL STAKEHOLDERS FORUM
11	10 Sub-Sector Meetings Supplier Diversity Board Diversity Youth Engagement and Entrepreneurship	1 courtesy call

- a) The Gender and Youth Sector Board in partnership with the Bill and Melinda Gates Foundation held a stakeholder breakfast forum on Gender & Youth and the Big 4 Agenda on 30th October 2018. This was towards reviewing the Big 4 Agenda with a gender lens towards ensuring inclusivity of women and youth through the implementation of the Big 4 Agenda.
- b) The Courtesy call to the Ministry of Public Service, Youth and Gender Affairs (MPSYGA) was to strengthen the engagement structure between the partners towards achieving the Big 4 Agenda.
- c) The Gender and Youth Sector Board has been championing implementation of the Business Registration Services Act which provides for a one-stop shop for registration of businesses by merging the procedures required to operate formally. Identified challenges faced by the sector board members on access to these services were shared with the Ministry for action. Implementation of this Act contributes in the improvement on ease of doing business thus encouraging registration of more women and youth owned companies.
- d) The Gender and Youth Sector Board is part of the taskforce that is reviewing the implementation arrangement of Access to Government Procurement Opportunities (AGPO) with the hope that issues surrounding its implementation will be sufficiently addressed.
- e) KEPSA met Business Court Users Committee (BCUC) and International Development Law Organization (IDLO) towards exploring areas of partnership around gathering information on how women can effectively resolve gender and business related issues using alternatives dispute resolution methods.
- f) The Gender and Youth Sector Board is working on a two-day supplier diversity convention that will take place in February 2019. It will focus on strengthening private sector advocacy for mainstreaming Gender, Youth and People with Disability into the procurement policies. The inclusivity program aims to build the business capacity and increase market share of women-owned businesses.
- g) The state department of Gender affairs launched the gender strategic plan for 2018-2022 outlining the private sector as a key partner in its actualization.



# SPORTS, ARTS AND CULTURE



SECTOR BOARD MEETINGS	SUB-SECTOR	MINISTERIAL STAKEHOLDERS FORUM	STATE AGENCIES
10	2 Sports 1 Creative	2	1 with the Office of the State Sport Registrar

- Copyright (Amendment) Act 2017 has been enacted.
   The Act addresses aspects of copyright protection including protection of copyright online.
- b) The Ministry of ICT has proposed to form a taskforce on film to come with recommendation of how to develop the film industry in the country.
- Formation of Joint Working Committee with the Ministry of Sport and Heritage which will discuss and resolve them as they arise.
- d) Restructuring of National Sport Fund to Sports, Creative and Social Development Fund to accommodate the creative sector as the sector was advocating for. However, the 45 percent Social development and strategic reserve which is bigger as compared to Sport 35 percent and 20 per cent creative sector. The fund should focus on developing the sector instead of deviating a large chunk of it for other purposes.

#### **SECURITY**



SECTOR BOARD MEETINGS	SUB-SECTOR	MINISTERIAL STAKEHOLDERS FORUM	STATE AGENCIES	PARLIAMENTARY ENGAGEMENTS
12	2	1	1 National Police Service	1 - Parliamentary Committee on Administration and Security.

- a) The Draft zero of the Closed Circuit Television (CCTV) policy document that was developed by KEPSA was adopted by the Government. A multi-agency formulation meeting was held in Naivasha by officials of the Government and Private sector members to internalise and agree with the draft document and move to the next draft. This was a key plus because input that members gave to KEPSA through the secretariat, were positively captured in the document.
- b) The Global Security Ranking Committee was formed during the Ministerial Stakeholders Forum (MSF) with the Ministry of Interior held this year. The committee which comprises of KEPSA members, is aimed at improving Kenya's ranking on the World Internal Security and Police Index (WISPI).
- c) The Private Security Industry Act, 2016 created the Private Security Industry Regulatory Authority in which KEPSA is represented in the board. This is a key plus for KEPSA because having a member on the board provides an opportunity to push for regular interventions with the parliamentary committee on Administration and Security for review of some contentious sections of the Act.
- d) KEPSA Security sector board held a meeting with Ministry of Defence earlier in the year to discuss potential areas of partnerships. This meeting was fruitful and as a result, the Kenya Defence Forces showed an interest in working with KEPSA.

# HEALTH



SECTOR BOARD MEETINGS	SUB-SECTOR	MINISTERIAL STAKEHOLDER FORUM	STATE DEPARTMENT AND AGENCIES AND COG
5	20 sub-sector meetings;	2 with Ministry of Health	7 meetings with Counties
1 AGM	3 Health Regulations, Quality and Standards		• Stakeholders Forum with: Council of Governors Health Committee,
	• 4 Supply Chain Committee,		<ul> <li>6 Counties Stakeholder Forums(CSF's) with Kirinyaga County Mombasa County,</li> </ul>
	3 Public Private Partnership Committee-		Kisumu County, Makueni County, Uasin Gishu County and Isiolo County.
	4 Healthcare Financing		
	Committee-		2 Engagements with regulatory bodies viz
	3 Human Resource,		Clinical Officers Council
	• 3 Health Committee,		· Public Health Officers and Technicians
	3 for ICT and		Council of Kenya
	3 Mobile Health Committee		

- a) Development of Kenyan Healthcare Federation (KEPSA health Sector Board) strategic framework for the next 3 years (2019-2021) which is mainly focused on creating an enabling environment that supports quality affordable healthcare for all Kenyans.
- Partnership of private sector in joint inspection process to make Kenya Quality Model (KQMH) the minimum standards certifying tool to enable fair inspection and generation of compliance reports for both the private and public hospitals.
- c) Passing of the health Act Laws (Amendment) Bills, 2018 by the national assembly which will improve the delivery of health services to Kenyans.
- Engagement with six counties on financing schemes, opportunities in health financing, innovations and formation of county health forums. The counties include: Kirinyaga, Mombasa, Kisumu, Makueni, Uasin Gishu and Isiolo County.
- e) The Pharmacy and Poisons Board has digitized information on providers and products and made it accessible to consumers as a measure to stamp out counterfeits



SECTOR BOARD MEETINGS	SUB-SECTOR	MINISTERIAL STAKEHOLDER FORUM	STATE AGENCIES	PARLIAMENTARY ENGAGEMENTS
6	2 Policy and Legislation sub- committees.	1	Kenya Revenue Authority ICT Authority (ICTA)	

- a) KEPSA ICT Sector board championed the Implementation and conclusion of Ajira Digital phase 1 project where over 7,000 youth were trained on soft skills and introduction to online jobs enabling them to pursue online work opportunities and earn decent income online. As a result, KEPSA benefitted in having 19 of her members directly engage in creation and outsourcing of digital jobs in partnership with online work freelancers and local Business Process outsourcing companies.
  - Over 300 private sector companies were made aware and sensitized on digital jobs and the benefits of online outsourcing which would ultimately create employment for youth in Kenya.
  - Exposure of online work freelancers to KEPSA and the benefits of joining KEPSA membership. So far, two new members have joined as a result.
- b) The President signed an Executive Order No. 1 of 2018 on the Organisation of Government which, inter alia, assigned functions and institutions among Ministries and State Departments. As a result, the film industry was moved from the Ministry of Sports, Arts and Culture to the Ministry of ICT. This has led to The Ministry of ICT proposing the formation of a taskforce to come up with recommendations of how to develop the film industry in Kenya. KEPSA submitted names of two members to sit in this taskforce.

# PARTNERING ON GREEN GROWTH AND GLOBAL GOALS 2030 – P4G



# CONSULTATIVE MEETING ON ESTABLISHMENT OF P4G IN KENYA

KEPSA in partnership with Royal Danish Embassy, Vision 2030 and the Ministry of Environment and the Danish held a consultative seminar on 14th February 2018 at Kempinski Hotel on establishment of a multi-stakeholder Kenyan National Platform for "Partnering for Global Goals and Green Growth (P4G)". The consultative meeting provided an opportunity to celebrate Kenya's step in establishing the P4G platform. The platform will be expected to increase understanding of multi-stakeholder partnerships and explore opportunities presented by the Global P4G hub.

# INAUGURATION OF THE KENYA NATIONAL P4G PLATFORM

KEPSA is the Co-Chair of the Kenya National P4G Platform. On 27th July, 2018, KEPSA, The National Treasury and Planning and The Ministry of Environment and Forestry of Kenya alongside the Kenya Vision 2030 Delivery Secretariat (VDS) and P4G partners announced the inauguration of the Kenya National P4G platform to incubate, nurture, develop and scale up public innovative public-private partnerships that drive sustainable economic growth worldwide.



### P4G SUMMIT ON 19TH AND 20TH OCTOBER 2018

KEPSA as the co-convenor of the Kenya National Platform, participated in the first Partnering for Green Growth and Global Goals (P4G) Summit that was held on 19th and 20th October 2018 in Copenhagen- Denmark. KEPSA is taking lead in the, "Partnership for the New Plastics Economy in Kenya," startup project, under P4G that brings together governments, large, and SMEs in Kenya to find sustainable solutions for the plastic value chain for plastic waste menace in Kenya. A new collaboration on Special Economic Zones between Kenya and Ethiopia, with special focus on sustainable energy and the reuse of water and waste was formed during the summit. The collaboration will be led by the Principal Secretary in the State Department of Planning, Dr. Julius Muia and Ms. Carole Kariuki- the Chief Executive Officer of KEPSA who is also the Chair of the Special Economic Zones Authority in Kenya. Other partners in the collaboration include Systemiq, Made in Africa Initiative (DH) and Sustainable Trade Initiative.

# PRESIDENTIAL ROUND TABLE (PRT)



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

- Fight against illicit trade to be led by Deputy Chief of Staff Mr. Wanyama Musiambo and both public and private sector to draw a sustainable strategy to tackle illicit trade.
- Provision of quality and affordable energy key in increasing competitiveness of the sector.
- Review of import declaration fee and railway development fee levy for industrial inputs and machinery
- Put in place measures to address delayed payments.
- Review of the Public Private Partnership Act, Finalisation of county own source revenue enhancement policy and county government revenue raising regulation bill
- Enhance market access of Kenyan products by finalising negotiations with Canada, India, and China.
- Private sector to work hand in hand with government in stepping up the fight against corruption.

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

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

# SPEAKER'S ROUND TABLE WITH NATIONAL ASSEMBLY



The 4th Speakers Round Table (SRT) of the Kenya Private Sector Alliance (KEPSA) and National Assembly was held on 5th October 2018 at Leisure Lodge Diani, Kwale County, The Speakers Round Table provides a critical structured engagement between the private sector and the national assembly for synergies towards economic growth and development in Kenya through pro-growth policies and legislations. The fourth Speakers Roundtable since the first Round Table held in August, 2009 and the first for the 12th Parliament, the forum adopted a National Assembly Sectoral working approach together with the private sector in realizing the Big Four Agenda namely developing policies and laws to ensure realization of; a

competitive Manufacturing sector, boosting Agriculture and food security, achieving Universal Healthcare; and Affordable housing.

The following observations and recommendations were made at the roundtable:

- Acknowledgment of the role that the private sector plays as a key driver of economic growth, job creation and provision of goods and services critical to sustainable economic growth.
- The strong relationship between the private sector and the National Assembly significant in facilitating technical expertise and well-informed policy proposals in legislative processes in Kenya.
- c) The National Assembly's legislative role in facilitating the ease of doing business and making Kenya competitive for investment.
- d) Kenya's great potential and opportunities negatively affected by unpredictable and unstable policies, high cost of production, Illicit trade, high taxes, short term development plans, political instability, corruption and revenue leakages, lack of a stable fiscal and tax regime. It was noted that the Big four agenda lacked convergence with other national development plans.

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

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

# SENATE SPEAKER'S ROUNDTABLE



The 4th Speaker's Roundtable (SRT) between the Kenya Private Sector Alliance (KEPSA) and the Senate of the 12th Parliament was held on 23-24th November 2018 at Leisure Lodge in Diani, Kwale County. The Speaker's Roundtable provides a crucial engagement platform with the Senate facilitating a joint review of the policy and legislative environment in the country, identifies crucial legislations and addresses gaps necessary for private sector growth and national development. Coming at a time when the country is gearing up to implement key development goals under the Big-4 Agenda, the MTP-III of the Vision 2030 and the Sustainable Development Goals (SDGs) for accelerated socio-economic transformation, the SRT provides a unique opportunity for strengthening partnership and synergies between the Senate, the private sector and counties for accelerated growth through the set goals.

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

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

#### **AGRICULTURE**

To ensure an enabling policy environment and legislation, KEPSA and the Senate will work together for a harmonized and conducive tax regime, efficient food sourcing and distribution governance, supporting adoption of technology in the sector, and enhanced budgetary allocations to the agriculture value chain. The joint meeting agreed to expedite the enactment of the draft County Own Source Revenue Bill, ensuring that it does not impede agricultural trade within and across counties.

#### HOUSING

The meeting sought to address key issues curtailing private investments into the affordable housing agenda, which include uncontrolled development, lack of basic facilities and lack of critical infrastructure (roads network, power, and water supply), high cost of financing; lack of adequate regulation and lack of skilled labour in the sector.

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

#### **UNIVERSAL HEALTH CARE**

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

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



# ENHANCING MANUFACTURING COMPETITIVENESS

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

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

# POLICY, RESEARCH AND ANALYSIS

# KEY RESEARCH ACCOMPLISHMENTS DURING THE YEAR:



#### **NATIONAL BUSINESS AGENDA III**

The term for the second National Business Agenda (NBA-II) which has steered KEPSA's public private sector dialogue over the last 5years since 2013, ends in 2018. With support from the Business Advocacy Fund, and in consultation with members, partners and other stakeholders KEPSA has developed the third National Business Agenda (NBA III) highlighting the current advocacy priorities which will guide engagements with different strategic partners in the period 2018-2022. The document is aligned to government's development priorities as outlined in the Big 4 Agenda, the MTP-III of the Vision 2030, Jubilee and other party manifestos, the Sustainable Development Goals, among other crucial documents.

The NBA-III has adopted the following thematic areas:



Reinvigorating domestic demand for growth and stability



Developing export markets



Fostering research, innovation and creativity



A focus on key enablers i.e. improved governance & business environment, land holding, use and management, infrastructure development, human capital development and sustainable development.

It also features an elaborate legislative agenda to be fast-tracked by various KEPSA sector boards, direct action and support from partners. Implementation is set to begin next year.

# **SME POLICY INDEX**



As part of the Kenya Rising Star and Scale-up Programme (KRISP) that KEPSA developed and presented to the President for endorsement during the 6th PRT in May 2016 to support SME development, KEPSA conceptualized the first ever Kenyan SME Policy Index study conducted by Management University of Africa (MUA) between March and June 2018. The main objective of the study was to develop an index for assessing, gauging and ranking the Kenyan SME regulatory environment with regard to SME facilitation and growth.

The study engaged more than 1,137 SMEs sampled from 3 counties – Nairobi, Kiambu and Machakos. Across the 8 policy dimensions covered (fig. below), scores ranged from 2.50 to 3.38 with an average of 3.03; where 5 is best, 3 neutral, and 1 worst.

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

The SME Policy index will inform targeted KEPSA advocacy as part of the SME development agenda in 2019. Going forward, the study will be conducted annually and expanded to the other counties.

SME POLICY DIMENSION	MODERATELY SUPPORTIVE	NEITHER SUPPORTIVE NOR UNSUPPORTIVE	UNSUPPORTIVE
Governance and business regulatory environment (3.30)	<ul> <li>Existence of government offices responsible for ensuring that SME activities (4.0)</li> <li>Existing laws that govern SME activities are simple and easy to comply (3.6)</li> <li>Existing laws that govern SME activities are simple and easy to comply (3.2)</li> <li>The process of making laws of this country (i.e. by parliament, County Assembly, Senate,) support SME business activities (3.1)</li> <li>SMEs businesses are protected by the national or county government/laws (3.4)</li> <li>There exists a department within the Ministry of Trade dealing with the way SMEs are managed (3.2)</li> </ul>	• Easy access to justice for SME business activities (i.e. from police, lawyers, judiciary) (3.0)	Government offices ensuring that SMEs activities are in line with the law (2.9)
Enhancement of reliable infrastructure & access to inputs (3.38)	<ul> <li>Existing infrastructure (i.e. roads, motor vehicle traffic, electricity, security, water supply, etc.) facilitate business activity (3.8)</li> <li>There are government offices responsible for infrastructure (roads, motor vehicle traffic, fires, electricity, security, water supply, etc.) maintenance and support within the SME sector (3.7)</li> <li>The infrastructure connecting Kenya with its neighbouring countries support SME businesses(3.6)</li> </ul>	There are cooperative societies and groups for buying SME inputs at friendly prices(3.0)	There are partnerships for importing SMEs inputs from other counties at friendly prices (2.8)

SME POLICY DIMENSION	MODERATELY SUPPORTIVE	NEITHER SUPPORTIVE NOR UNSUPPORTIVE	UNSUPPORTIVE
Human capital and entrepreneurial skills development (2.98)	<ul> <li>Existence of training courses for SME business owners (3.2)</li> <li>Training courses for SME business owners improve overall SME business performance (3.7)</li> <li>Existence of business support organisations (NGOs, CBOs, Development Partners) for SMEs business owners training (3.1)</li> </ul>	<ul> <li>Government policies that promote training for SME business owners (3.0)</li> <li>Availability of career training pathways for progression for SMEs (3.0)</li> </ul>	<ul> <li>Partnership for SME business owners training and development (2.8)</li> <li>Availability of funding (scholarships, bursaries) for further training for SME owners (2.7)</li> <li>Accessibility to funding for further training for SME owners (2.6)</li> </ul>
Access to SME financing (3.17)	<ul> <li>Availability of sources of finance for my business (3.6)</li> <li>Accessibility of sources of finance for my business (3.5)</li> <li>Adequacy of SMEs credit facilities (3.2)</li> <li>Favourability of environment for SME access to finance (3.3)</li> <li>Availability of government policy support for SMEs access to finance (3.1)</li> <li>Existence of financial sector regulations (banking, insurance, asset leasing) that support SMEs performance(3.7)</li> </ul>		<ul> <li>Favorability of collateral requirements for access to my business loans (2.9)</li> <li>Affordability of interest rates for SMEs loans (2.6)</li> <li>Existence of external (outside the country) sources of finances for SMEs (2.7)</li> </ul>
Effective SME representation (2.50)		• Indirect SMEs participation in policy making processes(3.0)	<ul> <li>Direct SMEs participation in policy making processes (2.3)</li> <li>Simplicity in presentation of SME grievances to relevant authorities (2.7)</li> <li>Regular consultation of SMEs in formulation of laws that affect them (2.0)</li> <li>Consultation of SMEs during public buying of goods and services that affects them(2.3)</li> <li>Consideration of SME interests in decisions of Expert Groups (task forces, commissions of inquiry etc.)(2.7)</li> </ul>

SME POLICY DIMENSION	MODERATELY SUPPORTIVE	NEITHER SUPPORTIVE NOR UNSUPPORTIVE	UNSUPPORTIVE
Supportive frameworks for business development (2.87)	Convenience of SMEs business registration process (3.5)     Few business licensing requirements for SMEs (3.4)	Existence of government mechanisms to provide SME support (3.0)	<ul> <li>Existence of simple, transparent and low cost tax system for SMEs (2.5)</li> <li>Favorability of procurement of Government tenders and contracts to SMEs (2.2)</li> <li>Fair application of Labour regulations in protecting the rights of the SMEs (2.7)</li> <li>Fair application of labour regulations in protecting the rights of SMEs' employees (2.8)</li> <li>Availability of business incubation facilities for promoting SME innovations (2.8)</li> </ul>
Market linkages and expansion (2.80)	<ul> <li>Existence of support services for accessing market information for SME products (3.2)</li> <li>Availability of local trade fairs for SMEs (3.3)</li> </ul>		<ul> <li>Accessibility of Trade fairs at international levels for SMEs (2.6)</li> <li>Existence of Cooperative Societies and group sale arrangements for SMEs goods and services (2.8) Minimal challenges when SMEs are forming partnerships (2.5)</li> <li>Ability of SMEs to export their business products and services with ease (2.5)</li> </ul>
Innovation, ICT adoption and technology transfer (3.06)	<ul> <li>Ability of SMEs in the country to create innovations (3.4)</li> <li>Existence of organisation that promotes SME innovations (3.1)</li> <li>Existence of laws that support the development and growth of SME innovations (3.1)</li> <li>Existence of an organisation that promotes uptake of technology among SMEs (transfer, adoption, absorption, commercialization) (3.1)</li> <li>Existence of laws on patents and copyrights to protect SME innovations (3.2)</li> </ul>	Ability of SMEs in the country to buy and sell technology (3.0)  Ability of SMEs in the country to have high levels of technology (adoption, absorption and commercialization) (3.0)  Existence of government mechanisms for Identifying and recommending transfer of appropriate technology relevant for SMEs (3.0)  Existence of a department that determines and recommends statistical database for SME information webportal; (3.0)	Availability of mechanisms for coordination of ICT amongst SMEs (2.9)     Accessibility of training on innovation and ICT amongst SMEs (2.8)

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



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

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

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

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

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

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

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

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



KEPSA partnered with NiWajibu Wetu (NIWETU) to conduct a study in Kenya to assess the effects of violent extremism to private sector, the mitigation measures adopted by businesses and explore areas of opportunity for private sector participation in Countering Violent Extremism (CVE). The Study was conducted in three pilot counties - Nairobi, Mombasa and Garissa and targeted a total of 357 businesses.

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

The effects included loss of business revenue due to limited flow of customers (e.g. avoidance of specific businesses, malls, late night shopping, etc.), business closure, destruction/loss of property, critical infrastructure and increased anxiety amongst customers.

Others included increased bureaucracy e.g. security checks and inspections, curfews, and mass exodus of personnel. The estimated revenue losses (per day) immediately after a VE incident averaged Ksh 175,396 and was highest in Nairobi at Ksh322,380, Garissa at Ksh56,148 and Mombasa Ksh21,986.

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

The report will be launched early in 2019 and form part of KEPSA Security Sector Board's agenda.

### KEPSA MEMBERS SATISFACTION SURVEY

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

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

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

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

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

### STAFF SATISFACTION SURVEY

In September to October 2018, KEPSA conducted a staff satisfaction to receive feedback from members of staff, as part to inform KEPSA's management strategy to empower the workforce, self-review and analyse the organization's performance from the employees' perspective. From the Survey, 77% of all the employees mentioned they were satisfied with their jobs, with 32% being very satisfied. None was dissatisfied but 23% were neither satisfied nor dissatisfied.

83% MEMBERS SATISFIED WITH KEPSA PROFESSIONALISM

77% MEMBERS SATISFIED WITH ASSISTANCE BY KEPSA

77% STAFF SATISFIED WITH THEIR JOBS

## THE BUSINESS HUB



KEPSA's Business Hub was launched in 2017 for the purpose of increasing trade and investment in Kenya by providing a platform for structured engagements between Kenyan entrepreneurs and potential investors. The Hub has a mandate of increasing trade between Kenya's traditional trade partners and new potential markets. The Business Hub is one of the Key pillars of the KEPSA's Simba Era Strategy (2018 to 2032 Strategy) with four major goals that include identification of investment opportunities for both local and foreign private sector, sourcing for funding for investment, increasing diaspora investments and enhancing International Corporation.

Kenya has increasingly become an important destination for Foreign Direct Investment (FDI) and trade. The biggest concern for many FDI entities is finding the right local partners or right opportunities. At the same time, many local businesses are in need of international equity and/or debt partners, but finding the right partners overseas is a challenging matter. Furthermore, while support for entrepreneurs has been growing in recent years in Kenya, a number of significant barriers and obstacles continue to exist such as red tape, lack of market information, lack of access to finance, use of inferior technology and inadequate information on regional and international market access.

KEPSA's Business Hub seeks to provide the right platform to connect companies, provide advisory services and facilitation to Kenyan SMEs, including those that are led by women, and to promote greater trade and investment in Kenya. It also aims to develop a credible B2B function at KEPSA that can be the source of trusted and verified business contacts and partnerships for local and international investors in Kenya.

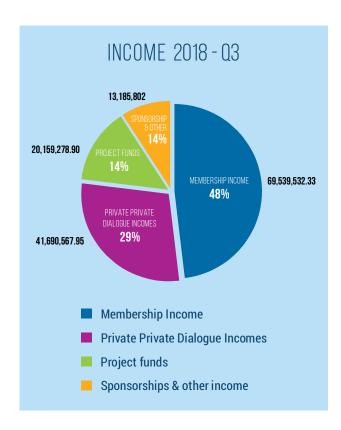
EVENT	DATE & VENUE	SUMMARY
Doing business with Finland seminar	6th March 2018 - Fairmont the Norfolk Hotel, Nairobi	KEPSA members attended the interactive seminar led by KEPSA's Vice Chair who made remarks on behalf of the private sector.
High level Presidential event - Digital drivers: enabling the growth of Africa's digital economy.	27th February 2018, Strathmore University Law School	KEPSA members in the IT field attended the forum, which was organized in partnership with AMCHAM and the US Chamber of Commerce. The KEPSA Chairman made remarks on behalf of the private sector.
KEPSA VVIP welcome dinner for the MEDEF French business delegation	6th March 2018, Norfolk hotel	KEPSA hosted the visiting French business delegation led by the MEDEF President to a high- level VVIP dinner that was sponsored by CFAO.
B2B meetings this morning with Turkish companies in the automotive industry	7th March 2018, Intercontinental Hotel	KEPSA members attended the B2B forum and got an opportunity to network with their Turkish counterparts
Stars in Africa Conference	6th -7th march 2018, Ihub, Nairobi	KEPSA together with the Kenyan government and MEDEF jointly organized the international conference hosted in Nairobi. President Kenyatta opened the event and the KEPSA CEO made remarks on behalf of the private sector and members participated as speakers as well as delegates during the sessions
6th Edition of The Africa CEO Forum	26 <sup>th</sup> – 27 <sup>th</sup> March 2018, Abidjan - Ivory Coast	KEPSA members attended the leading forum for CEO's from Africa
Partially sponsored business mission - 46th Istanbul international jewelry, watch & equipment fair	22nd -25 <sup>th</sup> March 2018 Istanbul Turkey	KEPSA members attended the Istanbul based forum. Hotel accommodation was offered free of charge to delegates
B2B meetings with Turkish companies in the construction machinery sector	13th March 2018, Hilton hotel	KEPSA members attended the B2B forum and got an opportunity to network with their Turkish counterparts
Business forum held alongside a state visit by H.E President Uhuru Kenyatta to Maputo, Mozambique	29th March - 1st April, 2018	KEPSA members attended the Business forum organized alongside the state visit and got an opportunity to network with their Turkish counterparts
Commonwealth Business Forum	16-18 April 2018 London	KEPSA members led by the KEPSA CEO attended the business forum held alongside the heads of states meeting
Conference on Health Sector	23rd April 2018 at the Fairmont Norfolk Nairobi	KEPSA members attended the forum and got an opportunity to network with their German counterparts during the forum organized by DHIK
Made in Tanzania Business Forum	25 <sup>th</sup> to 28 <sup>th</sup> 2018 April, KICC	KEPSA was a key stakeholder and participated in the planning of the forum. During the forum, the KEPSA Chairman made remarks on behalf of the private sector. KEPSA members participated as speakers during different sessions with members in attendance to network with their visiting Tanzanian counterparts with the intention of forging business relations

EVENT	DATE & VENUE	SUMMARY
High level address by the President of Djibouti H.E. Ismail Omar Guelleh together with the President of the Republic of Kenya H.E Uhuru Kenyatta on investment opportunities in Djibouti	9th May 2018, Intercontinental Hotel Nairobi	H.E Ismail Omar Guelleh, President of Djibouti made a State Visit to Kenya and a business forum was organized to coincide with the state visit. KEPSA played a key role by mobilizing its membership to attend the high level briefing done by the Djibouti Head of State.
Forum on Kenya-China Cooperation	22nd May 2018, Crown Plaza Hotel Nairobi	KEPSA played a key role in the organization of this forum. KEPSA received branding and speaking opportunities as a key partner. KEPSA members participated in B2B meetings with the visiting Chinese-business delegation.
Singapore – Kenya Business Forum	12 <sup>th</sup> June 2018, Vila Rosa Kempinsky Hotel Nairobi	KEPSA holds a collaborative MoU with the Singapore Business Federation and thus KEPSA was a key organizing partner with speaking opportunities accorded to the CEO. KEPSA members attended the forum and had an opportunity to network with the Singapore business delegation with the intention of forging business relations
Guangzhou & Foshan - Kenya Business Forum	12 <sup>th</sup> June 2018, Intercontinental Hotel Nairobi	KEPSA members attended led by the Deputy CEO who made remarks on behalf of the private sector.  KEPSA members attended and engaged in B2B sessions with the visiting Chinese Business delegation.
China Trade Week EXPO	13 <sup>th</sup> – 20 <sup>th</sup> June, KICC Nairobi	KEPSA received branding opportunities as a partner KEPSA charged a management fee to the organizers of the EXPO
2 <sup>nd</sup> Kenya Trade Week and Exposition	29 <sup>th</sup> July-3 <sup>rd</sup> August, KICC Nairobi	KEPSA was a key stakeholder and participated in the planning of the event KEPSA Chairman and CEO were accorded speaking slots during the Presidential opening session KEPSA members participated as speakers in several sessions KEPSA members attended the conference as delegates. KEPSA receives complimentary exhibition booth
Mauritius Business Forum and Trade Exhibition	1 <sup>st</sup> August 2018, Hilton Hotel Nairobi	KEPSA members participated in interactive business forum as well as the B2B sessions with their Mauritius counterparts aimed at forging business linkages.

EVENT	DATE & VENUE	SUMMARY
China(Guangdong)-Kenya Bilateral Economic and Trade Cooperation Conference	3 <sup>rd</sup> August 2018 InterContinental Hotel Nairobi	KEPSA members participated in interactive business forum as well as the B2B sessions with their Mauritius counterparts aimed at forging business linkages.
High Level Kenya-United Kingdom Business Forum	30 <sup>th</sup> August 2018, Strathmore Business School	KEPSA was a key stakeholder and participated in the planning of the event KEPSA CEO and Board Member Graham Shaw were accorded speaking slots during the Presidential opening session KEPSA members attended the conference as delegates.
High-Level Dialogue Forum Between Chinese and African Leaders and Business Communities	3 <sup>rd</sup> September 2018, Beijing, China	KEPSA CEO attended the business forum organized alongside the heads of states meeting and participated in a panel discussion
Partially sponsored out bound Business Forum- Turkey-Africa Economic and Business Forum	9 <sup>th</sup> -11 <sup>th</sup> October 2018, Istanbul Turkey	KEPSA members who attended the business forum and were partially sponsored forum receiving free hotel accommodation
Investment Forum to Helsinki, Finland	10 <sup>th</sup> -13 <sup>th</sup> October 2018, Helsinki, Finland	KEPSA members joined and participated in the Helsinki business forum led by the KEPSA CEO
Investment forum held alongside the Kenya Airways maiden flight to New York	28th October to 2nd November 2018 USA	KEPSA Partnered with AMCHAM to secure members participation in the inaugural Kenya Airways flight to New York and business forums held in New York and Washington DC
Canadian Business Delegation visit to Kenya	Monday 15 October 2018 from 2:00pm- 5:00pm at the Trademark Hotel, Village Market.	KEPSA CEO Spoke at the event and KEPSA members participated in the B2B Sessions
Doing business with Finland seminar Health care, Education and Energy	1ST November 2018 at the Fairmont Norfolk	KEPSA members attended the interactive seminar led by KEPSA's Vice Chair who made remarks on behalf of the private sector.
Kenya Shangdon Business Forum	25-27 October 2018 Laico regency hotel Nairobi	KEPSA played a key role in the organization of this forum. KEPSA received branding and speaking opportunities as a key partner. KEPSA members participated in B2B meetings with the visiting Chinese-business delegation.
China International Import EXPO	5 <sup>th</sup> to 10 <sup>th</sup> November Shanghai China	Ten KEPSA Members attended and exhibited at the Kenyan Pavilion that was sponsored by the Kenyan government
The first China-Africa (Chengdu) e- commerce industrial development forum and cross-border e-commerce, international trade and industrial investment fair	Chengdu, China November 12th - 13th, 2018.	One KEPSA staff attended the forum with the hope of forging future partnerships on the China B2B online platform
Sustainable Blue Economy Conference	26 <sup>th</sup> to 28 <sup>th</sup> November 2018 KICC	KEPSA CEO was a panelist during the Business Forum KEPSA members attended and participated in th conference

## **OPERATIONS**

### **FINANCE**

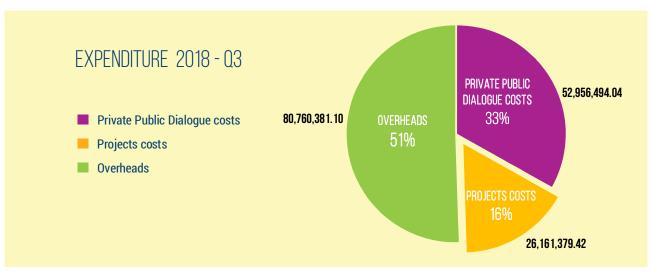


### **INCOME**

Our income comprises membership subscriptions, public private dialogue funds, project funds and other income such as bank interest and sponsorships. For the 3rd Quarter of 2018, compared to the same period in 2017, our membership income grew by 12.6% (2018-69,539,532 whereas 2017 was 61,750,515)

### **EXPENDITURE**

Our expenditure includes; project activity costs, public private dialogue (PPD) activity costs and overheads of the organization. KEPSA being a membership organization means that our work is service oriented and thus people intensive and so our major costs go to people. In 2018 we continued with an approach we had taken in 2017 -in a bid to manage costs- that of holding a lot of our PPD activities at minimal cost- this was achieved by having our engagements at KEPSA offices and government premises- which resulted in minimal costs. As a result, we managed to carry out all planned PPD activities for the year.



Ultimately, we realize that all we have achieved in 2018 would not have been possible without your support and commitment as members and partners. We at KEPSA wish to express our gratitude for your continued support and look forward to great achievements in 2019.

### **HRANDADMIN**

### **KEPSA STAFFING**



During the year, we managed to recruit the following employees; Manager, Public Private Dialogue, Finance Manager, Legal Advisor, and PPD Assistant. We had an attrition rate of 13.3% as some employees moved to other organizations.

### STAFF TRAINING AND DEVELOPMENT



KEPSA fully supports an environment of learning and continuous development. This is the strongest pillar that allows KEPSA to achieve its set objectives. This year, 89% of KEPSA staff attended training and development courses within and outside the county with support from our partners. Some of the countries visited include; Tanzania, Rwanda, South Africa, Zambia and Burkina Faso China, Turkey, Denmark, US and UK.

### **LONG SERVICE AWARD POLICY**

This Policy was developed and approved by the HR Committee. It is being implemented to reward employees who have been at KEPSA for 10years and above. This year, 4 employees were awarded based on their length of stay at KEPSA and exemplary performance.

### **EMPLOYEE SATISFACTION SURVEY**

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

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

### **STAFF WELFARE**



Staff financial management through the SACCO – Kentours Sacco made a presentation to KEPSA staff on their products and services.

Staff lunch – We introduced staff lunch in an effort to build interdepartmental relationships between staff members who may not work together regularly. This has been well received and has become part of the KEPSA culture.



### MEMBERSHIP DEVELOPMENT

### **INCOME**

Raised Ksh.73m against a projection of Ksh.66m.

### **NEW MEMBERS**

84 members joined in the year in the following categories:



BUSINESS MEMBERSHIP	CORPORATE	CORPORATE	CORPORATE	CORPORATE	SME	SME	START-UP
ORGANIZATIONS	PLATINUM	DIAMOND	GOLD	- SILVER	TIER 1	TIER 2	
5	9	4	9	29	11	8	9



### **MEMBERSHIP RENEWAL**

202 out of 245 members renewed in the year.

### **MEMBER ACTIVITIES**

**Induction Meetings:** 3 induction meetings for new members were held in the year. Members were taken through how KEPSA works in order for them to determine how they will engage to support the advocacy agenda as well as reap the benefits of the networking opportunities.









Introduction to KEPSA Meeting: Nonmember organisations were invited to become members and apprised on how KEPSA runs its policy advocacy agenda and the engagement platforms available for member participation. The organisations were briefed on the procedure of joining KEPSA to effectively contribute to the policy agenda and how they would access the beneficial opportunities in the process.

### **Exhibitions participated in:**

 East African Business Council 20th Anniversary Celebrations 2nd Kenya Trade Week & Exposition





• Franchising Workshop (29th November 2018) – through a partnership between KEPSA and EABC, KEPSA coordinated the first of a series of workshops on Business Format Franchising. The workshops will be held every two months in 2019.

### **BMO SUPPORT - UPDATE**

### International Chamber of Commerce (ICC Kenya)

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

### Digital Lenders Association (in-formation)

Under KEPSA's guidance, the process of forming an association by Digital Lenders has begun. The Association will provide the lenders with a platform to advocate for an enabling environment for their businesses through KEPSA as well as directly.

### PR & COMMUNICATIONS

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

### **SOCIAL MEDIA ENGAGEMENTS**

Our online presence has exponentially increased to 26,594 followers as at November 2018 from 19,146 in December 2017, with an average of 500 followers per month. KEPSA still attracts and maintains a larger digital audience compared to other membership organizations. Apart from Twitter, KEPSA uses the YouTube channel and Flickr to upload media content. There is also more interaction and content sharing on the KEPSA WhatsApp groups.

This year, KEPSA has also engaged the services of digital media experts to help push for messages by engaging a larger community and also pushing for trends during key events.

### **KEPSA WEBSITE**



The KEPSA website underwent a facelift this year which now makes it easier to navigate and access information hence making it more interactive. It also now allows/provides an opportunity for KEPSA members and also non-members to advertise on the website, a move that is supposed to help the organisation raise revenue.

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

This year, KEPSA entered into a partnership with Nailab to incorporate a portal into the KEPSA website that will allow members to log—in to access information and for non-members to subscribe. They will develop a member management system that will perform the following functions:

- Membership subscriptions the portal will generate invoices and reports of paid up members. It will also allow members to sign in to access key information. There will be a payment option for non-members.
- Communication to members this will reduce the number of emails going out to members for invitation to meetings/events as they will be able to access all this through the platform. It will also create a platform for members to engage on pertinent business issues as well as make contacts especially connect start-ups/SMEs to larger corporates.
- Membership recruitment the portal will allow potential members who want to become KEPSA members to sign-up online without having to download the forms and bring hard copies to KEPSA, which is the current practice.

Nailab is currently testing the system with a smaller BMO and once ready for roll-out, they will develop one for KEPSA in 2019.

### **MEDIA RELATIONS**

Our engagement with the media both local and international has tremendously increased this year to at least two weekly mentions in major dailies, television and radio stations. We have also had more business leaders appearing on TV interviews to discuss matters affecting the business environment

This year, the department also engaged the services of a PR Agency- Oxygene Media to provide media and PR support for the organisation. Through this, visibility for KEPSA has been enhanced and raised more recognition locally and globally as well.

### Editorial Coverage

	NEWSPAPER				
	DAILY NATION THE STANDARD BUSINESS DAILY THE STAR PEOPLE DAILY				
NUMBER OF ARTICLES	26	17	10	12	7

### Radio Coverage

RADIO STATION	SUBJECT MATTER AND DATE OF BROADCAST	DURATION OF BROADCAST (MINUTES)
Capital FM	Future of food conference; 19th -20th November 2018 Speakers Round Table with National Assembly; 5 <sup>th</sup> October 2018)	4
Baraka FM	•	1
One FM	•	3
Kass FM	•	6
Hot 96	•	3
Emoo FM	•	3
Milele FM	•	5
Hope FM	•	5
Urban Radio	•	4
Citizen Radio	•	1
Classic 105	•	1
East FM	•	4
KBC English	•	3
Pwani FM	•	1
Radio Maisha	•	3
Njata FM	•	4
Radio Jambo	•	1
Egesa FM	•	5
Meru FM	•	1

### Television coverage

TV STATION	SUBJECT MATTER AND DATE OF BROADCAST	DURATION OF BROADCAST (TIME IN SECONDS)
Citizen TV	Banking on Blue Economy: November 27, 2018	144
NTV Kenya	KEPSA urges senate to harmonise county laws on taxes an d levies: November 24, 2018	130
NTV Kenya	KQ is set to launch nonstop cargo flights to New York on 1st Dec 2018: November 20, 2018	186
Citizen TV	Kenyatta ask LSK to back reforms: November 1, 2018	74
Citizen TV	Traders want better business environment: November 1, 2018	182
NTV Kenya	Kenya rose 19 places to 61st in ease of doing busin ess index: November 1, 2018	120
KTN TV	Kenya private sector reveals strategy to stamping c orruption: October 8, 2018	117
K24 TV	KEPSA reports on bribe: October 08 2018	158
KCB TV	Tax, corruption strangle economy growth: October 5, 2018	240
Njata TV	Big 4 agenda gets more support: October 3, 2018	265
KTN TV	KEPSA calls for renewed zeal on graft: October 8, 2018	138
K24 TV	Live Coverage: Speaker's KEPSA Roundtable: October 5, 2018	859
K24 TV	KEPSA, National Assembly commits to work together: October 8, 2018	132
K24 TV	INTERVIEW: Patrick Obath, Vice Chair, KEPSA: Octobe r 8, 2018	260
NTV Kenya	KEPSA decries over govt increasing appetite for debts: October 5, 2018	91

### Press Releases:

- Senate Speaker's Roundtable 2018
- South Africa scraps short-term visas requirements for Kenyans November 5, 2018
- Speaker's Roundtable with National assembly 2018
- Ease of doing business: KEPSA lauds government support for advances made
- Press statement on the impact of fuel VAT charge on prices and on business in Kenya
- Press release-KEPSA, Judiciary to work together to spur economic growth
- ▶ KEPSA welcomes move on action against corruption by law enforcement agencies
- Eighth presidential round table

### **INCOME GENERATION**



KEPSA has now monetized its communication platforms to provide additional sources of revenue. Such include;

- Website provides two advertising banners on the home page.
- Weekly newsletter-Eshot provides an e-banner advertisement.
- Media watch provides an e-banner advertisement.

### **KEPSA MAGAZINE**





The department will resume the publishing of the KEPSA magazine in 2019. The department also hopes to raise revenue through advertising as well as reach a bigger audience by keeping them informed on the current/emerging business trends.

## KEPSA FOUNDATION

The Foundation is a legal entity and the social arm of KEPSA. Its mandate is to champion socio economic transformation of Kenya through partnerships with the Government, county Governments and all other local and international organizations that share the objective. It seeks to focus on social issues in thematic sectors aimed at improving the business environment.

### KEPSA FOUNDATION PILLARS

01

## SOCIO-ECONOMIC TRANSFORMATION PILLAR:

Looking at social sectors that support the business community and country at large.

02

#### **KNOWLEDGE PILLAR:**

Establishing a Knowledge Institute to harness information within KEPSA that will be useful to KEPSA members e.g. Investment/business opportunities, economy, climate change etc. The institute will thus become an aggregator of business information.

03

## SUSTAINABILITY PILLAR:

Looking at potential investment areas to ensure sustainability of KEPSA and KEPSA Foundation

### KEPSA FOUNDATION LEADERSHIP

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

### KEPSA FOUNDATION PROJECTS

01

SOCIO-ECONOMIC
TRANSFORMATION PILLAR:

### MKENYA DAIMA — NATIONAL VALUES

2018 brought the electioneering period to an end and thus Mkenya Daima focused mainly on reviewing and reporting on the key activities that were undertaken during the Phase 4 of the project. Additionally, Mkenya Daima underwent an audit for purposes of accountability which was carried out by PWC on a pro-bono basis.

Moving forward the Mkenya Daima strategy is to be aligned to the current environment and the Simba Era with an aim of encompassing National Conversations that entail involving Kenyans at all levels in a futuristic conversation on the Kenya they desire.



## MULTI-SECTORAL INITIATIVE AGAINST CORRUPTION — NATIONAL VALUES

Launched on 9th August 2018, the Multi-sectoral Initiative is a platform for engagement with leaders from various sectors of society around a unified and well-coordinated multi-sectoral approach to national development and achievement of the Vision 2030 based on a diverse and inclusive partnership model.

It draws its sectoral representation from the Private Sector; Religious Community; Media; Professionals; Youth; Women; Trade Unions; Civil Society; Academia; Development Partners & the Government.

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

In order to achieve the desired outcome, each sector was organized to develop anti-corruption strategies that are specific to the sector and that are both internal and external looking to find holistic solutions to the problem. During this period the following sector conferences have been held:

- The Youth Conference 24th October, 2018
- Professionals Conference 30th October, 2018
- ▶ The Women Conference the 31st October, 2018

- Developmental Partners 8th of November
- Religious Sector 19th November 2018
- Academia 26th November
- Media Sector 28th November 2018
- Private Sector 29th November 2018

During the conferences, sector leaders from across the country met and discussed implementable sector based strategies and interventions that will lead to the reduction and elimination of corruption within their sectors. Sector specific reports will be consolidated for presentation and further discussion during The National Anti-Corruption Conference which shall be presided over by His Excellency President Uhuru Kenyatta.

The conference, scheduled for the 17th and 18th January 2019, shall bring together the different sectors to discuss both the sectoral and cross-sectoral measures to be taken to fight corruption.

### AJIRA DIGITAL PROGRAM - YOUTH DEVELOPMENT



A PPP initiative with the Ministry of ICT with funding from Rockefeller Foundation to implement phase 1 of the project. Ajira Digital aimed to introduce Kenyan youth to online work.

This was done by providing training and mentorship to 10,000 youth on online work with the overall objective of making Kenya a freelance hub and the global destination for online work by the year 2022.

#### Achievements to date:

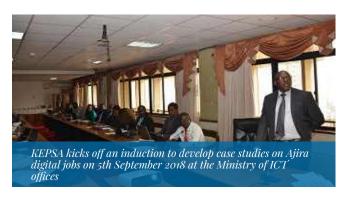
- > 7168 (27.7% female) inexperienced youth received soft skills and introduction to online work training and mentorship
- ▶ 125 youth experienced in online work were trained entrepreneurship and scale up
- Internal evaluation though tracer surveys indicate that approximately 40% youth trained from all the 47 counties are working and earning online which is higher than the target of 30%

- 60% youth who enrolled in the program are currently doing online work, employed or self – employed one year after the training while 26% are schooling or volunteering and only 14% are unemployed.
- The survey also confirmed that the youth who participated in the mentorship had better employment outcomes compared to those who did not participate making mentorship a key accelerator for employment.

Based on the lessons learnt during phase 1 training, the project made the following modifications:

Reviewed and expanded the curriculum to 10 days with inclusion of 5 specific areas of online work; digital marketing, transcription, content writing, data management and translation.

Consequently, the project trained over 600 Officers from Counties, Technical and Vocational Education and Training (TVET), Universities and Ministry of ICT based on this new expanded curriculum to support a roll out of a scale up training by the Ministry of ICT.



- Focusing on the supply side (creation of jobs) the project engaged a team of experienced online workers to show case to KEPSA members how the online work ecosystem delivers results and also sensitized them on how to connect youth to jobs digitally.
  - From this engagement, some of the freelancers and youths involved were able to secure contracts for jobs from the companies engaged.
- Commissioned a study on the constraints affecting growth of online work in Kenya which seeks to identify strategies and policies that need to be put in place to make Kenya a hub of freelancers by 2022 and employ over 1 million Kenyans youth.

### KILIMANI POLICE STATION REDEVELOPMENT PROJECT — SECURITY



Falling under the security sector the Kilimani Police Station redevelopment pilot project aims at encouraging investment in community security and welfare through public private partnerships that work together to rehabilitate Police stations in order to provide a conducive environment for the police officers to undertake their duties and to live.

In April the Steering Committee presented the project to the Cabinet Secretary Ministry of Interior and coordination of National government, Dr Fred Matiangi, and as a result the Government committed to giving funds towards the project and visiting the site to endorse the project.

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

The provision and accessibility of water at the station is part of the larger project to develop the station into a model facility for Nairobi by investing in community security and police welfare. As part of the essential amenities, the borehole was successfully drilled and connected to provide water for general use within the station and for construction. This included installation of two 10,000lts water tanks, a pump house and electrical power connection.

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

### BETTER BUSINESS PRACTICES FOR CHILDREN — CHILDREN WELFARE

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

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



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

Following a successful proposal, the process of securing funds for the next phase of implementation from UNICEF is now at an advanced stage.





### PARTNERSHIP WITH UNODC AND CLEAN START — CHILDREN WELFARE

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



### KIJANI MOVEMENT — ENVIRONMENT

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

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

### THE AFRICA VENTURE PHILANTHROPY ALLIANCE — SOCIAL IMPACT INVESTMENT

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

In March 2018 the Strategic Advisory Group held its inaugural conference themed "Transforming the social investment Ecosystem in Africa" to create awareness and discuss the formation strategy of the Pan African Network under the banner African Venture Philanthropy Alliance

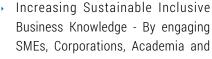
KEPSA Foundation acted as the financial and contractual agents during the AVPA registration process period. To enhance efficiency and promote growth, a CEO and EA Director have been recruited and are hosted by one of the partners, KPMG.



# 02 KNOWLEDGE PILLAR:

### SUSTAINABLE INCLUSIVE BUSINESS

Sustainable Inclusive Business has continued to empower businesses, support and connect them to reduce their footprint and raise their positive impact in society. In 2018, it reached over 2000 businesses through various forums and events. To achieve this, Sustainable Inclusive Business undertook the following:



NGOs at the annual conference and other conferences.



- i. In May 2018 Sustainable Inclusive Business held its 3rd Annual Private Sector Sustainable inclusive business conference themed 'New Economy, Transformation and Future Proof Business' bringing together over 300 hundred participants.
- ii. Sustainable Inclusive Business took part in the Blue Economy Conference by organising a side event titled "Building the Global Momentum on Marine/ Aquatic Plastics Litter". The event brought together over 200 participants to discuss plastic management and bring attention to the problem of marine/aquatic plastic litter.
- Increasing Sustainable Inclusive Business Practice- By holding 2 private sector roundtable meetings on Biodiversity and Business and Waste Management and Recycling as well as the 1st National PET Forum and workshop which sought to share experiences and alternatives to PET and PET waste management.
- Impact Assessment Under a program called Boost Better Business (B3), developed an impact measurement tool alongside a
  partner, BLAB to helping businesses measure their impact and establish areas of improvement. Worked with 6 SMEs in the Agri
  sector to improve and track their impact.
- Partnerships Match making between businesses locally and internationally that has led to partnerships and increased business
  opportunities. Sustainable Inclusive Business has also grown and developed four partnerships with likeminded organisations
  leading to projects
- Capacity Building Sustainable Inclusive Business has undergone training and also taken part in international events like this year's Common Wealth Business Forum and the Inclusive Business Workshop in Abidjan
- A new strategy that will take effect in January of 2019 has been developed. The strategy will focus on four new areas; Biodiversity,
  Circular Economy, Redefining Value and People. In line with this Sustainable Inclusive Business re-branded and have a new logo
  and new look.

# 03 SUSTAINABILITY PILLAR:

### **OFFICE SPACE ACQUISITION**



KEPSA Foundation has continued with its efforts to acquire new offices that will enable KEPSA move into its own space as a way of enhancing sustainability.

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

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

DIAMOND	EMERALD	PEARL	RUBY
BRICK	Brick	Brick	BRICK
кзнз	кзнз	кзнз	кsнs
10,000,000	<b>5,000,000</b>	<b>1,500,000</b>	1,000,000

The campaign intends to raise Ksh 185,000,000M towards purchase, fit out and all other costs related to the acquisition of the new premise.

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

# KEPSA MEMBERS 2018

## BUSINESS MEMBER ORGANISATIONS (BMO)

African Women Agribusiness Network (K)	Institute of Surveyors of Kenya	Kenya Renewable Energy Association
Agricultural Employers' Association	Institution of Engineers of Kenya	Kenya Security Industry Association
Agrochemicals Association of Kenya	Kenya Association of Air Operators	Kenya Ships Agents Association
American Chamber of Commerce (K) Limited	Kenya Association of Independent International Schools	Kenya Tea Growers Association
Association of Consulting Engineers of Kenya	Kenya Association of Manufacturers	Kenya Water Industry Association
Association of Gaming Operators Kenya	Kenya Association of Pharmaceutical Industry	Laikipia Farmers Association 2014
Association of Insurance Brokers of Kenya	Kenya Association of Travel Agents	Leasing Association of Kenya
Association of Kenya Insurers	Kenya Association of Women in Tourism	Marketing & Social Research Association
Association of Practitioners in Advertising	Kenya Auto Bazaar Association	Marketing Society of Kenya
British Chambers of Commerce Kenya	Kenya Bankers Association	National Potato Council of Kenya
Chartered Institute of Arbitrators	Kenya Biogas Stakeholders Network	Organization of Women in International Trade
Clean Cookstoves Association of Kenya	Kenya Flower Council	Petroleum Institute of East Africa
Delegation of German Industry & Commerce Kenya	Kenya Forex & Remittance Association	Protective Security Industry Association
Domain Registrars Association of Kenya	Kenya Green Building Society	Roads & Civil Engineering Contractors Association
East African Tea Trade Association	Kenya Healthcare Federation	Safaricom Dealers Association
East African Venture Capital Association	Kenya Institute of Supplies Management	Seed Trade Association of Kenya
Eastern Africa Grain Council	Kenya Motor Industry Association	Shopping Centres Association of Kenya
Electronic Cargo Tracking Systems Providers Association of Kenya (EPAK)	Kenya Motor Repairers Association	Technology Service Providers Association of Kenya
Environment Institute of Kenya	Kenya Oil & Gas Association	The Architectural Association of Kenya
Institute of Certified Public Accountants of Kenya	Kenya Private Schools Association	United Business Association
Institute of Certified Public Secretaries of Kenya	Kenya Property Developers Association	

### CORPORATE MEMBERS

Astral Aviation Limited	Blackberry Investments	Dawa Limited
Actis Africa Limited	Blue Nile Rolling Mills Limited	DHL Worldwide Express (K) Limited
Africa Practice East Africa Limited	Blue Sky Films (EPZ) Limited	Dorion Associates
Africa Spirits Limited	BNT Construction & Engineering Kenya Limited	Dreamcatcher Productions Limited
Africa Voices Dubbing Co. Limited	BOC Kenya Limited( Reinstated)	Eastern Produce Kenya Limited
African Banking Corporation	Bollore Africa Logistics (K) Limited	Ebrima-Mart( Africasokoni)
Agri Experience Limited	Bridge International Academies Limited	Ecobank Kenya Limited
AIG Kenya Limited	Bright Vision Media Limited	Elgon Kenya Limited
Airtel Networks Kenya Limited	Brookside Dairy Limited	Enel Green Power Kenya Limited
Akiira Geothermal Limited	Cardno Emerging Markets Limited	Engen Kenya Limited
Amboseli Court Limited	Centum Investment Company Limited	Engie Eastern Africa Limited
Apec Consortium Limited	Cerberrus Capital Limited(Transpower Energy Solutions Limited)	English Press Limited
Associated Battery Manufacturers East Africa Limited	Chandaria Industries Limited	Esri Eastern Africa Limited
Atlas Copco East Africa Limited	Citibank N.A Kenya	Express Communications Company Limited
Avcon Contractors Limited	CMC Motors Group Limited	Fairmont Hotels and Resorts Kenya
Azuri Blockchain Consultants Limited	Coca Cola East & Central Africa	Freight Forwarders Kenya Limited
Bamburi Cement Limited	Computer Pride Limited	Frontier Investment Management Africa Limited
Base Titanium Limited	Control Risk East Africa Limited	Fusion Capital Limited
BAT Kenya Limited	Cooper-K Brand Limited	G4S Kenya Limited
Bata Shoe Kenya PLC	CPF Financial Service Limited	Galana Oil Kenya Limited
Bidco Africa Limited	Damaza Dynamic Cleaning & Supplies Limited	Ganatra Plant & Equipment Limited
Biogas Power Holdings (EA) Limited	Davis & Shirtliff Limited	GAPCO Kenya Limited

GE East Africa Services Limited	Kaluworks Limited	Longonot Gate Development Limited( Resorts and Cities)
Genghis Capital Limited	Karanja - Njenga & Co. Advocates	Lukenya High School Limited
Gertrude's Children's Hospital	Kenergy Renewables Limited	Mabati Rolling Mills
Globeleq Africa Holdings Limited	Kengas Link Limited	Madison Group Limited
Good Testimony Junior School	Kenwest Cables Limited	Maersk Kenya Limited
Grain Industries Limited	Kenya Bus Service Management Limited	Marubeni Corporation
Grant Thornton Consulting Limited	Kenya Kazi Services Limited	McKinsey & Company
HACO Tiger Brands (E.A) Limited	Kenya Markets Trust	MIH ( Multichoice Kenya Limited)
Heineken East Africa	Kenya Pipeline Company Limited	M-KOPA Limited
Hospitality Systems Consultants	Kenya Tea Packers Limited	Momentum Credit Limited
Housing Finance	Kibo Africa Limited	Mwamba Tealand Enterprises Limited
Human Capital Synergies Africa Limited	Kiptinness' & Odhiambo Associates	Nairobi Bottlers Limited
IBL International Limited	KN LAW LLP	Nairobi Institute of Technology
IBM East Africa Limited	KOKO Networks Limited	Nairobi Securities Exchange
Inforparts Limited	KPMG Kenya	NIC Bank Limited
Intercity Secure Homes Limited	Kroll Associates UK Limited	Oakar Services Limited
Internet Solutions Kenya Limited	KTDA Management Limited	OBG Company Limited
Ipsos Limited	KUSCCO Limited	OCP Kenya Limited
Isuzu East Africa Limited ( General Motors)	Kwale International Sugar Company Limited	Oil and Gas Contractors Association of Kenya
Jamii Telecommunications Limited	Liaison Group (I.B) Limited	One Acre Fund
Jijenge Credit Limited	Linksoft Integrated Services (EA) Limited	Optiven Limited
Jungle Group Holdings Limited	Liquid Telecommunications	Oracle Corporation

Oraro and Company Advocates	Safaricom Limited	The Nairobi Hospital
Osho Chemicals Industries Limited	SAP East Africa Limited	The Wrigley Company Limited
Panafrican Equipment Kenya Limited	Sarova Hotels Limited	Toyota Kenya Limited
Pevans East Africa Limited	Sasini Limited	Trans Business Machines Limited
Pewin Cabs Limited	Savannah Cement Limited	Transport & Lifting Services Limited
PKF Kenya	Sayani Investments Limited	Tullow Kenya
Polucon Services Kenya Limited	Scania East Africa Limited	Tusker Mattresses Limited
Preferred Personnel Africa Limited	Schneider Electric (K) Limited	Twiga Chemical Industries Limited
Premier Academy	Senaca East Africa Limited	UAP Insurance Company Limited
PricewaterhouseCoopers Limited	SGS Kenya Limited	Uber Kenya Limited
Prideinn Hotels & Investment Limited	Shreeji Development Company	Ultravetis East Africa Limited
Procter & Gamble Services Limited	Simba Corporation Limited	VISA International Service Association
Protel Studios Limited	Social Performance Advisory Limited	Viva Africa Consulting LLP
Redhouse Group Limited	Sowetic Kenya Limited	Vivo Energy Kenya Limited
Rentco East Africa Limited	Stanbic Bank	Wells Fargo Limited
Rentworks E.A. Limited	Standard Chartered Bank	West Sugar Company
Resolution Health Limited	Stima Sacco Society Limited	Wildlife Direct Kenya Limited
ResponsAbility Africa Limited	Suraya Property Limited	Young Leaders Association
Revital Healthcare (EPZ) Limited	Synergy Industrial Credit Limited	
Rexe Roofing Products	Tata Chemicals Magadi Limited	
Riara Group of Schools	Tecnofin Kenya Limited	
RSM Eastern Africa	Telkom Kenya Limited	

### SME'S

Africa Digital Media Institute	Newmatic Africa Limited
Belfrics Kenya Limited	Opticom Kenya Limited
Beverage Threesixty Ltd	Saif Properties Limited
Beyond Borders Limited	Silikon Consulting Group Limited
Career Readiness Social Initiative Limited	Tembea Africa Tours & Travel
Icon Sports Marketing	The Village Creative Limited
Imperial Housing Group Limited	Ultra World Security Systems Limited
International Quality Awards Limited	Wamaitha Waweru Co. Advocates
Longitude Finance	Waste Electrical and Electronic Equipment Centre
Maghreb Investment Limited	Will To Win Global

## START-UP'S

Cekeha Enterprises Limited	MK Light Africa Right Ltd
DIK DIK Property Limited	Mobisoko Limited
Dorfkem Kenya Limited	P. Kamau & Kamau Advocates LLP
Ignite Trade Africa	Yusudi Limited
Kituo Cha Maadili	MK Light Africa Right Ltd

# KEPSA AT 15 COCKTAIL



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