



**REPORT ON
THE 1ST PRESIDENTIAL ECONOMIC ROUNDTABLE WITH KEPSA ON
TOURISM AND LABOUR, MANUFACTURING AND AGRICULTURE
SECTORS, HELD ON 12TH MARCH 2024, AT STATE HOUSE, NAIROBI.**



1

Tourism and Labour Sector



BOTTLENECKS	RESOLUTION	ACTION BY	TIMELINES
<p>1.Trade by Beach boys at the Beach</p>	<ul style="list-style-type: none"> Engage the private sector in working on policy and administrative guidelines on having organized trading activities in beaches for purposes of boosting the sector business. The desired outcome is to have organized trade along Kenyan beaches to address harassments by beach boys and beach traders 	<p>Ministry of Tourism and Wildlife Ministry of Trade, Investment and Industry</p>	
<p>2.Keeping parks as premium product.</p> <p>3.MPesa payments need to be allowed directly to pay bill 222222 without having to log in to ECITIZEN.</p>	<ul style="list-style-type: none"> Work with the private sector to set minimum conditions for licensing the Park Operators KWS will provide a unique reference/account number at the gate for payment tracking purposes. 	<p>Ministry of Tourism and Wildlife Ministry of Trade, Investment and Industry</p>	
<p>4.Allow Turkish Airline to access Mombasa and Eastern Europe</p> <p>5. Application was for 4 flights per week (not including or combined with Istanbul-Nairobi-Istanbul daily flights)</p> <p>6. Qatar Airways application for direct flights Doha-Mombasa-Doha.</p> <p>7.Consideration for waving Electronic Travel Authorization (eTA) for key destinations to protect our market share.</p> <p>8.Pending bills The tourism sector has many pending bills from the services offered to Government.</p>	<ul style="list-style-type: none"> Meet with Ministry of Road Transport to work on the modalities It was resolved that eTA intentions are good and should be maintained. Further, it was resolved that there is need to work with the Immigration Department to reduce the number of steps and questions in the application form in order to shorten the process of application for efficiency purposes. Verification of pending bills is on-going. 	<p>Ministry of Roads and Transport Ministry of Trade, Investment and Industry</p> <p>Ministry of Interior and Coordination of National Government Ministry of Trade, Investment and Industry National Treasury</p>	

2

Manufacturing



BOTTLENECKS	RESOLUTION	ACTION BY	TIMELINES
<p>1.Unpredictable tax regime due to frequent changes in tax policy</p>	<ul style="list-style-type: none"> The National Taxation Policy to be adopted to provide predictability to Kenya’s tax system. Implement a unified tax ledger and a single tax remittance date to enhance tax administration and reduce administrative costs for businesses. Manufacturers to submit a proposal on the exemption or zero rating of Plant and Machinery under tariff codes 84 and 85 from value-added tax for consideration by the Office of the President and the Kenya Revenue Authority to provide a report on the impact on revenue of the proposal if exempted or zero rated. 	<p>The National Treasury</p> <p>Ministry of Trade, Investment and Industry</p> <p>Office of the President</p> <p>Kenya Revenue Authority</p>	<p>JUNE 2024</p>
<p>2.Distribution fees and branding fees across counties</p>	<ul style="list-style-type: none"> An engagement between the President and the Council of Governors (COG) to be held to discuss standardizing and centralizing across counties fees, levies, and charges including distribution, branding fees, cess, and others. Set up a one payment point for County fees, levies, and charges through the central government that does hinder the ease of doing business. The National Government to agree on a sharing formula with the counties. Set up a One Stop National Digital Regulatory platform to provide access to regulatory information required by businesses and to provide visibility of National and County Regulatory requirements in the country. Private Sector to consolidate its feedback on the County Licensing (Uniform Procedures) Bill, 2022 which seeks to establish uniform standards for County licensing. 	<p>Ministry of Trade, Investment and Industry</p> <p>Office of the President</p> <p>NT</p> <p>COG</p>	

BOTTLENECKS	RESOLUTION	ACTION BY	TIMELINES
<p>3.Hinderance in installation of other power source for industry</p>	<ul style="list-style-type: none"> Review the approval process for manufacturers who seek to generate more than 1 megawatt of power to simplify the process and include timelines for the approval process.. 	<ul style="list-style-type: none"> Ministry of Energy Ministry of Trade, Investment and Industry 	
<p>4.Low uptake of time of use tariff due to stringent conditions set</p>	<ul style="list-style-type: none"> Review the time of use tariff requirements to remove any pre conditions made on manufacturers to ensure higher uptake and lower the cost of power. 	<ul style="list-style-type: none"> Ministry of Energy Ministry of Trade, Investment and Industry 	
<p>5.High cost of credit and capital</p>	<ul style="list-style-type: none"> Increase funding to Kenya Development Corporation to support manufacturers and SMEs as well as explore expansion of similar government financing structures. 	<ul style="list-style-type: none"> The National Treasury Ministry of Trade, Investment and Industry 	

BOTTLENECKS	RESOLUTION	ACTION BY	TIMELINES
<p>6.VAT refunds</p>	<ul style="list-style-type: none"> • Reduce the payment period for VAT refunds from six to three months to support cashflows for exporters and businesses. • Facilitate an offset system for VAT refunds across all tax regimes. • Establish a revolving fund for VAT refunds to ensure sustainable payments. • Zero rating of inputs for manufacturers of pharmaceutical and agriculture sectors to ensure manufacturers are competitive and increase exports. 	<ul style="list-style-type: none"> • The National Treasury • Ministry of Trade, Industry and Investments • Kenya Revenue Authority 	

BOTTLENECKS	RESOLUTION	ACTION BY	TIMELINES
<p>7.Securing the bilateral / multilateral trade agreements mainly for Africa Growth and Opportunity Act (AGOA)</p>	<ul style="list-style-type: none"> • The Government to engage the United States of America Government to fast-track the renewal of the AGOA. • Follow up on pending trade agreements to provide market access for businesses such as the bilateral agreement with Ethiopia and the Tripartite Free Trade Agreement. 	<ul style="list-style-type: none"> • Ministry of Trade, Investment and Industry • Ministry of foreign affairs 	
<p>8. Raw materials and Intermediate Products used in manufacturing</p>	<ul style="list-style-type: none"> • Align the domestic tax structure on raw materials, intermediate products, and inputs (eg. excise tax and import fees & levies) to encourage local manufacturing by lowering the cost of production in line with best practices adopted under the EAC Common External Tariff (CET) structure. • Packaging used of for essential goods in particular the white kraft paper to be exempted from tax to lower the cost of the product and the required changes to be incorporated in Finance Bill, 2024 • Manufacturers to provide a proposal to ensure competitiveness in key value chains and company-specific incentives for manufacturers with new investment in sectors such as steel, cement, and paper." 	<ul style="list-style-type: none"> • Ministry of Trade, Investment and Industry • National Treasury • KAM 	

BOTTLENECKS	RESOLUTION	ACTION BY	TIMELINES
<p>9.Zero-rate packaging material mainly the craft paper used for packaging of food stuff.</p> <p>10. Agriculture for Industry</p>	<ul style="list-style-type: none"> It was resolved that this proposal will be incorporated in Finance Bill, 2024. It was resolved that manufacturers support offtake crops such as sunflower, pyrethrum, potato, tomato, and rice. It was resolved to Identify investors for six (6) ginneries to support cotton processing. It was resolved that concerted efforts between the Government and the Edible Oil industry be made to ensure edible oil processing is done with local raw materials including sunflower and other sources. It was resolved that the County Aggregation and Industrial Park (CAIPs) be fast-tracked to support aggregation in the agriculture sector by farmers. 	<ul style="list-style-type: none"> The National Treasury Ministry of Trade, Investment and Industry Ministry of Trade, Investment, and Industry Council of Governors (COG) KAM Ministry of Trade, Investment, and Industry 	<p>JUNE 2024</p>

AGRICULTURE

3



Government Intervention that has been favorable:

Security intervention to preserve investments in the sector in May, 2023 when there was unrest in tea growing areas West of the Rift

Reinstatement of the Tea Board of Kenya through the Tea Act 2020: the Board should serve as a focal point to consolidate and address industry issues and to drive industry growth

Fertilizer subsidy: supported production in 2023/2024 when the cost of fertilizer rose rapidly

BOTTLENECKS	RESOLUTION	ACTION BY	TIMELINES
Access to market especially China, India Turkey on team and Avocados.	The president committed to engage the leader of the three countries.	Ministry of Trade, Investment and Industry Office of the president	
Unfair pricing of Kenyan tea in some exports' destinations e.g Iran has capped Kenya tea price at \$2 per Kg, Turkey is charging 145 percent export tariff on Kenyan tea exports	Engage with the respective government to unlock the pricing cap. Facilitate the transition of existing horticultural exporters operating outside EPZ to exempt them from value-added tax (VAT) payments since they do not have any other taxes to offset with other taxes.	<ul style="list-style-type: none"> • Ministry of Trade, Investment and Industry • Office of the president 	
Mombasa port clearance period has increased from 4 to 10 days and Boarder point delays of 2 – 3 days.	Organize a meeting to discuss port efficiencies and road blocs issues where key agencies such as KPA would be present..	<ul style="list-style-type: none"> • Ministry of Roads and Transport • Ministry of Trade, Investment and Industry 	
Licensing of SGR operators and efficiency	Organize a meeting to discuss how to ensure efficient services with those that get licensed.	Ministry of Roads and Transport Ministry of Trade, Investment and Industry	

3

MEMBERS PRESENT

NO.	NAME	COMPANY	TITLE	AREA
1.	Mr. Jas Bedi	Bedi Investments	MD	Logistics and Economy
2.	Ms. Carole Kariuki	KEPSA	CEO	Overview
3.	Mr. Paul Russo	KCB Bank Group	CEO	Finance
4.	Mr. Peter Ndegwa	Safaricom Plc	CEO	Telcos and ICT
5.	Mr. Jimi Kariuki	Sarova Hotels & Resorts Kenya	MD	Tourism
6.	Dr. David Langat	DL Group of Companies	Chairman	Agriculture and Logistics
7.	Mr. Rajan Shah	Capwell Industries Ltd	Group CEO	Manufacturing
8.	Mr. Linus Gitahi	Tropikal Brands Africa	Chairman	Manufacturing
9.	Amb. Dennis Awori	CFAO Motors Kenya Ltd	Chairman	Foreign Investments
10.	Dr. Bimal Kantaria	Elgon Kenya Ltd	MD	Agriculture
11.	Mr. Mike Macharia Muthondu	Kenya Association of Hotelkeepers and Caterers	CEO	Tourism and Labour
12.	Mr. Nick Nesbitt	Clamantis Ltd	CEO	Finance and Economy
13.	Mr. Dennis Mwirigi	Flamingo Horticulture	Director	Foreign Investments
14.	Mr. Snehar Shah	IX Africa	CEO	ICT
15.	Mr. Donald Wangunyu	FourFront Management	Founder/CEO	Finance and Equities

KEPSA MANAGEMENT:

1. Mr. Victor Ogalo
2. Mr. David Ndwiga
3. Mr. Jeremiah Kiplagat