



The Voice of Private Sector in Kenya

THE 7TH
KEPSA &
NATIONAL
ASSEMBLY
SPEAKER'S
ROUNDTABLE
2024

Concept Note &
Event Programme

THEME: ADDRESSING THE DRIVERS OF COMPETITIVENESS

DATE

29TH OCTOBER 2024

VENUE

ENASHIPAI RESORT & SPA,
NAIVASHA

01

Introduction

The Kenya Private Sector Alliance (KEPSA), born in 2003, is the apex body for the private sector in Kenya. KEPSA brings together local and foreign business associations, federations, chambers of commerce, professional bodies that are sectoral umbrella bodies and individual sectoral business membership organizations, corporates, from multinationals to large and medium-sized companies, SMEs, and start-ups from all sectors of the economy, across all parts of the country. This gives KEPSA a reach of over 2 million businesses directly and indirectly. KEPSA also serves as the national focal point of the East Africa Business Council (EABC), the umbrella body of businesses in East Africa. It hosts the International Chamber of Commerce (ICC) Kenya Chapter, a member of the ICC with a reach of over 45 million businesses globally.

KEPSA coordinates businesses to speak with one voice and engage local and foreign governments, development partners, and other stakeholders on cross-cutting policies, laws, and regulations for private sector development. It allows sectoral business organizations to engage in sectoral issues.

Additionally, KEPSA runs projects for the private sector and the country's socioeconomic development, such as youth and jobs and climate change initiatives. It does this by being the focal point for all stakeholders to reach businesses in a coordinated manner. Through the projects, KEPSA supports business development with opportunities for training and capacity building, networking, financial linkages, mentorships and coaching, access to markets, value chain enhancement, and investment opportunities with partners worldwide.

Its social arm, KEPSA Foundation's, mandate is to strengthen socio-economic transformation by engaging private sector members in social projects, ensuring its expertise and resources are utilized for impactful interventions in the community and with stakeholders. The Foundation coordinates businesses' engagement with the government, development partners, and other stakeholders on social issues that address the environment and vulnerable communities as well as issues of governance under the five priority areas, namely: Fostering Governance and National Value System; Empowerment of Women, Youth, Persons with Disabilities & Childcare; Community Climate Action and Sustainability; Community Outreach and Partnerships; and Knowledge Institute and Think Tank.

A BRIEF HISTORY ON THE PRIVATE SECTOR AND PARLIAMENT ENGAGEMENT PARTNERSHIP

Back in 2008, KEPSA had established mechanisms of engagement between the private sector and the Executive Arm of government through three main forums: The Ministerial Stakeholders Forum (MSF), the Prime Minister's Round Table, and the Presidential-Private Sector Working Forums. After the establishment of MSFs in 2006, next to be established was the Prime Minister's Roundtable in 2008, which in one of the sittings had reviewed over 600 regulations and recommended annulment of close to 120 regulations that were deemed redundant and unfriendly to business. By 2011, KEPSA had held seven (7) Prime Minister's Roundtables.

THE INAUGURAL SPEAKERS ROUND TABLE FORUM IN 2009

While the private sector engagement with the Executive arm was thriving with discernible benefits/outcomes, there was no formal and structured mechanism of engagement with the legislative arm of government despite its very important role in creating a conducive business environment arising from the law-making and oversight roles of legislators. There was an apparent disconnect between policy formulation and law making, which had resulted in Parliament passing some laws that did not have the desired positive impact on the business environment. To remedy this, KEPSA approached the leadership of the House and raised these concerns. The Board of KEPSA held several meetings with the leadership of the House to discuss ways of addressing the situation. These discussions resulted in the first joint meeting between the Speaker and senior members of staff from the National Assembly and the Board of KEPSA to discuss formation of a formal partnership between the private sector and parliament that would allow consultations of the private sector in the following areas:

- The Legislative Process through Parliamentary Departmental Committees in scrutinizing Bills
- The budget process when it gets to parliament
- Advising Members of Parliamentary committees on technical issues in the various sectors so that they can have informed debate in the House

02

A Brief Overview of Current State of the Economy, & Competitiveness Gaps to Address for Growth & Job Creation



BACKGROUND & CONTEXT

Kenya's business community is currently grappling under a “disabling business environment” compounded by a high-cost economy due to high cost of production, credit, transportation, energy, regulations, raw materials, taxation, etc. – all of which have reduced productivity of economic actors and Kenya's global competitiveness within EAC, Africa and externally.

The Government of Kenya's stated policy goals is to achieve “economic turnaround and inclusive growth” by increasing investments in sectors such as agriculture, manufacturing, micro small medium enterprise (MSME), housing and settlements, healthcare, digital superhighway, and creative industry. In addition, the government aims to maximize revenue collection by expanding the revenue base through increased tax compliance and expansion of tax net. Further, the government aims to achieve increased forex earnings and sustainable national debt management. These noble national policy goals are only possible to realize under an enabling and competitive business environment to enhance private sector growth and investments, which are key to the country's goal of becoming a middle-income country by 2030

THE 4TH NATIONAL BUSINESS AGENDA (2023–2027)

To take advantage of the existing opportunities, the foundation we have built as a country while addressing the imminent challenges above, the private sector under the KEPSA umbrella has agreed to focus efforts on re-imagining Kenya as being a globally competitive economy and has outlined its 4th National Business Agenda to focus its efforts over the next five years on improving five key competitiveness drivers which are most crucial to soaring up Kenya's competitiveness. These are:

01

MACROECONOMIC SUSTAINABILITY & COMPETITIVE COST AND TENOR OF FINANCE

02

COMPETITIVE COST OF RAW MATERIALS & ACCESS TO MARKETS

03

BUILDING A FACILITATIVE LOGISTICS AND UTILITIES INFRASTRUCTURE

04

STRENGTHENING ENVIRONMENTAL & BUSINESS SUSTAINABILITY

05

ENHANCING LABOUR PRODUCTIVITY

03

Purpose & Overall Objectives of the 7th National Assembly Speaker's Roundtable

The 2024 Speaker's Round Table marks the 7th National Assembly gathering, following the 6th in 2019, with a pause due to COVID-19. This is the first round table with the 13th Parliament, building on continued engagement with parliamentary committees across various sector boards. Centered on the theme "Addressing the Drivers of Competitiveness," discussions will focus on Kenya's business regulatory environment, the cost and availability of utilities and logistics, and raw materials. By uniting policymakers, industry leaders, and stakeholders, the event aims to create actionable strategies for Kenya's economic growth and sustainable development.



DRIVER 1. REGULATORY ENVIRONMENT

Kenya's regulatory framework places a significant administrative and compliance burden on businesses, hindering economic growth and competitiveness. Complex and overlapping regulations in areas such as labor, taxation, and licensing result in increased operational costs, particularly for SMEs that lack the resources to navigate these bureaucratic demands effectively. Businesses experience delays and additional expenses associated with lengthy permit processes, duplicative mandates between national and county governments, and inconsistent fees from various regulatory bodies. Such complexities discourage new market entrants, stifle innovation, and divert resources away from core business operations.

In response, streamlining regulatory processes and eliminating redundancy are essential to fostering a more business-friendly environment. Introducing unified, user-centric digital platforms for compliance submissions, establishing clear fee structures, and improving inter-agency collaboration would reduce administrative burdens and compliance costs. Additionally, enhancing public participation through digital engagement can ensure regulations are responsive to the needs of the business community. By addressing these regulatory challenges, Kenya can promote investment, stimulate competition, and foster an environment where businesses of all sizes can thrive.



DRIVER 2. COMPETITIVE LOGISTICS & UTILITIES

Efficient transportation, sustainable energy, and protected ICT infrastructure are crucial for Kenya's economic growth and competitiveness. However, significant gaps in these areas hinder optimal performance and progress.

TRANSPORT

Kenyan businesses face increasing transport costs driven by regulatory inefficiencies, high import charges, and delays. Handling fees at ports and processing delays—caused by system downtimes from agencies like KPA, KAA, and KRA—lead to higher consumer prices, affecting all business sectors. Inadequate last-mile infrastructure, slow truck turnaround at Inland Container Depots, and uncompetitive Standard Gauge Rail (SGR) rates add further costs.

Improving coordination among transport agencies, upgrading industrial roads, and streamlining customs processes would help reduce logistical expenses and bolster Kenya's competitiveness across markets like AfCFTA.

SUSTAINABLE ENERGY FOR INDUSTRIALIZATION

Kenya's industrial electricity cost, at \$0.18 per kilowatt-hour, is the highest in the region, impacting its competitiveness in attracting investment, especially in electricity-dependent sectors. This high cost places Kenya at a disadvantage within the African Continental Free Trade Area (AfCFTA), compared to countries like Ethiopia and Egypt (\$0.05), Uganda (\$0.12), and Tanzania (\$0.08).

To address this, a thorough review of electricity generation, transmission, and distribution costs is essential, alongside a re-evaluation of policies and taxes that drive up electricity expenses. These steps are vital to securing more affordable and competitive power for Kenya's industrial sector.



ICT INFRASTRUCTURE VANDALISM

Kenya's ICT infrastructure, a critical backbone for economic growth and connectivity, has suffered significant disruptions due to vandalism, costing service providers over KES 280 million. This vandalism not only threatens the reliability and security of essential services but also imposes high costs on the economy and businesses. Current legal measures have proven insufficient in deterring such acts, calling for urgent action to protect this vital infrastructure. Updating the Critical Infrastructure Bill to classify ICT vandalism as an economic crime, coupled with strict penalties, is necessary to mitigate these risks, safeguard investments, and ensure uninterrupted service for all users.

DATA PROTECTION HARMONIZATION ACROSS EAC

Legal and Legislative Frameworks

East African Community (EAC) member states have varying levels of data protection legislation. Kenya and Rwanda, have more advanced data protection laws (e.g., Kenya's Data Protection Act of 2019 and Rwanda's Law No 058/2021 of 13/10/2021 while other countries like Burundi and South Sudan who do not have a Data Protection Law lag behind.

Harmonizing the data protection policy across the EAC region that aligns national laws with global standards like the General Data Protection Regulation (GDPR) to streamline data sharing and protect citizens' privacy. This particular initiative could be spearheaded by the East African Legislative Assembly (EALA).



DRIVER 3.

COMPETITIVE COST OF RAW MATERIALS & AVAILABILITY

Kenya's ability to attract investment, foster employment, and achieve inclusive economic growth is constrained by high raw material costs and limited market access. Key challenges include:

- **High Raw Material Costs:** The Kenya National Bureau of Statistics reports a 15.2% increase in raw material costs in 2023, attributed to heavy taxes and import duties. This burden places Kenyan manufacturers at a disadvantage compared to peers in Tanzania and Ethiopia, where streamlined import processes and lower taxes reduce input costs.
- **Inconsistent Tariff Regimes:** Inconsistent tariff applications within the East African Community (EAC) add approximately 5% to the cost of goods for Kenyan businesses, creating market fragmentation and hindering intra-regional trade.
- **Limited Market Access:** Infrastructure inefficiencies at key entry points like the Port of Mombasa, where only 40% of cargo is cleared within the free storage period, drive up costs. Similarly, delays at border points such as Malaba and Busia—averaging 7 days—exacerbate trade expenses, further impacting Kenya's competitiveness.

Addressing these issues through tax reforms, tariff standardization, infrastructure development, and streamlined export processes is essential to enhancing Kenya's regional and global competitiveness.

Event Programme

7:00 - 8:30 AM	ARRIVAL, REGISTRATION AND HIGH TEA KEPSA & NATIONAL ASSEMBLY	
9:00 – 10:00 AM	UNLOCKING SYNERGIES FOR SECTOR GROWTH: BRIDGING POLICY AND PRACTICE	SESSION CHAIRS: Hon. Kimani Kuria, MP Chair Finance & National Planning Eng. James Mwangi, EBS Past Chair/Member Association of Consulting Engineers of Kenya
	ONE-ON-ONE SECTOR SPECIFIC SESSIONS: Engaging one-on-one with Parliamentary Departmental Committee Leaders offers a unique opportunity for private sector players to directly influence legislative frameworks, ensuring policies are aligned with industry needs for sustainable growth. By collaborating in these sessions, we can drive sector-specific reforms, foster innovation, and create a business environment that thrives on clear, forward-looking regulation	Departmental Committee Chairs of Parliamentary Committees and KEPSA Sector Board chairs and vice chairs and businesses in that sector
10:00 - 10:30 AM	TEA BREAK	
10:30 - 11:00 AM	OPENING SESSION	SESSION CHAIR: Hon. Gladys Boss, MGH, MP Deputy Speaker National Assembly
	WELCOMING REMARKS:	Mr. Samuel Njoroge Clerk of the National Assembly Dr. Jas Bedi, EBS, MBS Chairperson KEPSA Hon. Junet Mohamed, CBS, MP Leader of the Minority Party Hon. Kimani Ichungw'ah, EGH, MP Leader of the Majority Party
	KEYNOTE ADDRESS:	Rt. Hon. (Dr.) Moses Wetang'ula, EGH, MP Speaker of the National Assembly

11:00AM - 12:30 PM	KEPSA Presentation on the Theme, Expectations, the 5 pillars and Reflections from the past SRTs	Ms. Carole Kariuki, EBS, MBS Chief Executive Officer, KEPSA
12:30 - 1:30 PM	PANEL DISCUSSION ON KEY COMPETITIVE DRIVERS: → Logistics and Infrastructure → Cost & Availability of Utilities → Labor Productivity	SESSION MODERATOR: Ms. Brenda Mbathi Vice Chairperson, KEPSA <hr/> PANELISTS: THE NATIONAL ASSEMBLY Hon. James Gakuya Mwangi, MP Chairperson Departmental Committee - Trade & Industry Hon. Vincent Musyoka, MP Chairperson Departmental Committee – Energy Hon (CPA) Francis Kuria Kimani, MP Chairperson Departmental Committee - Finance & National Planning Hon. John Mutunga Kanyuithia, MP Chairperson Departmental Committee - Agriculture & Livestock KEPSA Auni Bhaiji Regional Director, External Affairs, Development & Operations, Africa Global Logistics Mr. Rajan Shah Immediate Past Chairperson Kenya Association of Manufacturers Mr. Macharia Muthondu 1st National Vice President Federation of Kenya Employers
1:30 - 2:30 PM	PLENARY	SESSION CHAIR: Rt. Hon. (Dr.) Moses Wetang'ula, EGH, MP Speaker of the National Assembly
	JOINT COMMUNIQUÉ	Representative from the National Assembly Dr. K. K. Gakombe Chairperson, Kenya Healthcare Federation
	CLOSING SESSION	Ms. Carole Kariuki, EBS, MBS, HSC Chief Executive Officer, KEPSA Rt. Hon. (Dr.) Moses Wetang'ula, EGH, MP Speaker of the National Assembly
2:30 PM	LUNCH & DEPARTURE	

PROGRAMME COORDINATORS**NATIONAL ASSEMBLY**

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