

THE NATIONAL ASSEMBLY ROUNDTABLE WITH KEPSA:

REFLECTION ON THE PAST SPEAKER'S ROUNDTABLE, THE 5 PILLARS AND EXPECTATIONS

TUESDAY, OCTOBER 29TH, 2024 AT 11:00AM

VENUE: ENASHIPAI RESORT & SPA, NAIVASHA



ABOUT KEPSA:

- We have established PPD platforms with all arms of government through which we deliver our mandate of bringing the private sector together to speak in one voice.
- Members are distributed into sector boards of their interest.
- We engage members, collate, harmonize and present the to Government and other stakeholders and work on solutions together.

CHIEF JUSTICE ROUNDTABLE

MINISTERIAL MEETINGS

PLATFORMS WITH SELECTED
STATE AGENCIES,
DEPARTMENTS E.G. KRA, AG,
CBK, IMMIGRATION

PRESIDENTIAL
ECONOMIC
ROUNDTABLE



DEVELOPMENT PARTNERS' FORUM
(DPF)
Chaired by Deputy President

SPEAKER'S ROUNDTABLE (SRT)
BOTH NATIONAL ASSEMBLY &
SENATE

COUNCIL OF GOVERNORS FORUM
(COG) & COUNTY ECONOMIC BLOCS

REGIONAL FORUMS (EAC, TFTA,
AFCFTA) AND GLOBAL FORUMS (E.G.
Global Compact, P4G, CoP)

INDUSTRY & BLUE ECONOMY CLUSTER



Agriculture,
Livestock &
Fisheries



Environment &
Forestry



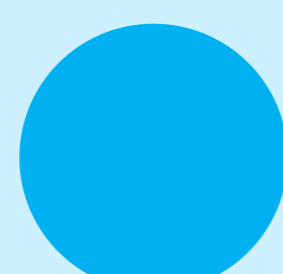
East African
Community &
Affairs



Tourism



Trade &
Industrialization



Water &
Sanitation

INFRASTRUCTURE CLUSTER



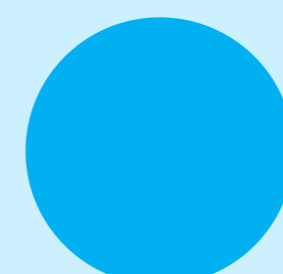
Energy &
Extractives



Housing, Land &
Physical Planning



Security



Roads



Transport

FINANCE, PLAN. & DEVOLUTION CLUSTER



Devolution &
Planning



Education



Health



Labour & Social
Protection



Public Finance

SME, DIGITAL & CREATIVES CLUSTER



SME



Sports,
Arts & Culture

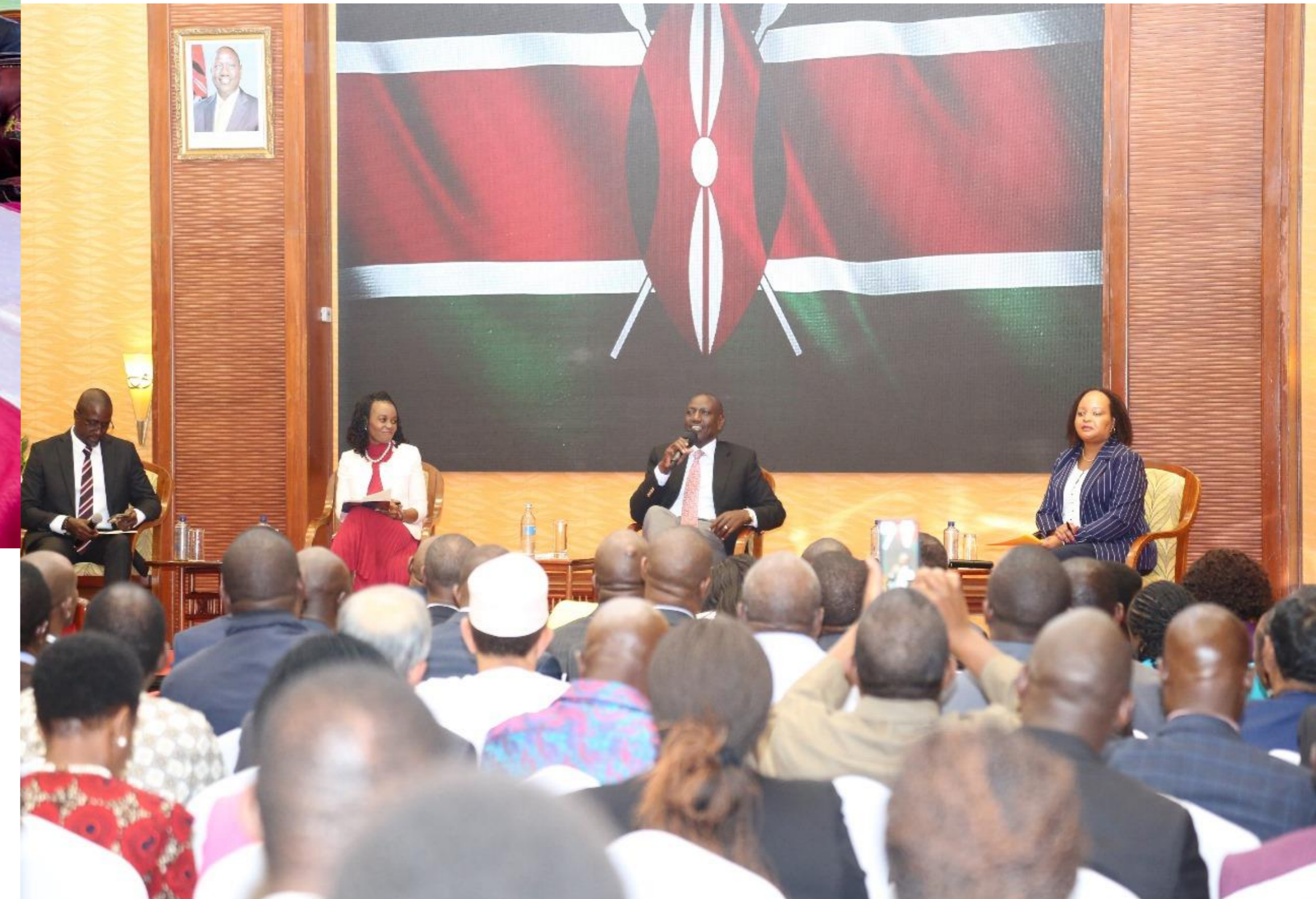


ICT & Digital
Economy

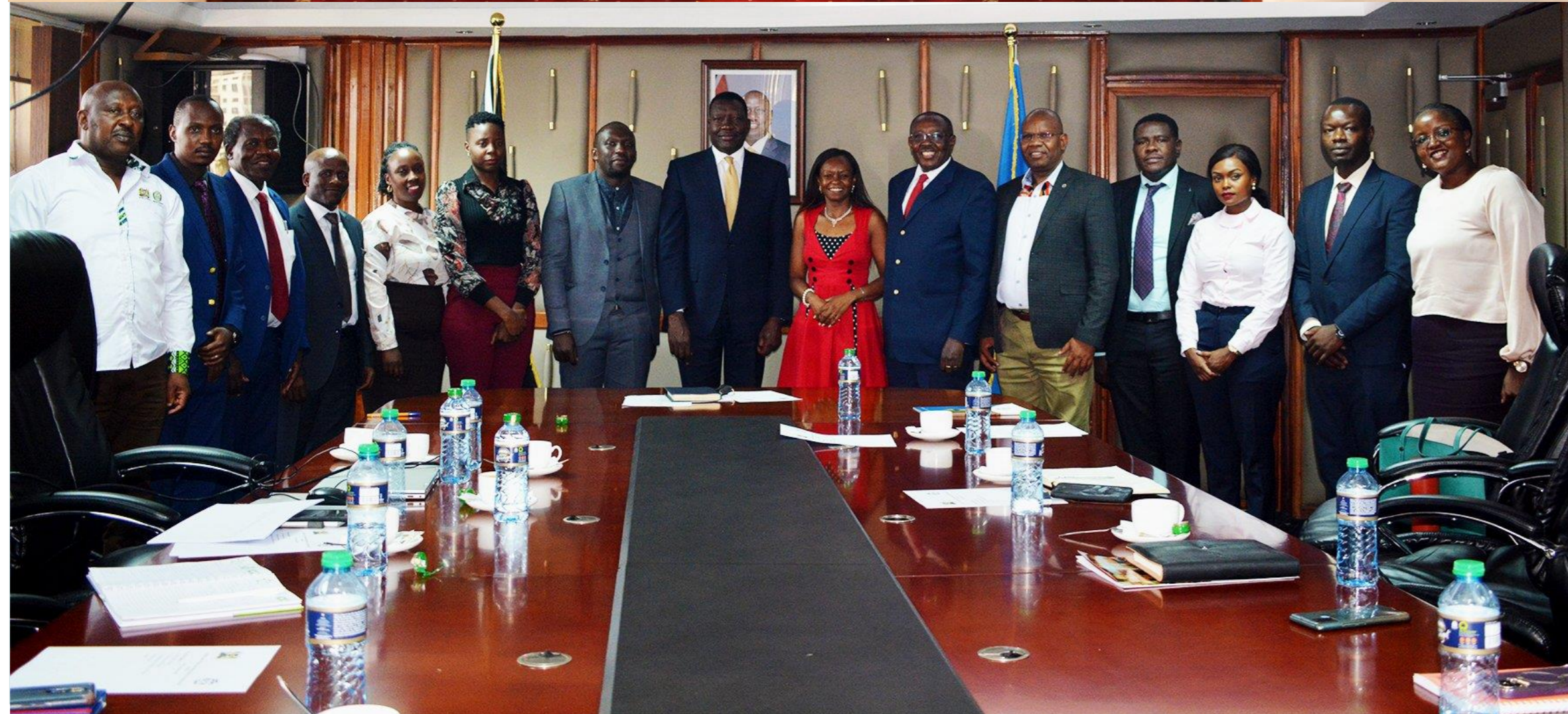
PRESIDENTIAL ROUNDTABLE (PRT)



- ❖ An engagement with H.E The president on cross cutting issues of national importance affecting the economy as well as those issues that require his direct intervention as Head of State.
- ❖ Implementation of resolutions and commitments from this platform is cascaded down to the respective implementing Ministries and other arms of government. This is the apex PPD platform in the country.



MINISTERIAL MEETINGS



❖ A platform that brings together respective Ministries and KEPSA Sector Boards regularly to address sector specific priority issues relating to policy, administrative and operational issues affecting them

SPEAKER'S ROUNDTABLE (SRT)

PLATFORM



ENGAGEMENT



- ❖ At the start of each Parliamentary term, KEPSA holds inaugural SRTs with both Houses of parliament where over half the members are usually new. These sessions aim to raise awareness of Parliament's role in creating a conducive business environment, set the business legislative agenda, and serve as an induction platform for new legislatures, and KEPSA members to foster collaborative working relationships.
- ❖ Through the SRT process, KEPSA has engaged Parliament on more than 200 laws relevant to the business community.

COUNCIL OF GOVERNORS (COG) FORUM

PLATFORM



ENGAGEMENT



- ❖ A partnership with Governors that meets annually. The forum provides a platform of dialogue and stocktaking on devolution besides establishing mechanisms for better interaction and coordination between the Private Sector and Council of Governors

CHIEF JUSTICE ROUND TABLE



❖ A forum aimed at improving the Commercial Justice process in a manner that ensures efficient resolution of Commercial and Industrial Relations Disputes as well as discuss other ways the Judiciary can facilitate an enabling business environment

HISTORICAL PERSPECTIVES ON THE SPEAKER'S ROUNDTABLE



- ⦿ The partnership between KEPSA and the National Assembly has been a cornerstone of Kenya's economic development since its inception in 2009. This collaboration emerged from a shared recognition of the need for a unified voice in advocating for policies that foster a conducive business environment and drive national growth, particularly in the face of challenges such as corruption, unemployment, and economic instability.
- ⦿ The formal engagement began with a pivotal two-day joint conference held on August 14-15, 2009, at Leisure Lodge in Mombasa under the leadership of the then House Speaker, Hon. Kenneth Marende. This event not only marked the beginning of a strategic alliance but also established the Annual Speaker's Round Table as a vital platform for dialogue between the private sector and lawmakers. The foundational goals of this partnership were to enhance public-private dialogue, influence policy formulation, and ensure that the business community's perspectives were integrated into legislative processes.
- ⦿ Over the years, KEPSA and the National Assembly have maintained a consistent dialogue through regular meetings, with notable gatherings such as the 5th Speaker's Round Table on October 5, 2018. This meeting focused on the Big Four Agenda, emphasizing how collaborative efforts could drive economic growth across key sectors like manufacturing, healthcare, housing, and agriculture

FOCUS OF THIS YEAR'S ROUNDTABLE



THE 7TH KEPSA-NATIONAL ASSEMBLY SPEAKERS ROUNDTABLE



THEME:

ADDRESSING THE DRIVERS OF COMPETITIVENESS

It's never happened in history that every region in the world could affect every other region simultaneously.

The Roman empire and the Chinese empire didn't know much about each other and had no means of interacting. Now we have every continent able to reach every other.

***Former US Secretary of State ~
Henry Kissinger***



The Global Reset

Second World War

- *Japan vs Germany/Europe/ US*

Establishment of a structure to prevent the recurrence of the world war

- *Bretton Wood Conference Institutions (1944)*
- *Dollar as a reserve currency*
- *UN General Assembly (1945)*
- *NATO (1949)*
- *Cold War (1947-1991)*

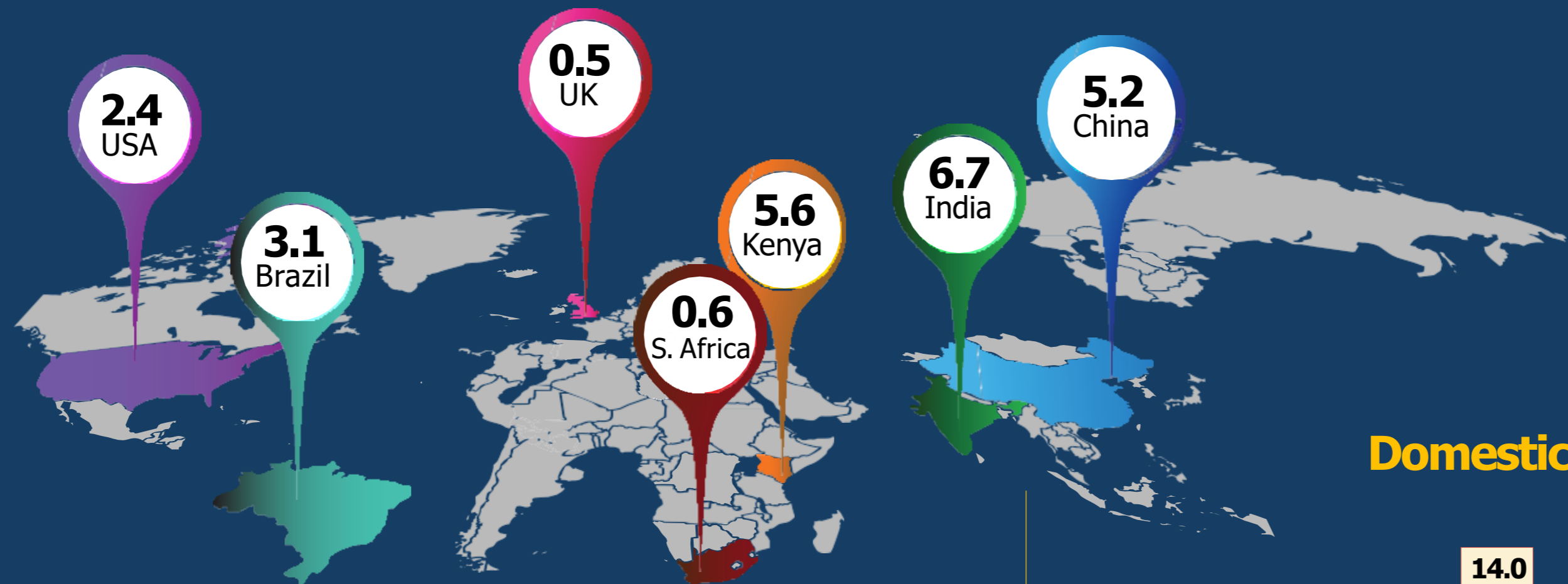
Formation of trade treaties

- *European Union (1993)*
- *Trans-Atlantic Partnership (2013)*
- *Trans-Pacific Partnership (2005-2016)*

01 International Scene

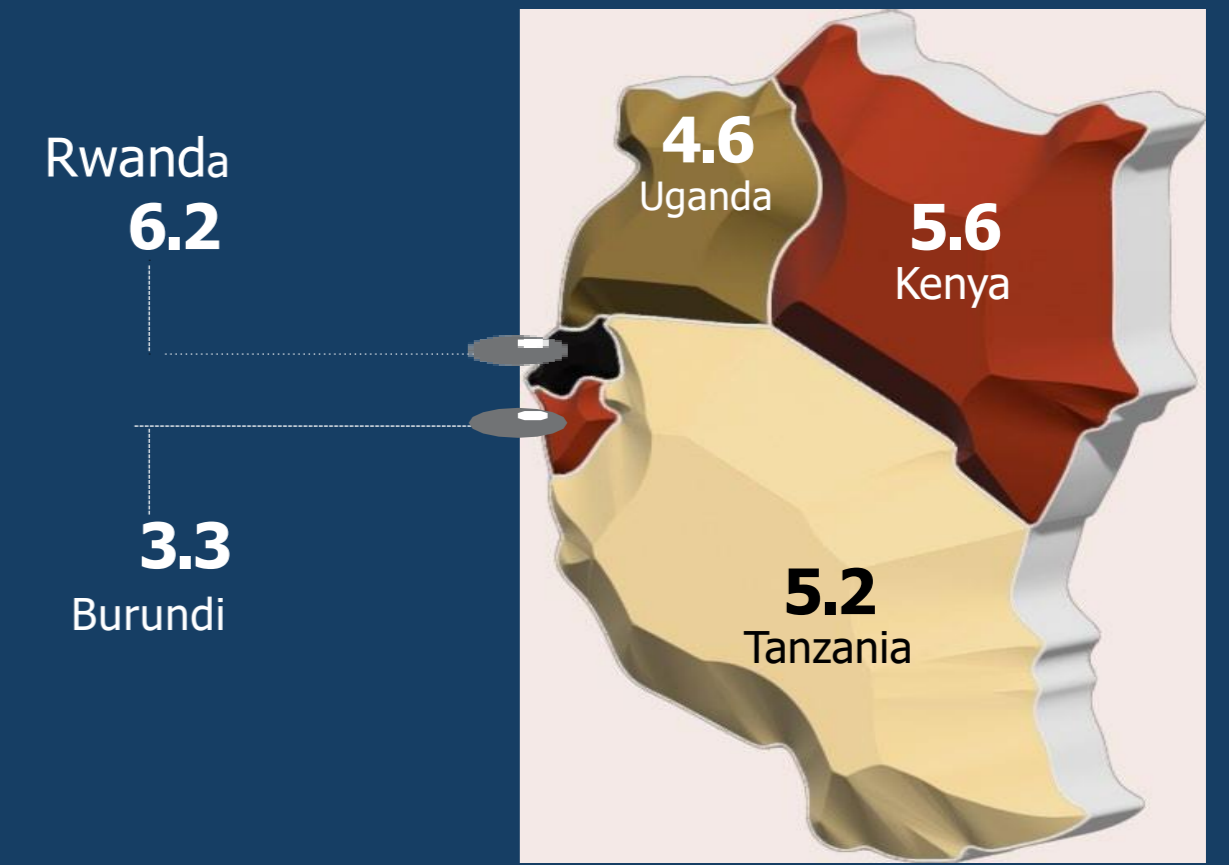
World real GDP slowed to 3.1% in 2023 compared to 3.5% in 2022. The slowdown was more pronounced across advanced economies than in Emerging Markets and Developing Economies (EMDEs).

Real GDP Growth Rates of Selected Economies in 2023 (%)



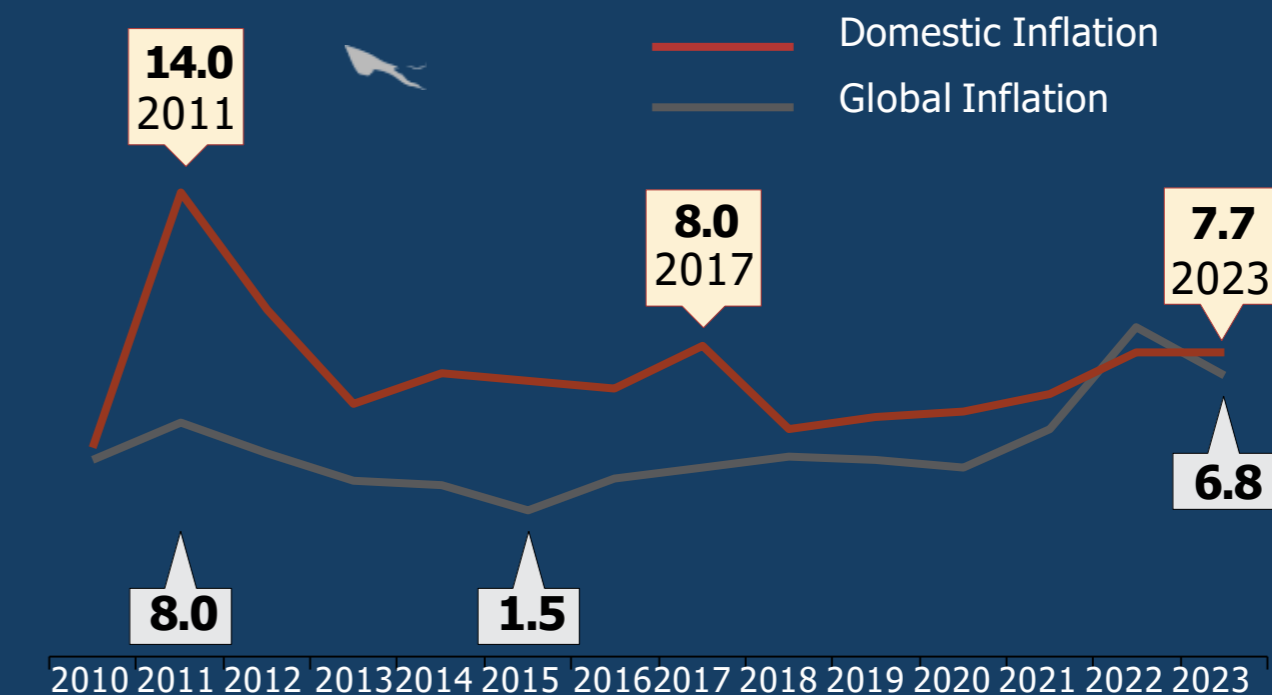
Key World Economic Indicators (%)

	2021	2022	2023	2024
World Real GDP Growth	6.3	3.5	3.1	3.1
World Inflation	4.7	8.7	6.8	5.8
World Trade Growth	10.9	5.2	0.4	3.3
World Unemployment Rate	6.1	5.3	5.1	5.2



Real GDP Growth Rates of EAC Countries (2023(%))

Domestic versus Global inflation 2010 - 2023 (%)



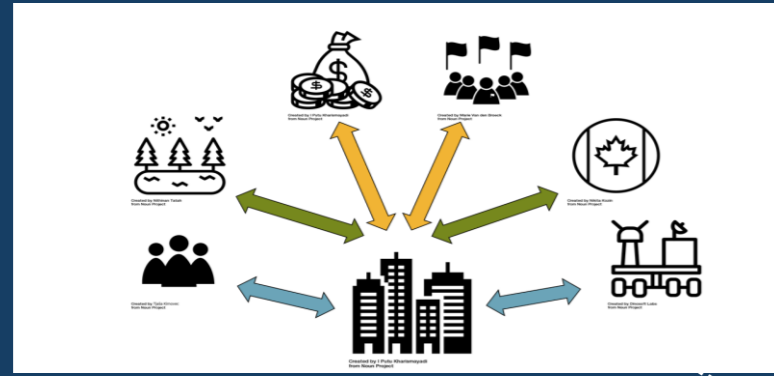
AFRICA OPPORTUNITY

A coordinated & Integrated Africa is a Relevant Africa;

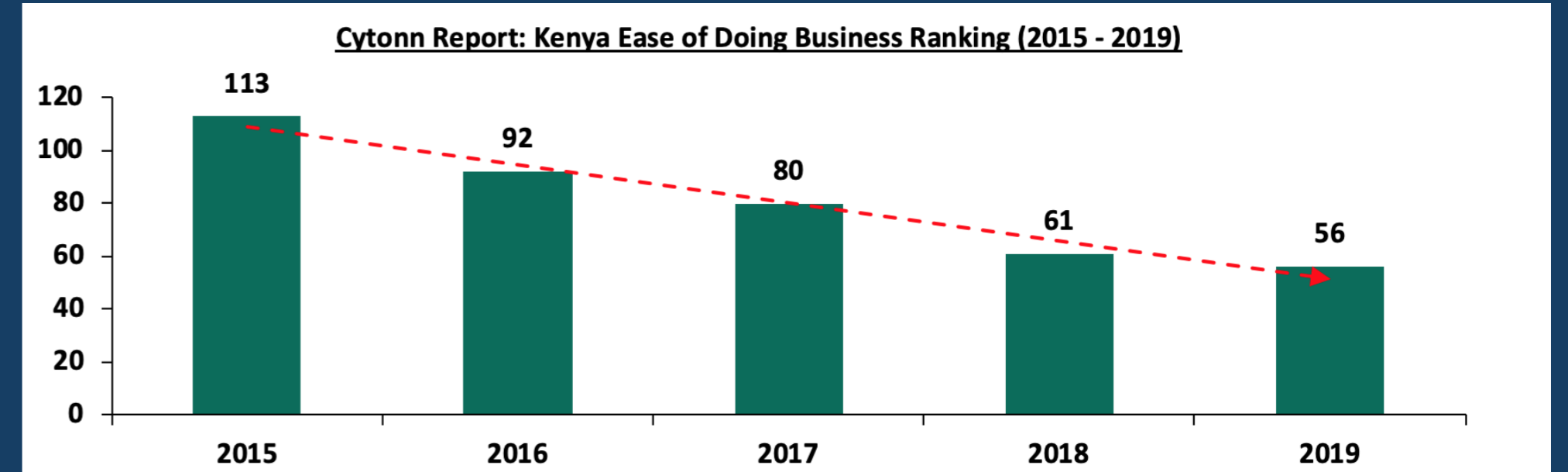
Africa's % of Global GDP	2.8%
Africa's % of Global Trade	3.0%
Africa's % of Global Passenger Traffic	2.4%
Africa's % of Global Manufacturing	2.8%
Africa's % of Global Energy Consumption	3.4%
Africa's % of Global Food Supply	8 %

Africa's % of Global Population	17%
Africa's % of Global Land Mass	20%
Africa's % of Global Arable Land	65%
Africa's % of Global Renewable Fresh Water	10%
Africa's % of Global Natural Resources (Minerals)	30%

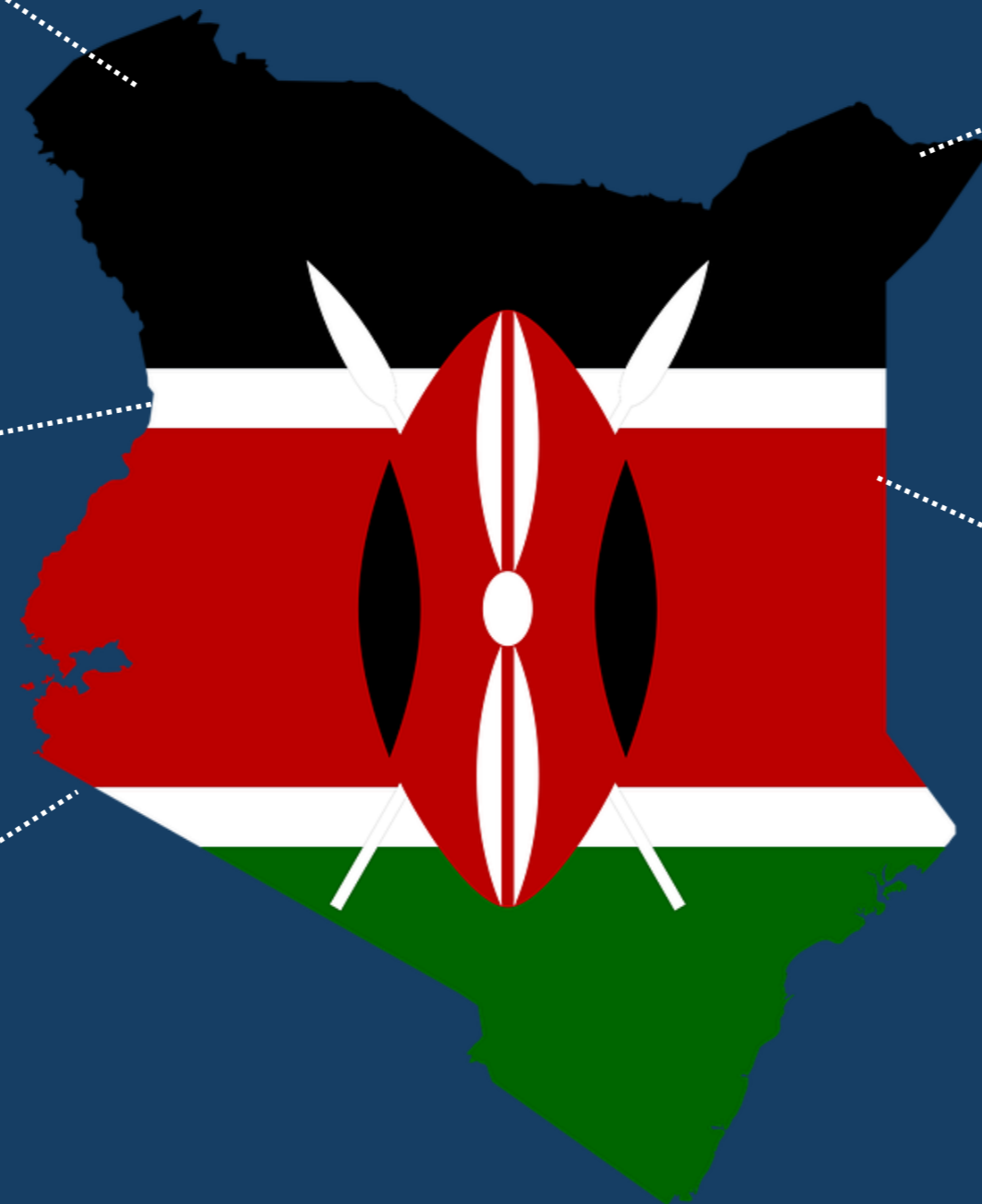




Kenya is classified as a lower-middle income with a GDP Per Capita of \$ approximately \$1,813.76 as of 2023



Kenya is ranked 56th out of 190 economies in the 2020 World Bank's Ease of Doing Business Report Index. According to the Index Kenya is the 3rd most competitive economy in Africa after Mauritius and Rwanda



Around 84% of the population have access electricity



Approximately 32% of Kenyan population is urbanized but only 1 in 10 Kenyans live in the capital, Nairobi

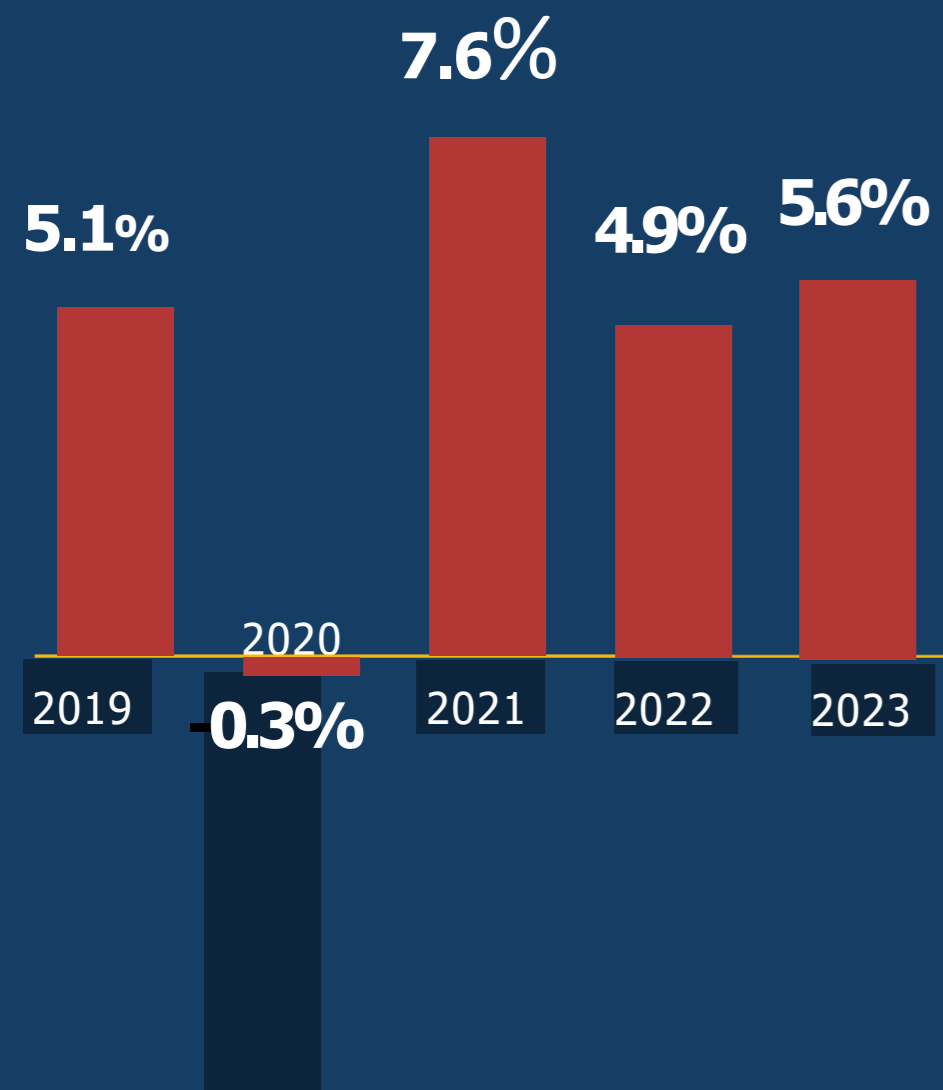


As of July 2024, approximately 70% of web traffic in Kenya occurs via mobile devices, indicating a significant reliance on mobile internet for connectivity

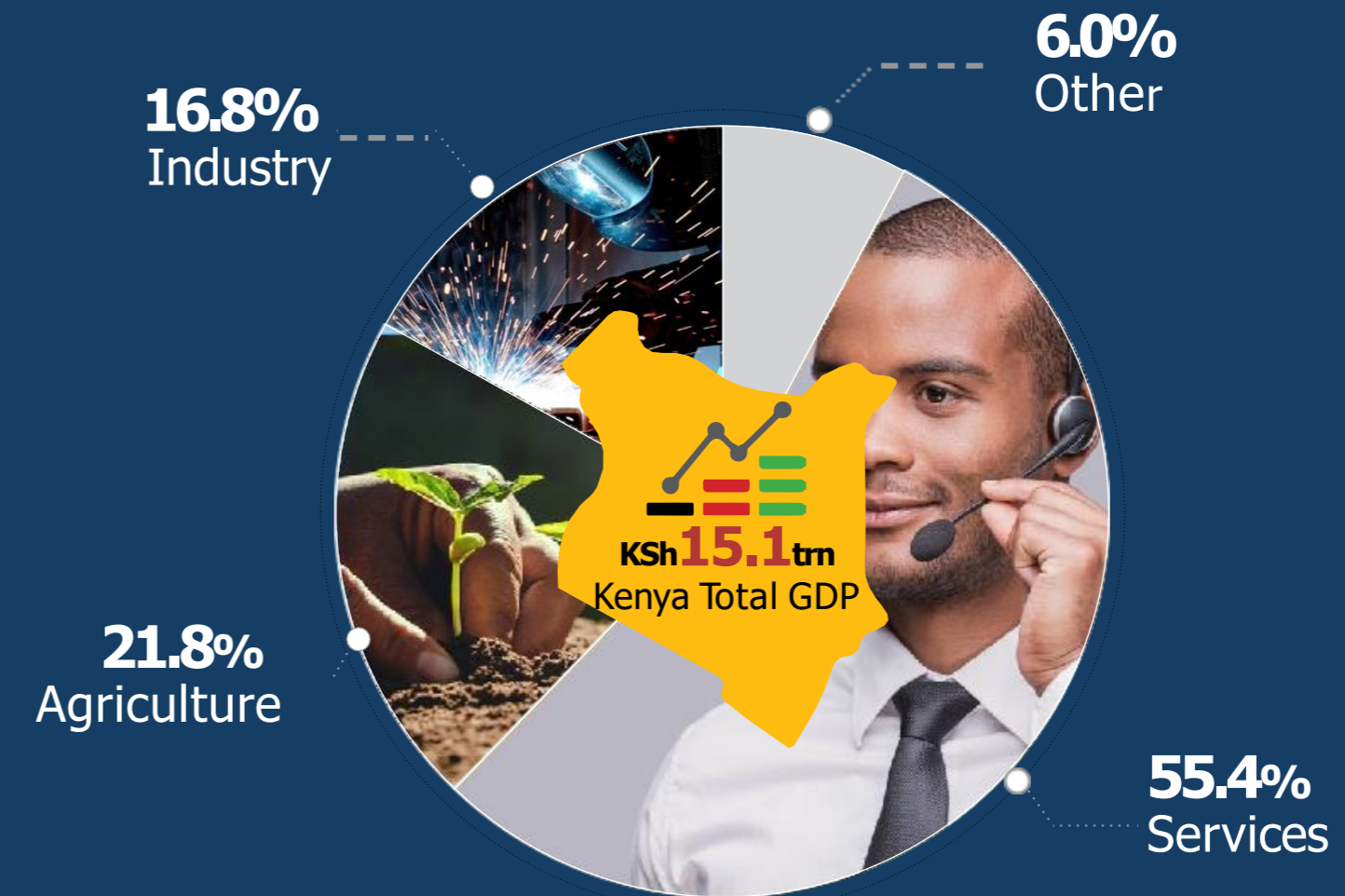
Economic Survey 2024-National

02 Economic Performance

GDP Growth Rates 2019 - 2023 (%)



Share of GDP by Economic Sector (2023)



Key Macro-economic Indicators (%)

Indicator	Unit	2019	2020	2021	2022	2023
Inflation	%	5.2	5.4	6.1	7.7	7.7
Current Account as a percentage of GDP	%	-5.2	-3.7	-5.1	-5.1	-4.0
CBR Rate	%	8.50	7.00	7.00	8.75	12.5
KSh/USD Forex Rate	KSh	101.99	106.47	109.65	117.87	139.85



\$2,097
GDP Per Capita,
2023



Key strategic and legislative priorities for KEPSA and National Assembly



Priority 1
Spurring jobs and
inclusive wealth
creation



Priority 2
Social transformation
for bridging the
inequalities



Priority 3
Enhanced
governance and
economic stability



Priority 4
Cutting edge
innovation &
investment in
competitive human
capital



Priority 5
Creating a globally
competitive business
environment

KEY ACHIEVEMENTS OVER THE YEARS WITH NATIONAL ASSEMBLY

- National Policy to support Enhancement of County Governments' Own-Source Revenue, and the County Government (Revenue Raising Process) Bill (2017)
- Integrated National Wage Policy
- Repeal Section 46 of Labour Institution Act (2007) (Publications of Wages Order)
- Implementation of the Trade Remedies Act (2017)
- The Kenya Trade Remedies Bill, 2017
- Enactment of the East African Counterfeit Bill
- Finalization of the Preference and Reservation Regulations under PPDA (2015)
- Movable Property Security Rights Act (2017)
- ▶ Warehouse Receipt System Act, 2018
- ▶ Statute Law (Miscellaneous Amendment) Bill 2018
- ▶ The Business Laws (Amendment) Act No. 1 of 2020
- ▶ THE BUSINESS LAWS (AMENDMENT) (NO. 2). ACT, 2021. No. 1 of 2021.
- ▶ The Climate Change (Amendment) Act, 2023
- ▶ The Primary Health Care Act, 2023
- ▶ The Facilities Improvement Financing Act, 2023
- ▶ The Digital Health Act, 2023
- ▶ The Social Health Insurance Act, 2023.
- ▶ Irrigation Act, 2017

ROUNDTABLE OBJECTIVES & EXPECTED OUTCOMES

Roundtable Theme:

Addressing the Drivers of Competitiveness.

Objective:

To strengthen collaboration between the private sector and the National Assembly, focusing on reforming Kenya's business environment by addressing critical drivers of competitiveness—specifically logistics, cost of utilities, and labor productivity—to foster sustainable economic growth and position Kenya as a globally competitive economy.

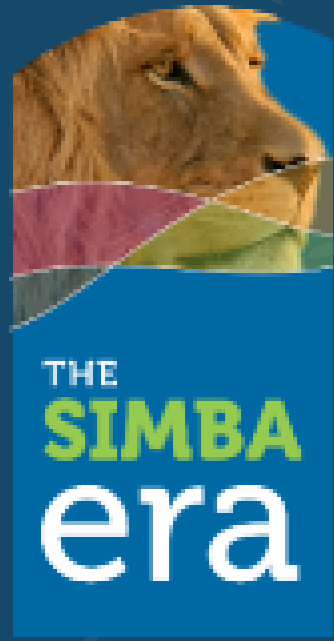
Expected Outputs:

Enhanced Policy Alignment: Clear policy recommendations for improving logistics, reducing utility costs, and boosting labor productivity to enhance Kenya's business competitiveness.

Strategic Action Plan: An actionable roadmap developed collaboratively by KEPSA and the National Assembly to address identified competitiveness barriers.

Commitments for Legislative Support: Agreements from National Assembly leaders to prioritize legislative reforms aligned with private sector needs.

Joint Communiqué: A formal statement summarizing key decisions, commitments, and next steps to drive Kenya's economic competitiveness forward.



GLOBAL COMPETITIVENESS AGENDA: What we Need to do...



Competitive Logistics and Utilities – KEPSA NBA IV

• Port Inefficiencies

- Address Mombasa Port inefficiencies that reduces competitiveness of our businesses. Only 40% of cargo is cleared within the 4 days free period at ICDN - leading to increased cost of business arising from storage, remarkshaling charges and demurrages.
- High cost of air cargo transport further reduces competitiveness of our businesses.

• Challenges with Export Cargo Processing at the Borders

- Address challenges with export cargo processing at the borders and extend export office working time, and dealing on long truck queues at borders.
- It takes an average of 1 week to cross borders because KRA insists on sighting empty track containers resulting to long truck queue.
- No parking area in Malaba and Busia borders on the Kenyan side.
- Both Malaba and Busia borders don't have scanners and so trucks carrying exports have to be verified at NCPB. Limited export office working time (9am- 4pm).

• High cost of and limited access to power and internet

- In the last decade, the high cost of electricity has risen by over 70%, with about 40% of the consumer tariff being taxes and levies.
- Lack of clarity on Data protection laws and regulation harmonization across the EAC Region.
- High cost of laying internet fibre due to duplicity of taxes and energy costs.
- Industrial Cost of Electricity in Kenya is US\$ 0.15 per kilowatt of electricity compared to Ethiopia, Egypt, Uganda and Tanzania at US\$ 0.04, US\$0.06, US\$ 0.12, and US\$ 0.09 respectively –this leads to high cost of doing business.

Competitive Cost of Raw Materials – KEPSA NBA IV

• High Cost of Raw Materials

- This is the cost of the materials taken at world price (border price parity). It offers no competitive disadvantages – except when administrative, taxes, and regulatory burden is added.
- High and multiple taxes / levies on imported raw materials & inconsistencies with EAC import tariff regime.
- Focus on sustainable budgeting and reversing the counterproductive revenue generation measures that increases the cost of raw materials
- Expedited refund of outstanding tax credits and ensuring ease and transparency of tax payments.

• Lack of linkages, market intelligence and access to markets

- Curbing prevalence of (1) Illicit Trade, (2) Non-Tariff Barriers and (3) the expansion of EAC stay of applications by individual countries undermining the protocol and distorting trade Lack of market intelligence for opportunities locally and externally for goods and services.
- Unguided Economic Diplomacy –leading to missed opportunities
- Inadequate branding and awareness of local content.

Enhancing Labour Productivity

Inefficiencies in the Labour Market leading to unsustainable businesses

- Non-enforcement of the employment and labour laws has increased litigation, thus raising employers' operational costs.
- 40% of high-skilled youth labour work in less productive sectors due to high unemployment rates compared to national average of 7.2%. This leads to low production and innovation capacity, high cost of doing business and barriers to entry into the formal sector.
- Reduced workforce productivity: due to workers' demoralization arising from increased statutory deductions and pay slip deductions.
- The Recognition of Prior Learning (RPL) framework lacks a national policy therefore not all trades have been included in the current RPL framework and guidelines
- Weak social protection policies: Lack of a framework to protect employees in case of job losses.

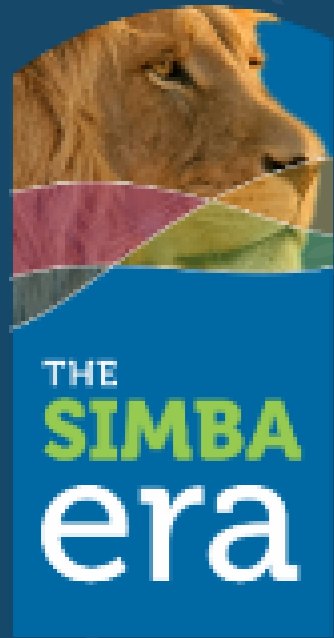


GET IN TOUCH

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KEPSA Acting Deputy CEO at
egachugu@kepsa.or.ke



ANNEX

A Spotlight on Laws

A table summarizing key bills, policies, and regulations alongside their anticipated impacts that KEPSA has participated in their review towards an conducive business environment:

Spotlight on the Laws

	Bill/Policy/Regulation	Anticipated Impact
1.	County Licensing (Uniform Procedures) Bill, 2022	Establishes standardized licensing procedures across counties, reducing administrative burdens on businesses.
2.	Investment Promotion and Facilitation Bill, 2023	Creates a comprehensive legal framework to attract and support local and foreign investments, boosting economic growth.
3.	Private Security Regulations, 2024	Sets clear standards and guidelines for private security, enhancing professionalism, compliance, and sector credibility.
4.	Capital Markets (Public Offers, Listings, and Disclosures) Regulations, 2023	Lowers entry barriers for SMEs to access capital markets, fostering growth and innovation in the private sector.

Spotlight on the Laws

5.	Mining (Amendment) Bill, 2023	Simplifies licensing processes, defines county roles, and provides investment incentives to attract investors.
6.	Finance Bill, 2024	Clarifies tax-related definitions, extends investment allowances, and adjusts VAT thresholds to ease compliance for businesses.
7.	Startup Bill, 2022	Encourages innovation and technological growth by providing a supportive ecosystem for startups, boosting entrepreneurship.
8.	Competition (Amendment) Bill, 2024	Strengthens the Competition Authority's capacity to address digital

Spotlight on the Laws

		economy antitrust issues, fostering fair competition.
9.	National Disaster Risk Management Bill, 2023	Promotes collaboration in disaster preparedness, minimizing disruptions and economic losses, and strengthening resilience.
10.	Strategic Goods Control Bill, 2024	Balances trade and security in handling strategic goods, aligning with global treaties and enhancing security standards.
11.	National Transport and Safety Authority (Amendment) Bill, 2024	Streamlines transportation regulations, reducing costs and promoting private investment in logistics infrastructure.
12.	Public Participation Bill, 2024	Establishes a structured public engagement framework, enhancing transparency, inclusivity, and legislative legitimacy.