

The EXPORT AGENDA



Why Kenya Needs to Support Its Industries.

Multi-billion Shillings' Investors Flock into Export Processing Zones.

SME's Plunge into Manufacturing Pays Off

◀ **INSIDE**



KENYA EXPORT
PROMOTION & BRANDING
AGENCY



**MAKE IT
KENYA**



GROWN
IN
KENYA



MADE IN
KENYA





A glimpse of what we do



In patnership with various producers



"We create economic opportunities for underserved artisans in rural Kenya and Uganda"

Buy from : www.craftswithmeaning.org/shop

: Or visit our shop, Atisano, at

The Well, Langata road, Karen. Ground Floor, Shop B12



KENYA EXPORT PROMOTION & BRANDING AGENCY



Vision

To transform Kenya into a top global Brand



Mission

Brand Kenya, Export Kenyan, Build Kenya

Tagline

Inspiring Global Trade

The Kenya Export Promotion and Branding Agency (KEPROBA) is a State Corporation established under the State Corporations Act Cap 446 through Legal Notice No.110 of August 9th, 2019 following the merger of the Export Promotion Council and Brand Kenya Board.

Its Core Mandate is to implement export promotion and nation branding Initiatives and policies to promote Kenya's export of goods and services.

A publication of the Kenya Export Promotion & Branding Agency (KEPROBA)

Copyright © 2021



Are you happy with our services? Email

enquiries@brand.ke



MAHOGANY ORGANICS AFRICA

Mahogany Organics

A plant-based hair care product line, offering the best of nature for strong and healthy hair.

MADE IN KENYA

@MakeltKenya | www.brand.ke #BuyKenyaBuildKenya



FARM ENGINEERING INDUSTRIES LTD

A Leading manufacturer and Distributor of farm equipment and machinery.

MADE IN KENYA

@MakeltKenya | www.brand.ke #BuyKenyaBuildKenya



KAYA NUTS

Locally-made flavoured cashew nuts.

MADE IN KENYA

@MakeltKenya | www.brand.ke #BuyKenyaBuildKenya



OBAO

AUTHENTICALLY KENYAN

Super Obao- Organic Baobab-based food and skin-care products.

MADE IN KENYA

Head Office

1st and 16th Floor Anniversary Towers, University Way
P.O. Box 40247 00100 GPO
Nairobi, Kenya.
Tel. +254 20 222 85 34-8;
Cell: +254 722 205 875, | +254 734 228 534
Fax: + 254 20 222 85 39 | + 254 20 221 80 13
Email: chiefexe@KEPROBA

Whereas every editorial care has been taken, Kenya Export promotion and Branding Agency accepts no responsibility for errors or omissions in the articles. The views expressed herein are those of the contributors and do not necessarily reflect those of the Agency.

No part of this publication may be reproduced in any form or by any means without the prior permission of the publisher.

Editorial



MAUREEN MAMBO
Editor-in-Chief

Dear Reader,

Once again, we are pleased to present another edition of the Export Agenda Magazine. This issue focuses on manufacturing in Kenya, a key driver of development. We have included statistics on the sector as well as stories of Kenyans who have made outstanding contributions to manufacturing. The government's contribution towards the sector by creating special economic zones has also been featured in this issue.

Industries require a source of energy to power their production. In this issue, we explore energy management and renewable energy sources. The Buy-Kenya, Build-Kenya initiative was started in order to spur the consumption of locally made goods. The impact of the initiative on manufacturing has been highlighted in this issue.

Manufacturing holds the key to economic growth in Kenya. One of the avenues for growth is to add value to agricultural produce, thus increasing the variety of goods and fetching higher prices in the market.

I hope you enjoy this Issue

Enjoy!

THE BOARD OF DIRECTORS

Mr. Jaswinder Bedi, EBS, MBS - Chairman
Mr. Oliver Konje - Alt. to PS State Department for Trade and Enterprise Development
Mrs. Veronica Okoth:- Alt. to PS, The National Treasury
Ms. Leah Aywah Baraza :- Alt. to the Attorney General
Ms. Kathleen Kihanya :- Independent Director
Mr. Mark Bichachi - Independent Director
Ms. Jacqueline Muga - Independent Director
Dr. Wilfred Marube - Chief Executive Officer

THE EDITORIAL TEAM

EDITOR-IN-CHIEF:

Maureen Mambo

EDITORS:

Mariam Maina-Kamau
 Molly Wambui
 Joanne Wanjala
 Esther Maina

DESIGN & LAYOUT:

Samuel Njaaga

CONTRIBUTORS:

Dorcas Isaboke
 Moses Muchoki
 James Kariuki
 Robert Nyagah
 Chrispine Onyango
 Josiah Mwangi
 Nicholas Mundia
 Addriene Wacera

FOREWORD

Manufacturing is an essential ingredient for sustained economic growth and job creation all over the world. In Kenya, manufacturing is the second-largest driver of the economy, contributing ten per cent of the GDP.

In order to stimulate the manufacturing sector, the Government of Kenya implemented the Kenya Industrial Transformation Program which was aimed at developing the country into an industrial hub. The program emanated from the Vision 2030 which is a blueprint for transforming Kenya into a middle-income country by the year 2030. Within the economic pillar of the Vision 2030, the manufacturing sector shall be boosted by increasing local production, expanding to regional markets and taking advantage of global market niches.

The building of the Lamu Port has had a direct impact on manufacturing by turning Kenya into a transshipment hub. Value-addition has increased in the last seven years, with the Kenya Economic Survey reporting a growth of 25 per cent between 2015 and 2019. In addition, the government has designated ten special economic zones countrywide to spur manufacturing.

The future of manufacturing in Kenya will entail substantial investment in technology such as robotics and artificial intelligence, the development of a widespread telecommunications infrastructure as well as the adoption of e-commerce.



Dr Wilfred Marube, PhD

CEO Kenya Export Promotion And Branding Agency

WHY KENYA NEEDS TO SUPPORT ITS INDUSTRIES.

By Dorcas Isaboke, disaboke@apn.co.ke

Globally, manufacturing as a key function in value addition is revered due to its proven economic multiplier-effect in generating jobs, taxes, profits and investments into a country.

In its correlation with academia, manufacturing informs the curricula of training institutions at various levels from university, tertiary to technical institutions while leaving space for on-the-job training for semi-skilled workers as well as casual labourers.

Similar relationships exist with other sectors from production of raw materials, storage and transportation of raw materials from source to the factory and subsequent processing into finished goods for sale via retail stores as well as for exports.

According to the 2021 Kenya Economic Survey, credit advanced to enterprises in the manufacturing sector increased by 12.0 per cent to KSh 409.3 billion in 2020.

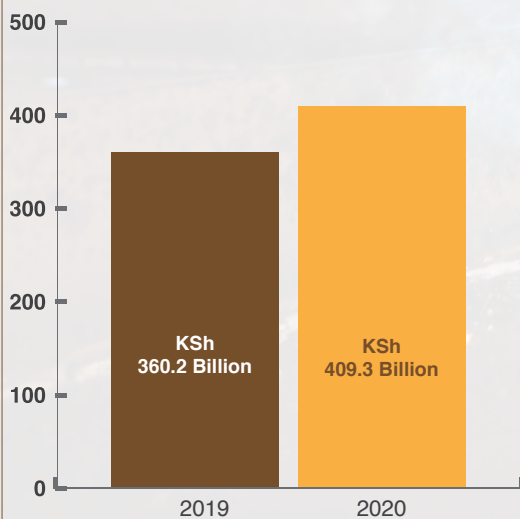
This was despite a major slump owing to the COVID pandemic especially

in manufacture of food products where processing of coffee dropped by 12.6 percent, manufacture of beverages (-16.7 percent) and processing of dairy products dropped by 5.7 percent.

Manufacture of bakery products slumped by 3.5 percent) while manufacture of grain mill products fell by 6.4 percent with processing and preserving fish reporting a 3.8 percent fall.

But there was a notable increase in manufacture of sugar and processing of tea by 36.9 percent and 22.8

CREDIT ADVANCE TO ENTERPRISES (Manufacturing) 2019-2020



2021 Kenya Economic Survey



percent. Manufacture of chemical and chemical products rose by 9.3 percent, pharmaceuticals (5.6 percent) and basic metals rose marginally by 1.1 percent.

While contribution of the manufacturing sector stood at 7.6 percent in the past year, Kenya hopes to raise the same to 15 percent by end of next year, thanks to ongoing private sector-government collaboration.

The manufacturing sector comprises 13 sub-sectors from textile and apparel which is fast emerging as a key export-bound industrial endeavour while the food and beverage sector serves both the local and export market.

With the four-year logging ban in place, the paper and board, and the Timber, wood and furniture sectors continue to provide solutions for various everyday use items such as doors, ceiling boards, plywoods among others while ongoing construction works in real estate, industrial and infrastructural installations continue to create a huge demand for iron products made by companies in the metal and allied sector.

The automotive sector has also reported hyped activities especially after public agencies were directed to buy locally assembled vehicles under the Buy Kenya-Build Kenya directive while the pharmaceutical and medical Supplies sector plays an important role in keeping the local and regional populations healthy.

In its quest to spur revival in the leather and footwear sector, the government has injected funds towards development of an export-bound leather products industrial park with strict export guidelines imposed to deter export of unprocessed leather.

Others include the energy, electrical and electronics, the chemical and allied,

the plastic and rubber and the building, construction and mining sectors.

Chief Economist, Ken Gichinga from Nairobi-based think-tank, Mentoria Economics spoke to Dorcas Isaboke on why manufacturing should become a key agenda in driving forward Kenya's economic transformation.

How important is manufacturing as a sector to Kenya's economy?

Manufacturing has the potential to create high quality jobs while generating useful products for the local and international market. In a country with a young population such as Kenya where the median age is 19 years, manufacturing has the opportunity to create jobs across the value chain right from the farms to the retail shops. The ripple effect means more than five times more skilled jobs than we currently have as well as generate products for a youthful population that is conscious of global consumer trends.

What mechanisms do thriving countries put in place to support manufacturing?

If you consider China- which is the largest manufacturing country in the world, it is not just about the cheap cost of labour. There is much more. It has to do with a low-tax environment, a moderate regulatory and compliance regime, and a competitively priced currency. Manufacturing firms in China receive financial boosts from the central government and are assisted to access foreign markets via the numerous bilateral trade agreements that China signs with friendly countries.

How has Kenya fared in supporting its industries?

There have been challenges not least with the high cost of energy as well as competition from cheap imports. We

export raw materials to foreign-based factories that count Kenya as their key market for their finished products. We need to support local industries by putting in place punitive duties for goods made with Kenya-sourced raw materials. Let those companies set up subsidiaries here as this will create hundreds of jobs for Kenyans as well as better prices for farmers. Minerals extracted in Kenya could rake in higher returns if value addition is done locally. That would mean more jobs for Kenyans and higher value exports than it is currently. Tea and Coffee could serve as a starting point on value addition.

Lastly, what can be done to fast-track or deepen gains from the manufacturing sector?

A good first step would be to create a stable and predictable business environment that can inform new investments into Kenya. Another would be creating a passion for innovation starting with major reforms in the education sector to support apprenticeship. The ongoing unpalatable conversation on 'half-baked' graduates can become a thing of the past if all students were subjected to a year-long internship in various sectors that are in line with their training. This could help training institutions stay in sync with the job market thereby helping them curate programmes that reflect the skills' need of particular industries.

Kenya also needs to set in place protective mechanisms that enable local companies to thrive amid competition from foreign companies.



KEPROBA - Buy Kenya Build Kenya Initiative and Manufacturing

Contracting Manufacturing Key to Spurring Inclusion of SMEs

nmundia@apn.co.ke

Kenya should vouch for contracting manufacturing to spread benefits accruing from the Buy Kenya, Build Kenya Initiative where local companies form local partnerships to fulfill requirements of public tenders.

A lobby group bringing together stakeholders across the leather value chain asserts that the initiative needs to be tweaked towards favoring large firms that provide proof of incorporating small and medium enterprises in their operations.

Describing the government initiative as a 'silver bullet' for local manufacturers, Leather Apex Society secretary general Beatrice Mwasi said time had come for Kenya to look at applicable means of trickling down the benefits via contract manufacturing.

She observed that three large and two medium-sized shoe-making reported brisk business last year after winning tenders to supply boots to the disciplined forces.

"These firms had machinery and financial capacity to fulfill the tenders but our SMEs that have skilled personal were apparently locked out for lack of machinery and financial muscle. To grow capacity, Kenya must moot a mechanism that recognizes SMEs contract manufacturing thereby enabling SMEs to gain experience and build their financial muscle," she said.

In an interview, Ms Mwasi welcomed the government-funded Kariakor Common Manufacturing Facility (CMF) saying it will help local cobblers and other leather article makers improve on the quality of products thereby enabling them to meet standards expected in both local, regional and international markets.

The CMF mooted as a key enabler towards realization of the manufacturing pillar was initiated in 2019 and is aimed at providing local leather product makers with a computer aided design manufacturing facility enabling them to produce world class products.

"Currently, Kenya exports shoes and other leather articles to regional markets, across Europe, Americas and to Asia in small quantities but CMF will usher in large scale production of high quality products at much lower prices. Kenya must prioritize activation of this facility with locals trained to operate and manage the CMF facility," she said.

Ms Mwasi said the Kariakor CMF could help local leather SMEs meet required standards for leather

products required by various public sector entities within the national and county governments.

Leather Apex Society has since urged SMEs in the leather industry to form partnerships within their ranks and approach financial institutions for funding to fulfill public tenders.

“This applies to SMEs across the board, we need partnerships that can approach big firms or the government to bid for various jobs. All we need is to train the SMEs on adherence to set quality standards and offer them relevant training on handling large contracts,” she said.

Ms Mwasi said Kenya needs to learn from Ethiopia where SMEs are being assisted to get piecemeal jobs along the textile and leather value chains by factories within the export processing zones.

Locally, vehicle assemblers usually contract body builders and fabricators to fulfill various orders received for buses, lorries, tankers, trailers and other purpose-built vehicles.

Engaging local SMEs, she said, also opens a cheaper and a robust mechanism for technology transfer where big firms facilitate training for personnel within partner-SMEs ahead of execution of various tasks.

This, she said, would also end instances where SMEs rely on family savings and small-time borrowings to meet their operational costs while opening up their facilities for expansion and hiring of more workers.

Ms Mwasi adds to fast track growth of local SMEs, the central and county governments should provide capital and acquisition of essential machines as it happened in Kitui where the county government funded and

facilitated establishment of a textile mills and cloth-making facility.

“Kenya’s goodwill to empower leather SMEs means more jobs and higher revenues for local SMEs. Say, fast tracking activation of the Kariokor leather CMF means higher volumes to meet ever growing demand for their products across the region. The cost of lost opportunity from delayed completion of such projects far outweighs the cost of the investment,” she says.

According to the Export Processing Zone Authority latest annual report, there is also need for Kenya to modernism equipment its technical training institutions to reflect emerging new technologies within industries. This will save investors time and money spent bringing in expatriates to train staff on how to operate as well as maintain the machines.

Currently, there is an ongoing World Bank

66
 Manufacturer-associations must take up the agenda of promoting Made-in-Kenya brand and join the Kenya Promotion and Brand Agency (Keproba) in championing the Made in Kenya brand globally

funded programme to train industrial textile machine technicians via a practical induction programme.

Ms Mwasi says potential for growth for the leather and textile products exceeds supply as population is growing by the day. The local shoe industry’s production is only able to meet approximately 40 percent of the domestic demand at about 8.1 million pairs of shoes annually out of an expected 40 million pairs demanded.

On the ongoing construction of Kenya’s export-only leather products facility at Kinanie in Machakos, Ms Mwasi called for inclusion of all stakeholders from large to small leather product dealers so as to prepare them for its planned operationalization.

The 500-acre Ngozi Kenya Leather Park will upon completion host up to forty large scale industries ranging from footwear producers, tanneries as well as packaging and logistics companies with a keen eye on facilitating export processing zone benefits of trade and taxation so as to attract local and foreign investors.

“Ngozi park and the Kariokor CMF once operational will solve the three major constraints notably, high cost of domestically sold leather and leather inputs, high cost of labor and high cost of electricity that makes Kenyan products uncompetitive,” she said.

She adds that Kenya must pursue its Made-in-Kenya brand building campaign with a keen eye on enabling local manufacturer-associations to set up self regulatory mechanisms to promote voluntary adherence to set product quality standards.

“Manufacturer-associations must take up the agenda of promoting Made-in-Kenya brand and join the Kenya Promotion and Brand Agency (KEPROBA) in championing the Made in Kenya brand globally,” she adds.

The Leather boss says sustained government goodwill is key to fuelling more investments while helping to lower the cost of production. This will see local companies reclaim local market share for a variety of products currently being imported into the country from other markets.



**KENYA EXPORT
PROMOTION & BRANDING
AGENCY**

DUBUY
By DP WORLD



GROW YOUR BUSINESS WITH DUBUY.com

DUBUY.com is your one-stop platform to explore,
buy, sell and ship from Kenya and the UAE.

Only an easy, free of cost, 2-step
registration stands between
your business and trading in Africa and beyond.

[Sign Up](#)

Contact us:

HOgada@brand.ke

+254 728 788049

Multi-billion Shillings' Investors Flock into Export Processing Zones.

By James Kariuki

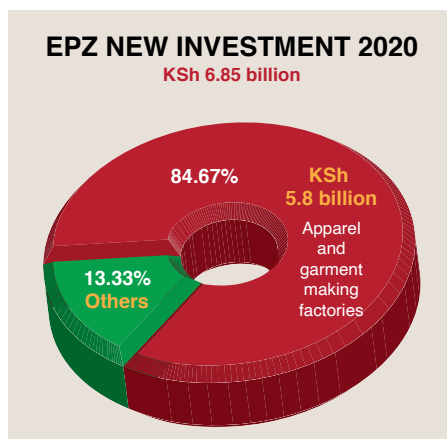
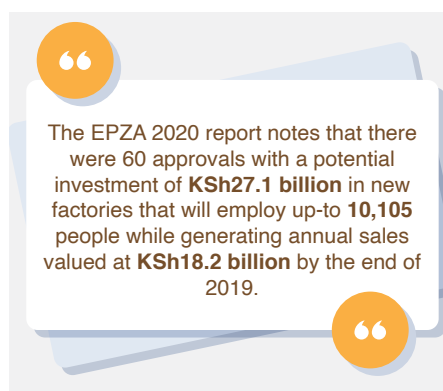
The expected economic rebound post-COVID in the labour-intensive export manufacturing subsector is attracting new investments largely driven by incentives from the national and county governments.

There are new investments and new Export Processing Zones (EPZ), established despite the raging Covid-19 pandemic that wiped off over 11,000 jobs at the EPZ based enterprises.

Latest data from the Kenya Economic Survey shows new investments worth Sh6.85 billion at the EPZ based factories with Sh5.8 billion of that going into apparel

services rose by 22 percent to stand at 12 billion," it adds.

According to the EPZ Authority, taming Covid-19 is key to EPZ businesses survival and growth adding that "the mitigation measures on the impact of Covid -19 on EPZ program is crucial in sustaining the growth momentum.



and garment making factories in 2020.

This growth further explains the momentous rise of exports by 7.6 percent to KSh 73.8 billion in 2020 boosted by tea blending and packaging, food processing and pharmaceutical products.

"Capital investment rose to KSh19.1 billion in 2020 from KSh 18.1 billion in the year 2019, being a 5.8 percent increase while local purchases of goods and

This is 25 percent higher than the 45 approvals made in 2018 with a potential investment of KSh20.9 billion expected to bring in 12,087 job opportunities where export of goods made will amount to KSh32.1 billion in a year.

"Twelve of the 2019 projects have since been completed and licensed to commence operations. This will enhance the performance and contribution of the EPZ program," it adds.

The authority has also expressed plans to repossess undeveloped land within EPZ zones and have the same available to new investors keen on setting up in Kenya. This follows complaints by incoming and existing investors that land shortages forced them to defer new investments and

planned expansions.

This means land will be available, at no cost, for those investors who have in the past been discouraged by seemingly prohibitive costs when acquiring new parcels of land for expansion purposes.

The competition for setting up export-only factories has gone a notch higher with counties wooing investors - to set up shop within their areas- promising free public infrastructure such as onsite sewer, electricity, water provision, roads, among others on free land.

Nandi county government has offered free land for tea processing and packaging EPZ firms eyeing creation of a new market for locally produced tea while Murangá county is wooing macadamia nuts factory investors.

Power generator, KenGen has also offered affordable power at its newly established Olkaria EPZ land with Nakuru county also making similar offers to EPZ firms within its Mai Mahiu land. While industrial power is charged at 18 cents per kilowatt hour, at Naivasha KenGen facility, it will be charged at 5 cents to 7 cents per kilowatt hour.

However, to reap higher dividends from EPZ manufacturing, investors have urged the government to modernise training facilities workers for industrial tailoring operations.

Cumulative value of investments for enterprises within EPZ currently stands at KSh114.7billion.

INTERVIEWS

By Nicholas Mundia



NAOMI WANJIRU, 30

Content creator.

Q:

What factors do you consider when purchasing products, especially if they are locally made?

A:

Quality, affordability and reliability.

Q:

Why would you consider international brands over locally owned brands?

A:

Variety and quality. Plus it has now become very easy to ship high quality goods from abroad.

Q:

What are your perceptions regarding locally made products such as electronics or clothing?

A:

Clothing, I would give it a shot. Electronics no, as they are high ticket items that need top notch research and continuous development to offer long lasting value for money. I do not feel like Kenya is there at all.



EMILY ONYANGO, 31

Consultant

Q:

What factors do you consider when purchasing products, especially if they are locally made?

A:

The warranty of the product, price, ease of maintenance, functionality.

Q:

Why would you consider international brands over locally owned brands?

A:

Quality finishes, are known brands that have passed quality control tests.

Q:

What are your perceptions regarding locally made products such as electronics or clothing?

A:

Local clothing is expensive and there is no variety or creativity. Local electronics are not advanced when it comes to the offering and the quality control is questionable.

Q:

What does quality in consumer products mean to you?

A:

Quality means everything. We are at a time when technologies are getting so good that there is no excuse to make substandard goods.

Q:

Are you a supporter of Kenyan brands especially those locally manufactured? (Detail the brands or the items you regularly buy) Do you believe in Buy Kenya Build Kenya?

A:

Yes, I do believe in Buy Kenya Build Kenya and I buy locally made households and some fabrics. I do however also want good products and where Kenyan quality does not match up, I go for imports.



**MARLINE
KHAVWENGESI, 26,**

Senior Communications
Consultant

Q:

What factors do you consider when purchasing products, especially if

they are locally or internationally made? Why would you consider international brands over locally owned brands?

A:

Price and quality. Simply, I balance quality and price. I would rather save for an expensive item, or go lower for a similar international product than a local one.

Q:

What are your perceptions regarding locally made products such as electronics or clothing?

A:

I feel like local brands are of lower quality. I fear their shorter life span. For example, if you buy shoes and after wearing them for a few months, they wear off. On the other hand, I bought a very expensive top from a South African brand five years ago and I assure you it is still in good condition.

Q:

What does quality in consumer products mean to you?

A:

Quality is key. I look for a product such as electronics that could last me for almost 5 - 10 years. I do not want to be concerned about damage control within a short period of time after purchasing something cheap.

Q:

Are you a supporter of Kenyan brands especially those locally manufactured? (Detail the brands or

the items you regularly buy) Do you believe in Buy Kenya Build Kenya?

A:

It really depends on the type of product. Most locally produced consumer goods such as detergents, foods & drinks are of international standards. However, mechanical, electronics and clothing are not yet superb. And with this, I still believe in buying Kenya build Kenya.



MARK ODHIAMBO, 27

Content creator.

Q:

What factors do you consider when purchasing products, especially if they are locally made?

Need, brand, quality and price depending on the product. For example, I source all food items locally since I prefer naturally grown foodstuffs not GMOs but for manufactured items, such as electronics, I would go for a globally known brand regardless of the price.

Q:

Why would you consider

international brands over locally owned brands?

A:

For electronics I usually go for internally recognised brands, but for items of clothing, I buy from local fashion designers that make customised products for me.

Q:

What are your perceptions regarding locally made products such as electronics, clothing?

A:

They are good, but at times they are overpriced.

Q:

What does quality in consumer products mean to you?

A:

Quality is everything for me. I would rather something that is expensive and long lasting than something cheap and of poor quality.

Q:

Are you a supporter of Kenyan brands especially those locally manufactured? (Detail the brands or the items you regularly buy) Do you believe in Buy Kenya Build Kenya?

A:

Yes, I do support. I own a Denri bag I recently purchased from Keyara Botanicals. Therefore, I am a firm believer in Buy Kenya Build Kenya.



**SANDRA SUZANNE
BUYOLE, 30s**

PR Consultant

Q:

What factors do you consider when purchasing products, especially if they are locally?

A:

I look at the type of product, quality and cost as there are some home-grown products that are of better quality than international products. To give an example, my clothes, vegetables and teas are purchased local makers. For clothes, it is my endeavour to support Kenyan brands as much as possible and at least 90 percent of my attire is Kenyan. I eat locally grown food stuffs as most imports are GMOs.

Q:

Why would you consider international brands over locally owned brands?

A:

As I mentioned, I endeavour to have Kenyan made products however, our strengths don't lie everywhere. So, where I feel it is

not our line of expertise, I go for international products. We will definitely get there in due course. All my electronics, for example, are international brands. This is because I think they have more expertise in this area than we do but as I said, we are getting there.

Q:

What are your perceptions regarding locally made products such as electronics or clothing?

A:

As for clothes, we truly are unparalleled! The number of home-grown Kenyan brands are endless and the talent in Kenya is truly amazing! I 100 percent buy from Kenyan designers and Kenyan brands. I believe we have no reason to go international with so many exquisite clothing lines being made locally by Kenyans.

Like I mentioned above, my electronics however, are all international not because I want to, but because they have served me well and the quality has been great. They do make quality products hence the reason perhaps more Kenyans, me included, would go for international brands, when it comes to electronics.

Q:

What does quality in consumer products mean to you?

A:

Quality means durability, quality means it can serve me without any

glitches for a long time and quality to me lastly means it is great value for my money.

Q:

Are you a supporter of locally manufactured goods? (Detail the brands or the items you regularly buy) Do you believe in Buy Kenya Build Kenya?

A:

I must say, I am absolutely a huge supporter of Kenyan brands. For some reason, proudly so... Foodstuffs must be locally grown, not imports! I believe in Buy Kenya Build Kenya and couldn't laud the President enough for setting an example and walking the talk. Some of the notable brands I purchase are Ketepa Tea, all my vegetables are from our local farmers that I personally know. I do buy Kenyan Made clothes from brands such as SIRI Studio, El Afrique, Africa Yuva among many others. I am a true patriot with a Kenyan bracelet to match.

Q:

Anything else you can add

A:

I urge all Kenyans to first think Kenyan before going international. It starts with you and I. International does not mean premium. I think an individual step towards this will go a long way in Building Kenya, Buying Kenya.



JOHN PAUL GITONGA, 25,
Business Analyst

Q:

What factors do you consider when purchasing products, especially if they are locally made?

A:

Brand, Accessibility, Pricing and Quality. For example, I purchased a Denri bag after considering it being one of the most sought after designer clothing lines in the market.

Q:

Why would you consider international brands over locally owned brands?

A:

Quality would make me do this. Looking at electronic appliances or vehicles, I would easily trust an international brand due to their quality standards.

Q:

What are your perceptions regarding locally made products such as electronics or clothing?

A:

I find most local brands tend to exaggerate their pricing. They also lack good aftersale service and do not sell the premium experience they charge us for.

Q:

What does quality in consumer products mean to you?

A:

Quality is king. It makes or breaks the product reputation. I look for peace of mind when I make my purchase decision knowing that I don't replace parts in a short period.

Q:

Are you a supporter of Kenyan brands especially those locally manufactured? (Detail the brands or the items you regularly buy) Do you believe in Buy Kenya Build Kenya?

A:

Yes, I do. Some of the brands that I have interacted with are Encarta Watch and Denri.



Energy Management in the Manufacturing Sector is Good for All of Us

By Edgar Nyandong

Since 2004, the Kenya Association of Manufacturers (KAM) has hosted the annual Energy Management Awards (EMA) that celebrate and recognize institutions that successfully reduce energy consumption in their operations.

This year, British American Tobacco emerged the overall winner during the 17th edition of the awards. Other winners included Umoja Rubber Limited, Kenya Breweries Ltd, and Mombasa Cement Vipingo. They were recognized for making corporate changes in their policy, planning and training that informed implementation of new measures to curb energy use.

For these institutions, the key marker for their energy management practices is not only aimed at enhancing their level of competitiveness, but to also achieve reduction in energy wastage hence

reduction in energy expenses. Ultimately, they are looking at protecting the environment from the strain that comes with extensive energy use.

The manufacturing sector, being one of the fastest growing sectors, not just in Kenya, but globally, translates to high levels of electricity consumption in the sector. High costs of electricity remains one of the highest operating costs in manufacturing, resulting in a lack of sustained competitive advantage for many manufacturers.

Though the Kenyan government has encouraged increased investment in the manufacturing sector, high power costs remain one of the major factors that hinder ease of doing business in the country. In the past, a number of organizations have moved their operations out of the country as a result of high energy costs that have made locally-made products to be less

competitive.

Adoption of effective energy management systems and practices are therefore essential for improving sustainability and profitability. Commitments towards ensuring energy efficiency will help manufacturing facilities to manage consumption of energy with better precision, hence leading to reduced operational costs and improved profit margins.

In 2012, the Kenyan government published energy management regulations to help facilities to achieve improved energy efficiency and lower their energy spend. Over time, these regulations have led to an accrual of benefits to some of the highest energy consuming industrial organizations.

In 2020, the Energy and Petroleum



The Lake Turkana Wind Power (LTWP) Project is a wind farm that supplies renewable energy to Kenya's national grid. The project is committed to the sustainable application of all resources to the benefit of the environment.

Source: <https://ltwp.co.ke/>

Regulatory Authority (EPRA) conducted a Regulatory Impact Study (RIS) to assess the performance and impact of the regulations. The study revealed that since the beginning of implementation, the 2012 regulations enabled Kenya to save 26,500MWh of energy or, Sh465 million in cost savings while helping the country avoid over 3000 tons of CO₂ emissions.

According to the study, an average of 94% of three levels of facilities sampled - industrial, commercial and institutional - were of the view that the regulations

assisted in the achievement of improved energy efficiency.

Since manufacturing industries consume an estimated one third of energy produced, affecting energy prices and emission targets, regulations alone may not be able to help the manufacturing sector achieve maximum benefits. The world is adopting more greener technologies hence increased adoption and uptake of innovation and digitization of the manufacturing processes will help manufacturers with the drive towards

efficient energy management.

An energy audit is recommended to determine the energy consumption associated with a facility and the potential savings associated with that energy consumption. This looks at reduction of use of electrical light in favor of natural light and reduced use of electrical fans in favor of natural ventilation as well as investment in green energy generation projects like solar and geothermal power.

In summary, sustained and effective energy management practices within the manufacturing sector will lead to overall gains to the country. A reduction in greenhouse gas emissions (GHGs) will help reduce the environmental damage associated with energy consumption. Energy management will also encourage facilities to optimize their demand to increase energy efficiency and effective manageability. Reduced energy costs will also translate into reduced operating costs which helps in profit maximization, increasing competitiveness which is becoming vital as energy prices rise.

Initiatives being undertaken by government in the last five years

By Chrispine Onyango

Lack of information on available government incentives and initiatives to support small businesses is a major bane towards scaling up of local businesses into regional conglomerates.

In an interview, Industrialization, trade chief administrative secretary David Osiany says the national and county governments have various programmes to support businesses but many people shun the 'public' eye for fear of attracting the taxman to their premises.

>>>Page 19



Biashara Tuesday social media Poster by Kenya Export Promotion and Branding Agency

Our work as government to spur facilitation at all levels of business to create jobs for our people, products and enhance delivery of services which then opens better revenues for the exchequer. But that information on how a business can benefit is available if our traders look closely,” he says.

Mr Osiany says it is important that traders register their businesses and join common interest associations to push for a better business environment by lobbying for enactment of friendly policies.

He observes that billions of shillings have been injected over the years to set up various state agencies to serve businesses but Kenyans have been reluctant to seek assistance thereby hurting prospects of their businesses competing with endowed established businesses.

“When we manufacture products in small quantities in our own small premises, we fail to exploit the local and regional markets and that deficit is filled by imports from other countries,” he adds.

The CAS observes that anyone with a manufacturing idea can perfect their

initial prototypes by seeking technical assistance from Kenya Industrial Research and Development Institute (KIRDI) and have their produce perfected ready for the market. At KIRDI, he adds, many companies have been incubated and facilitated to scale up before moving out to their own premises.

Mr Osiany says failing to improve quality of locally produced items also hurts prospects of any business that remains ‘holed’ up within their local vicinity.

“To have your product vetted and certified at Kenya Bureau of Standards (KEBS), one needs KSh5,800 for one to two locally made products. It is up to you (trader) to determine the next course of action to have your produce inspected and certified as this will open market opportunities for your business,” he says.



To be certified at Kenya Bureau of Standards (KEBS), pay
KSh 5,800
for one to two locally made products

The CAS adds that medium, small and medium enterprises (MSMEs) do not have

to invest in buying land to start operations but can seek allocation of a shed within Kenya Industrial Estates (KIE) land across the country as well as access soft loans of between SH5 million to Sh20 million.

“After my appointment, I was surprised to learn about the many initiatives available to our people. Seek information locally and go to government websites. Some functions are devolved and hence have a county budget for the same,” he says.

At every constituency, Mr Osiany adds there is a Constituency Industrial Development Centres that can help small traders actualize their projects while cushioning them against regulators who would dampen their prospects.

To spur information flow to wananchi, Mr Osiany, runs **#biashara Tuesday** - a social forum on digital platforms that people ask his ministry questions on industrialization thereby enabling traders to wade through stringent regulatory frameworks that have in the past been blamed for collapse of once viable enterprises.

For large enterprises, the ministry has been instrumental in helping them set



up within special economic zones where one-stop regulatory regimes exist thereby fast tracking approvals for construction of facilities for the specific industries.

This, he says, is geared towards supporting incoming foreign investors who require access to serviced land that boasts of access roads, electricity and water.

"We have also opened new zones within Naivasha where electricity will be available to at 5 cents per kilowatt hour as opposed to the current 18 cents per kilowatt hour. We are trying to attract more export-bound companies to Naivasha by adding a Standard Gauge Railway to help

the access Mombasa Port with ease," he says.

Mr Osiany adds that small businesses eyeing the foreign market are also being assisted by Kenya Export Promotion and Brand Agency (KEPROBA) to identify markets as well as get training on terms and conditions set for accessing the markets.

KEPROBA has also been helping Kenya based businesses to acquire the Made-In-Kenya brand to help them further market their products abroad as national brands.

On funding, Mr Osiany says registered businesses can access soft loans from the youth and women enterprise funds as well

as use the government's credit guarantee schemes to access low interest loans from local brands.

KEPROBA has since established an online platform (<https://KEPROBA/>) where Kenyan companies can market their products while foreign buyers can directly seek for products with KEPROBA facilitating the linkage.

"The government eyes a round wheel arrangement where manufacturing entities operate day and night. This would mean more people employed and more goods produced for the local as well as export markets.

Some of the Agencies under Ministry of Industrialization, Trade and Enterprise Development that participated in the Biashara Tuesday digital forum



LET'S TALK
HOW DOES KEBS SUPPORT SMEs? WHAT ARE STANDARDS?

#BLASHARA TUESDAY

GUEST
LT COL (RTD.)
BERNARD N. NJIRAINI

LIVE ON TWITTER
7TH SEPTEMBER 2021
EVERY TUESDAY
10:30AM - 12:00PM

HOST
DAVID OSIANY
Minister of Industrialization, Trade and Enterprise Development

KEBS
Kenya Bureau of Standards

THE ROLE OF KOMEX IN PROMOTING AGRICULTURAL AND NON-AGRICULTURAL COMMODITIES TRADING

#BLASHARA TUESDAY

HOST
DAVID OSIANY
Minister of Industrialization, Trade and Enterprise Development

GUEST
CEO MR. JARED NYAUNDI
Kenya National Horticulture Commodities Exchange (KOMEX)

DATE
19TH JANUARY 2022
10:30AM - 12:00 NOON

KEBS
Kenya Bureau of Standards

DAVID OSIANY
IndustryKE
TradeKenya

komex_kenya
komex.go.ke

LIVE

HOW DOES KEMAS SUPPORT BUSINESS & INDUSTRY?

#BLASHARA TUESDAY

HOST
DAVID OSIANY
Minister of Industrialization, Trade and Enterprise Development

GUEST
MR. MARTIN CHESIRE
CEO, KEMAS ACCREDITATION

DATE
TUE 10TH FEB 2022
10:30AM - 12:00 NOON

KEBS
Kenya Bureau of Standards

DAVID OSIANY
IndustryKE
TradeKenya

Martin Chesire
KEMASgoka

LIVE

Supporting MSMEs to become the next Multinationals.

#BLASHARA TUESDAY

LIVE STREAMING
FACEBOOK & TWITTER
18 NOV. 2021 10:30 - 12:30

HOST
DAVID OSIANY, HSC
CAS-MOITED

GUEST
DANIEL KIMANI
Ag. MD Keninvest

Keninvest
Kenya Investment Authority

INVEST GO.KE
KENVEST
INVESTMENTKENYA
KENYA INVESTMENT AUTHORITY

Supporting MSMEs In Financing, Incubation and Business Advisory Services.

#BLASHARA TUESDAY

LIVE STREAMING
FACEBOOK & TWITTER
23 Nov, 2021 | 10:30 - 12:30

HOST
DAVID OSIANY, HSC
CAS-MOITED

GUEST
DR. PARNOSH C/O MARKAN
KIE Managing Director

Kenya Industrial Estates KIE
Kenya Industrial Estates KIE

www.KIE.CO.KE
KIE_KENYA
KENYA INDUSTRIAL ESTATES KIE

THE ROLE OF SPECIAL ECONOMIC ZONES PROGRAM IN KENYA'S INDUSTRIAL TRANSFORMATION

#BLASHARA TUESDAY

HOST
DAVID OSIANY
Minister of Industrialization, Trade and Enterprise Development

GUEST
DR. MESHACK KIMEU
Ag. CEO
SPECIAL ECONOMIC ZONES AUTHORITY

DATE
TUE 9TH NOVEMBER 2021
10:30AM - 12:00 NOON

SEZ
Special Economic Zones Authority

DAVID OSIANY
IndustryKE
TradeKenya
epzakkenya

sezaauthority.KE
info@sezaauthority.go.ke

LIVE

What Is The Future Of Consumer Protection In Kenya?

#BLASHARA TUESDAY

LET'S TALK

Tuesday, 5th Oct 2021
TWEET CHAT AND FACEBOOK LIVE
10:30AM - 12:00PM

HOST
Hon. David Osiany, HSC
Chief Administrative Secretary

GUEST
Redempta Oyeyo
Ag. CEO KECOPAC

Ministry of Industrialization, Trade & Enterprise Development
Kenya Consumer Protection Advisory Committee (KECOPAC)

DAVID OSIANY
IndustryKE
TradeKenya
@DavidOsianyOfficial

KECOPAC
KECOPAC

Supporting MSMEs In Financing, Incubation and Business Advisory Services.

#BLASHARA TUESDAY

LIVE STREAMING
FACEBOOK & TWITTER
23 Nov, 2021 | 10:30 - 12:30

HOST
DAVID OSIANY, HSC
CAS-MOITED

GUEST
DR. PARNOSH C/O MARKAN
KIE Managing Director

Kenya Industrial Estates KIE
Kenya Industrial Estates KIE

www.KIE.CO.KE
KIE_KENYA
KENYA INDUSTRIAL ESTATES KIE

THE ROLE OF SPECIAL ECONOMIC ZONES PROGRAM IN KENYA'S INDUSTRIAL TRANSFORMATION

#BLASHARA TUESDAY

HOST
DAVID OSIANY
Minister of Industrialization, Trade and Enterprise Development

GUEST
DR. MESHACK KIMEU
Ag. CEO
SPECIAL ECONOMIC ZONES AUTHORITY

DATE
TUE 9TH NOVEMBER 2021
10:30AM - 12:00 NOON

SEZ
Special Economic Zones Authority

DAVID OSIANY
IndustryKE
TradeKenya
epzakkenya

sezaauthority.KE
info@sezaauthority.go.ke

LIVE

There is a Constituency Industrial Development Centres that can help small traders actualize their projects while cushioning them against regulators who would dampen their prospects.

PHYLLIS WAKIAGA

*Former Chief Executive Officer-
Kenya Association of
Manufacturers*



A one-on-one interview with Kenya Association of Manufacturers former CEO Phyllis

Q..It has been three years since the Buy Kenya Build Kenya initiative was introduced. Has it pushed up sales of locally produced products?

Buy Kenya Build Kenya (BKBK) has been a great initiative that started with government procurement and has gradually been expanded to include ministries, departments and state agencies as well as county governments. A number of retailers have started a BKBK line, indicating that many Kenyans are starting to appreciate locally manufactured products.

It is important that both the public and private sectors create awareness on locally manufactured products and encourage consumers to buy local. This entails affirming our commitment to building, creating, adding value and taking pride in the products that we make. We (Kenya Association of Manufacturers) launched the Annual Kenya Manufacturing Summit and Expo aimed at promoting locally produced goods and profiling unique Kenyan inventions. Such trade fairs and exhibitions can be replicated in various counties and used as platforms for young businesses to profile their work.

Gains made can be fast tracked and quadrupled if the government, being the largest consumer of goods and services finalised development of Local Content Guidelines, approved Local Content Policy and expanded the scope of Local Content Bill to feature all sectors within manufacturing. This will not only ensure sustainable local value chain integration but also reduce industrial and trade risks arising out of external shocks.

What efforts can be attributed to the government in that period that promoted local manufacturing?

Firstly, Allowing Casual Fridays where public servants don Made in Kenya local attires including President Kenyatta is a great initiative that elevated the stature of local tailors and dressmakers. Local fashion designs are now revered and has immensely contributed to changing the attire consumption psychology. Secondly, in 2019, a major shift to source for leather and footwear as well as textile products locally by the disciplined forces generated new demand for locally made clothes, shoes, boots as well as leather belts. This increased the manufacturers' capacity utilisation by about 10 to 30 percent creating about 500 new direct jobs thereby helping sustain businesses in the two sectors that boasts of about 10,000 employees.

The move attracted new investments of about Sh200 million with many planning expansion of their production lines to accommodate the new boom. We expect Kenya to grow as a powerhouse in the production of disciplined forces grade uniforms

and accessories where in some instances, our companies sell to disciplined forces in our neighbouring countries..

Thirdly, since the pandemic struck us, the government has procured critical essential items used in the fight against COVID-19 from local manufacturers. Personal protective equipment (PPEs) including masks, full body suits and gumboots to medical personnel across the country have been purchased, thanks to the COVID-19 Fund. KAM's Automotive Sector has also developed a ventilator that was recently certified by the government for use in hospital ICUs hosting critically ill COVID-19 patients.

Do you feel local manufacturers have what it takes to compensate for what Kenyans buy from foreign markets?

Local manufacturers have demonstrated their capacity to produce high quality goods, with the most recent demonstration being the certification of the first locally manufactured ventilator by KAM's Automotive Sector led by Mutsimoto Company Limited.

Supply chain shocks caused by the COVID-19 pandemic revealed the risk of over-relying on imported goods and therefore laying bare the need to support and develop local industry. We can forge the resilience of our industries by enhancing our local value chain- from raw materials to finished products. By doing so, we can shelter the manufacturing sector from industrial and trade risks arising out of external shocks. This way, Kenya can source raw materials and intermediate products locally, before turning to international markets.

What are the misses so far? What could be done better to give local manufacturing an edge?

It is a welcome move to see that the government developed a list of goods that public agencies must exclusively sourced locally. We urge the government to expand this list, to include all sectors of manufacturing to ensure more market share for industry. Additionally, we must fully support the production and consumption of locally produced goods which includes driving the competitiveness of the sector through predictable policies, reduced costs and levies charged in counties, lower cost of electricity amongst others.

What are some of the manufacturing sectors that have most benefited from the Buy Kenya Build Kenya initiative? Which ones remain suppressed? And why?

Buy Kenya Build Kenya has benefited the Textiles and Apparels, Leather and Footwear. During the pandemic, the government procured critical essential items to be used in the fight against COVID-19 procured locally. Local manufacturers have supplied Personal Protective Equipment (PPEs) including masks, full body suits and gumboots to medical personnel across the country, through the COVID-19 Fund.

What has KAM does to further entrench the gains made in the past year?

We recently launched a Manufacturing Resilience and Sustainability Policy Tool kit to aid in charting forward the growth, development, and resilience of the manufacturing sector to attain the 15%

contribution to Kenya's Gross Domestic Product (GDP) as envisioned in the Big Four Agenda. The Policy Tool kit makes recommendations to aid the country's economic and manufacturing sector's recovery from the impact of COVID-19 as businesses navigate challenges caused by shocks arising from the virus. It also identifies 76 opportunities for investment and value addition, among them, the manufacture and supply of medical equipment, investments in adopting new technology, increased attention to developing local value chains to reduce dependence on imports, circular value chain, agro-processing, regional leather value chain integration and packaging materials.

What is Kenya's best chance in Made in Kenya product-preparedness?

The pandemic has pointed to the need for resilient industries. We can build resilient industries by supporting Kenyan-made products. Predictable and stable policy initiatives are also critical. This entails succinct fiscal and regulatory policies and initiatives that encourage investments into the sector. Increased investments will see local industry thrive and in turn create jobs and wealth for many. The government is also engaging industry on sector specific guidelines on local content and local content regulations. The guidelines seek to support the implementation of the local content policy whereas the Policy seeks to increase localization and integration of value chains within the country.

Please note that at the time of going to print, Ms. Phyllis Wakiaga had left KAM

James Kariuki, jkariuki@apn.co.ke

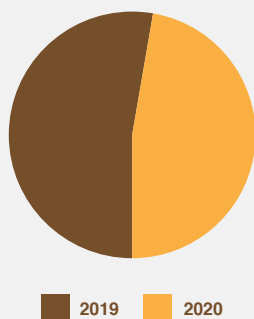
Lifting of Covid-19 mitigative measures that led to a historic national lock down beckons better times for Kenya's manufacturing sector that suffered reduced demand for manufactured products locally and internationally.

The announcement made last Mashujaa Day by President Uhuru Kenyatta could reverse unfavorable prospects for Kenya's economy where private firms laid off staff under a streak of cost-cutting strategies aimed at reigning in expenses.

According to the Kenya Economic Survey, 2020 was a bad year for the manufacturing sector where 36,400 permanent jobs were lost or a 10.3 percent drop from 353,300 in 2019 to stand at 316,900 in 2020. Businesses located within Kenya's 76 designated export processing zones slashed jobs by 7.7 percent to stand at 56,387 last year from a historic 61,055 a year earlier.

"During the year(2020) under review, the compensation of employees(combination of salaries, wages and benefits that employees) reduced by 1.3 per cent to KSh 215.6 billion.

**ECONOMIC SURVEY
2020**



These measures resulted in reduced demand for manufactured products locally and internationally. The sector's real value added contracted by 0.1 per cent compared to a growth of 2.5 per cent in 2019,"it adds.

In a one-on-one interview, Kenya Association

of Manufacturers(KAM) chief executive Phyllis Wakiaga who spoke to James Kariuki asserts that the journey to economic recovery must hinge on a deliberate goodwill towards fighting against illicit trade and creating a more conducive environment for local manufacturers.

As the economy slowly re-opens, what are some of the challenges that manufacturers would wish to see addressed urgently?

First, access to finance for Small and Medium Enterprises (SMEs) has been impossible. Many local financial institutions shy away from lending to SMEs, often considered as high-risk ventures due to their lack of tangible assets that can be used as collateral. To address this, financial service providers and other agencies should develop appropriate financial products that understand Kenya's SMEs sector.

Secondly, Kenya's business environment has lately been hostile to manufacturers considering the cost of regulatory compliance at the national and county levels. Levies at the seats of power should be streamlined to eradicate duplication and unnecessary taxation.

Thirdly, SMEs struggle with protecting their formulas, trademarks and ideas which denies them an opportunity to earn royalties from issuance of rights for intellectual property.

Lastly, Kenya should inject more

money into the fight against illicit trade as increased import of products, which are often cheaper than locally produced ones, continues to make locally produced products uncompetitive.

Talk of illicit trade, the government has been running various operations to stem untaxed imports, import of substandard goods and stamping out counterfeiting, has this yielded fruit?

Illicit trade continues to erode the market share for locally manufactured products, has hurt planned expansion of local industries thereby denying Kenyans job. This not only puts the lives of Kenyans at risk but provides substantial resources to support criminal networks and organised crime.

Kindly, enumerate measures that Kenya must take to fast track revival of local businesses.

President Uhuru Kenyatta created a multi-agency to fight against illicit trade as this posed a major threat to the realisation of the government's Big 4 Agenda. This multi-agency approach has been crucial in helping the government stem untaxed imports, import of substandard goods and to stamp out various forms of counterfeiting and illicit trade. Without this, war would have been futile.

Additionally, the Trade Remedies Act, 2017, was introduced to

establish the Kenya Trade Remedies Agency to investigate and impose anti-dumping, countervailing and trade safeguard measures.

We also formulated standard operating procedures(SOPs) for various public agencies but the SOPs are yet to be adopted by various government enforcement institutions. As such, delays in inspection, verification and clearance of imported cargo are still rampant at the ports of entry. We are, however, following up with the Government through the Ministry of Industrialization, Trade and Enterprise Development on the adoption and implementation of the proposed SOPs framework.

Has the anti-dumping war been won ?

Three actions come into focus...Kenya must invest in capacity building among investigators, enforcement officers across various regulatory agencies. Most personnel still lack the technical know-how on how to fully implement them. Anti-dumping investigations are generally expensive and this calls for higher allocations of resources to support the cause of effectively implementing anti-dumping laws. We must learn from best practices from other countries that are successfully fighting this war.

KAM has also been actively involved in the war against illicit trade. What has been your experience?

We championed the enactment of a law to specifically fight against intellectual property rights infringement and the Anti-Counterfeit Bill was finally enacted into law in 2008. Leading to establishment of the Anti-Counterfeit Agency (now Anti-Counterfeit Authority) in June 2010.

In 2013, we partnered with the National Council on the Administration of Justice (NCAJ) to jointly develop an Enforcement Manual to Combat Illicit Trade in Kenya, which we launched in 2014 that was followed by an awareness outreach program that saw about 400 enforcement officers trained on matters of illicit trade.

Via a partnership with NCJA and the judiciary, we launched the 2nd Enforcement Manual, which just like the 1st edition, will serve as a quick reference point on matters illicit trade.

We have also published the 2020 Practitioners Guide for Enforcement Officers on Combating Illicit Trade.

Please, give us your last word...

For the success of the anti-dumping war, more efforts need to be put in place by the government and all relevant stakeholders to stamp out illicit trade, especially at entry ports of entry..



SME's Plunge into Manufacturing Pays Off

By Nicholas Mundia

Anthony Muthungu's shortlisting for the continental Kenya-South Africa Chamber of Business award ceremony affirmed the quality of type C iPhone and Android cables manufactured at his plant in Kirinyaga.

Mr Muthungu, a Karatina University-trained mathematics and physics teacher, has attracted admiration and rousing media reviews but few know his father once reprimanded him for setting up a pit latrine-power generation plant for their security lights that saw him suffer electric shock.

The founder of Totosci Holdings pursued his Education degree over eight years while also spending time on his entrepreneurial activities. During this period, this saw him try out various businesses including a wheelchair making business and TotoSci Academy, a mobile based tech-hub that inculcates the 21st century skills in learners by sparking their interest in Science, Technology, Engineering, Arts and Mathematics.



Mr Muthungu set up a team to run the online academic platform but their activities fell off after Covid struck where they were forced to remain indoors. Stuck indoors with nothing to do, he decided to team up with a friend to design a ventilator. One day while trying to transfer research data from his phone to the laptop he hit a snag.

“In my house, I had six USB cables and none was working. I assumed that I could have bad luck with USB cables but my friends faced the same problem. I decided to buy their faulty cables at Sh10 per piece and within two weeks I had 7,000 cables. Out of curiosity, I decided to dismantle these cables and check what the issue was. What I saw inside tempted me to create something of good quality,” he recalls.

It was at this point that he identified a business gap in the market due to lack of quality USB cables for mobile devices.

“I had bought several but none in the market lasted long enough and this ‘problem’ revealed a viable business idea that saw me invest upto Sh3 million I raised from my savings, friends and family. I spent Sh480,000 to import a USB plant from China as

well as connectors from India as well as fabricate some machines locally,” he adds.

In an interview with Export Magazine, Mr Muthungu who has teamed up with 12 university graduates says he chose to set up shop in Kiangwaci, Kirinyaga due to the high cost of doing business in major towns and cities.

Upon setting up his facility, he produced the first USB cables that he shared out with his neighbours as began the onerous journey of getting approval at the Kenya Bureau of Standards (KEBS). His move enjoyed positive ratings after the Kenya Promotion and Brand Agency (Keproba) gave him a nod to inscribe the Made in Kenya brand.

“I sold 3,000 units to customers in three months and when I went on social media to request for sales’ partners, Kenya traders from across the country sent in orders and some even asked how they would invest in my company,” he recalls.

Mr Muthungu says he opened a wholesale shop at Almanah Hall, opposite Luthuli House in Nairobi where they sent the micro USB cable at Sh135, type c (Sh165) and iPhone (Sh200) to resellers.

His journey into innovation

started at his father's farm in Nyeri when he made biogas from a pit latrine that he used to cook as well as 'illegally' generated electricity for their security lights. But his ingenuity did not last when he was nearly electrocuted while setting up new connections. His angry father reprimanded him and dismantled the multiple wires connecting the power generation source to their main house.

In Kenya, SMEs, like Totosci, face various hurdles during their seed phase where a Central Bank of Kenya survey pointed out that availability of adequate finance for investment and for meeting operational expenses was critical to the long-term viability and growth of MSMEs.

Speaking on the SME growth, the Totosci Holdings CEO says the Buy Kenya Build Kenya initiative could spur new markets for local products thereby giving local products the much needed approval rating.

"Many say Kenya-made products are bogus and never last. But our USBs have proved them wrong. They have our logo and are ready to be held accountable when we make poor quality products," he adds.

He further mentions that high taxation and licenses demanded upfront for startups remains a huge challenge as well as high cost of doing business characterized by high fuel, electricity and labour costs.

"I believe the big focus should be on SMEs' funding as they are the backbone of this economy. Little is being done by the Government to address these challenges, however if the cost of production is not addressed as well as high taxation, all

efforts done by the Government will always remain in papers but not on the ground" He adds.

On taxation, Mr Muthungu says, the government at both levels should use progressive taxation mechanisms for budding SMEs.

"For example, VAT of 16% should not be applicable for an SME. An SME requires say 2% VAT the first year of operation, 3% the second year, 4% the third year and this should progressively continue until they are no longer SMEs but a big business. High taxation at start always kills the business as it competes with cost

He adds, "The only practical channel of creating massive employment in this country is through industrialization. If the Government does not support local manufacturers by reducing taxes and licenses, educated youths will live to seek for a job opportunity which will never be there."

In 2017, President Uhuru Kenyatta pitched the Buy Kenya – Build Kenya initiative to increase competitiveness and consumption of locally produced goods and services. The Strategy aimed to promote and enhance the consumption of Kenya's own products and services in

Government industrial estates/parks also need to support local industry by providing electricity, water and rent free for a period of time as the manufacturer is able to break even. Subsidized license fees if they apply should be put in practice to support these local ventures both at National level down to the County level

of production resulting in tax evading and cheats."

Despite the fundamental role SME's play in our economy, these enterprises are not able to operate to their optimum level due to the challenges they face such as lack of finance, multiple duties, lack of education, rapid technology changes, increased costs of production amongst others.

both absolute figures and as a proportion of the gross domestic product (GDP).

"High taxation should be imposed on products that are imported in this country but can and are locally made as a way to support Made in Kenya products. We cannot compete with cheaply priced imported products that many know are of very poor quality," he says.

He adds that the government needs

to facilitate importation of the capital machinery for a period of time in exchange for equity as this will cushion local SMEs from frequent predatory moves by regulatory agencies. The manufacturer will in return pay the amount incurred within a given time as he or she operates his or her business,” he adds.

Mr Muthungu says Kenya must also strengthen its research and innovation arm giving it adequate funding for its activities. Innovators and local manufacturers will then apply for funding to scale their businesses into commercial production

thereby creating jobs and higher revenues to the exchequer. This is the only way we can grow buy Kenya build Kenya initiative.

“Government industrial estates/parks also need to support local industry by providing electricity, water and rent free for a period of time as the manufacturer is able to break even. Subsidized license fees if they apply should be put in practice to support these local ventures both at National level down to the County level. Every region offers something to this country. Industrial factories should be fully set by the Government at local level to ensure

manufacturing and industrialization happens at locals as well. Grant funding should also be provided at local levels to support these local ventures. eg Mangoes in Machakos, Bananas in Kirinyaga, Milk in Muranga, Potatoes in Nyandarua etc. These local companies should be in every village.” He adds.

He concludes by saying that until all the challenges of SMEs are addressed, Buy Kenya Build Kenya will ‘remain sweet words’ to say and youth unemployment will still remain.



Changing the 'Flowers' Narrative within the Manufacturing Realm

Addriene Wacera, awacera@apn.co.ke

Kenya's female population could catapult their ilk's ascendancy to more manufacturing jobs by establishing their own firms or by having more women occupy C-Suite offices.

A survey by the Kenya Association of Manufacturers (KAM) has found that female-led local companies accommodate more women in senior management at 88 percent compared to male-led local companies that retained a chunk of senior jobs to men at 75 percent.

The survey adds that importance of female employees at all levels appears to be gaining traction with companies in existence for over 40 years having a female workforce of 29 percent while companies in operations for between 11 to 20 years have a 35 percent female employee population.

"There are more female workers for young firms with startups having up-to 41 percent of workers being female. This could be indicative of the changing trends in female workforce participation over the last five decades in Kenya where decision-makers willingly hire more women in roles not traditionally associated with their gender," adds Kenya Association of Manufacturers chief executive Phyllis Wakiaga.

The report observes that women have been found to be better workers than their male counterparts in terms of productivity and profitability but all has not been smooth sailing and the fight for equal opportunities is far from being won.

Ms Wakiaga says most manufacturing firms are predominantly male owned and staffed across all KAM's 14 manufacturing

sub-sectors, except for the chemical and allied sub-sector, that accounts for 50% female.

It is only in the agriculture sector's fresh produce, paper and board as well as the services and consultancies sub-sectors have a female workforce above 40 percent.

Interestingly, female-led Multinational Corporations (MNCs) boost of up-to 85 percent women in senior management slightly higher than male-led MNCs, which had up-to 83 percent of men in senior positions.

"Male- owned companies had slightly more women in senior management at 89 percent as opposed to female-owned companies that stood at 85 percent," she adds.

The findings are gloomy at the global level where the higher it goes the colder it become for female employees. According to World Economic Forum, only 30 percent of women are industrial' starting at 33 percent employed at junior level staff, mid-level (24 percent), senior level (15 percent) while only a paltry nine percent are CEOs.

"Our survey also noted that most companies in existence for over 20 years were either male-owned or male-led. The survey found that only one MNC which has been in operation for over 20 years had a female leader," Ms Wakiaga adds.

To champion inclusion of more women

COMPANIES IN OPERATIONS FOR 40 YEARS



29%
OF TOTAL WORK FORCE
ARE FEMALE



71%
OF TOTAL WORK FORCE
ARE MALE

COMPANIES IN OPERATIONS FOR BETWEEN 11 TO 20 YEARS



35%
OF TOTAL WORK FORCE
ARE FEMALE



65%
OF TOTAL WORK FORCE
ARE MALE

in the sector, KAM mooted the Women in Manufacturing Initiative(WIM) to bring women together to brainstorm and network with a view to creating more opportunities for womenfolk.

WIM prepares women for C-Suite positions as well as enhance their capacity to expand and run their own companies while running mentorship programmes in schools and colleges to promote uptake of science and technical courses among female students.

However, gains made are far from being achieved due to Kenya's biased gender-neutral policies that silently advocate for disparities in pay, promotions, and job security between men and women.

Many women-owned firms also lack access to credit thereby hampering growth of their businesses while government-backed pro-women funds have stringent terms making them impossible to access.

"While government initiatives encourage enterprise development, most respondents reported difficulties in accessing those funds. The processes of obtaining them were complicated and sometimes opaque. Instances of sexual exploitation in exchange for credit facilities and compliance clearances were mentioned,"adds Ms Wakiaga.

Women-owned businesses have also found it difficult to wade through the complex taxation framework blamed for high production costs adversely affecting their entities' profitability. The situation has

"There should be effective collaborative engagements between public sector oversight agencies to ensure compliance in the implementation of the laws that affect women in manufacturing. We need

There should be effective collaborative engagements between public sector oversight agencies to ensure compliance in the implementation of the laws that affect women in manufacturing.

been worsened by the current 'women' predicament where most women-owned businesses operate within the informal realm.

The study recommends that a 'gender-friendly' lens be used when creating guidelines that promote women entry into manufacturing. KAM says existing gender-aware or gender-sensitive laws should be activated through guidelines that recognize and address the differential gender needs of entrepreneurs.

to consolidate legal, regulatory, and compliance requirements in a single place to enhance efficiency.

To further boost women's ability to actively participate in manufacturing, Ms Wakiaga adds that WIM is equipping women-led and owned SMEs with e-commerce skills so as to widen their reach globally.

Meet the Dreamliner delivering your cargo worldwide



Enjoy amazing freight services with our B787 preighter.

We have repurposed some of our B787 Dreamliners into preighters capable of cargo transportation. The preighter has a payload of 49 Tonnes and a volume of 195cbm. Taking your cargo to Amsterdam, Paris, London, Guangzhou, Sharjah and 40+ destinations. The preighter is available for charters.

kenya-airways.com




@KenyaAirways



KQ mobile

Kenya Airways
CARGO



1st & 16th Floors, Anniversary Towers,
University Way

P. O. Box 40247 – 00100 GPO

Nairobi Kenya.

Tel. + 254 20 222 85 34-8

Cellphone: +254722 205 875 |
+254734 228 534

Fax : + 254 20 222 85 39/ 221 80 13

4th floor, NHIF Building, Upper hill

P.O. Box 40500 - 00100 Nairobi,
Kenya

Tel: +254 (20) 271 523 6/7

Email: info@brandke.go.ke

Web: www.KEPROBA