



REPUBLIC OF KENYA
MINISTRY OF INDUSTRIALISATION, TRADE AND ENTERPRISE DEVELOPMENT
STATE DEPARTMENT FOR TRADE AND ENTERPRISE DEVELOPMENT

POLICY BRIEF

KENYA'S NATIONAL AfCFTA IMPLEMENTATION STRATEGY 2022 - 2027



Executive Summary

The signing of the agreement establishing AfCFTA in Kigali, Rwanda, in 21st March, 2018 was a key milestone for Africa's trade Agenda. Kenya is an active participant in regional economic integration initiatives and in promoting Pan-Africanism and its values. Kenya's active participation in the regional agenda is demonstrated by commitment from Kenya's leadership as well as the country's strong

performance in meeting her commitments under the various Pan-African integration frameworks.

AfCFTA is a game changer and a key engine of economic growth and industrialisation for sustainable development. The Agreement enables country specialisation in sectors with comparative advantage, economies of scale, structural

transformation and the creation of a continental single market of over 1.2 billion people and a combined GDP of over US\$ 2.5 trillion.

This Strategy is to leverage deeper integration within the framework of the African Continental Free Trade Area (AfCFTA) to facilitate an expansion of Kenya's trade and investment in Africa, support structural transformation and foster economic growth and sustainable development.

The National AfCFTA Implementation Strategy (2022-2027) was developed to deliver the expected outcomes of AfCFTA. The Strategy is anchored within Kenya's national trade and development frameworks and aspires to contribute towards national development. This will be achieved through securing of markets for goods and services within the African region, promoting value addition and the diversification of products in those markets by leveraging protection of intellectual property rights, creating conditions for increased participation of MSMEs, women, youth and persons with disabilities in trade and investment, and promoting 'safe trade' with mitigating interventions on impact of COVID-19. In so doing, this strategy provides a comprehensive approach to trade and investment opportunities in Africa, Kenya's most important exporting region, which, in the past, has been approached in a fragmented way.

This strategy outlines a broad and inclusive list of prioritised AfCFTA sectors for merchandise goods, services and regional value chains that builds on three sectors identified in Kenya's Integrated National Export Development and Promotion Strategy. In addition, the strategy encompasses a vision and mission as well as seven strategic objectives born out of a robust situational analysis of Kenya's current production systems and trade patterns, Kenya's policy, regulatory and institutional framework, and the instruments provided under the AfCFTA.

The National AfCFTA Implementation Strategy outlines a risk mitigation plan with an identified risk owner and related risk mitigation actions to key risks to strategy implementation. It also provides a communication plan that focuses on undertaking national AfCFTA sensitisation campaigns. The strategy delineates a robust monitoring and evaluation framework to track implementation. On the other hand, the strategy recommends the establishment of an AfCFTA National Implementation Committee that among other things will be responsible for the implementation of this strategy, mainstreaming gender and fostering empowerment of youth and person with disability managing risks and communications, mobilising financing and monitoring and evaluation.





Strategic Objectives

The mission for the National AfCFTA Implementation Strategy is to bolster Kenya's trade and investment with the AfCFTA states parties in order to support inclusive economic growth and sustainable development.

The Strategic objectives of this National AfCFTA Implementation Strategy include: -

- Facilitate safe, secure and effective trade in goods and services within the AfCFTA;
- Enhance Kenya's productive capacity and the competitive advantage of domestic producers and exporters under AfCFTA;
- Build strong institutional and regulatory framework to support effective implementation of AfCFTA Agreement;
- Facilitate inclusiveness (women, youth, persons with disabilities) and the active participation of MSMEs in leveraging opportunities under AfCFTA for sustainable development;
- Develop a comprehensive and efficient common national approach to continental integration and increase awareness around AfCFTA for all stakeholders;
- Ensure adequate and timely financing for strategy implementation; and
- Contribute to sustainable development through mutually supportive trade and environment initiatives

The specific goals of this National AfCFTA implementation strategy over the next five years are as follows:

- Consolidate, diversify and expand Kenya's Exports to Africa; and
- Ensure Kenya's manufacturing sector real value-added increases by 5% per annum

These goals are achievable given the following:

- a. **Rebounding of domestic exports:** Over the period 1st January 2021 to 31st December 2025, Kenya is expected to commence exports of recently discovered crude oil. Moreover, there is expected to be significant levels of tariff liberalisation in non-LDC African countries for products that Kenya already exports to Europe, U.S. and Asia. These products include fresh vegetables, floriculture, coffee, tea, soap, detergents, textiles, and apparel amongst others (see Annex 2 on likely products and African markets). As a result, it is possible for Kenya to significantly improve on its domestic export performance to Africa over the 5-year period 2021-2025 - as compared to the tepid 3.5% per annum increase in domestic exports over the period 2013-2018.
- b. **Strong re-exports:** With Mombasa's port expansion, the operationalisation of SGR's freight and increased efficiencies at border-points, it is possible for Kenya's re-exports to register strong growth over the 5-year period 2021-2025 as compared to the 14.3% per annum increase in re-exports over the period 2013-2018.
- c. **Rebounding service exports:** Kenya being a Partner State of the EAC, has liberalised the five priority sectors through her submitted initial offers to the AfCFTA Secretariat. As such expected that through the requests and offers exchanged with other member states Kenya's service exports to Africa will robustly increase over the period 2021-2025 than the 4.6% per annum increase in service exports over the period 2013-2018.
- d. **Rebounding manufacturing sector:** With tariff liberalisations under the AfCFTA and commensurate government interventions to tackle production and supply constraints and improve export competitiveness, there is scope for increasing Kenya's manufacturing value added significantly over the period 2021-2025 compared to 2.7% and 0.2% growth in 2016 and 2017, respectively.

Identification of Priority Export Products and Markets

Approach

In delineating Kenya's AfCFTA 'priority sectors', an assessment of prioritised sectors for export, industry and investment was conducted. This assessment was complemented by a consultative forum involving public and private sector actors. The result of this assessment and consultative process was the prioritisation of a broad and inclusive list of sectors that builds on the sectors identified in Kenya's INEDPS, reinforces the country's Big 4 Agenda and leverages regional sectoral plans and priorities.

Kenya's Prioritised Sectors for Export

Kenya's export development and promotion efforts are articulated in Kenya's INEDPS, which provides a value-chain approach to expand and diversify Kenya's exports and export markets. The INEDPS strategy identified six sectors of focus for goods and eight (8) sectors of focus for services where Kenya has a relative export advantage and provides potential export markets. Furthermore for each priority subsector, it provides a situational analysis

and outlines requisite strategic interventions. Annex 3 provides mapping of priority sectors with priority countries.

Kenya's industrialisation efforts have been articulated in policy papers and directives. These policy papers, directives and strategies include the following: National Industrialisation Policy (2012), Special Economic Zones Act (2015), Kenya Industrial Transformation Programme (2015) Buy Kenya Build Kenya Strategy (2017) and a Sessional paper No. 1 of 2022 on National Automotive Policy among others. Also, within Kenya's Big 4 Agenda, manufacturing is critical and the following eight priority areas have been identified: textile and apparel; leather; agro-processing; construction materials; oil, mining and gas; iron and steel; ICT and fish processing.

Kenya's drive for increased investments received a boost with the launching of Kenya's Investment Policy in November 2019. This investment policy aims to consolidate government efforts around investment promotion and support the promotion of investment not only for economic growth but for

inclusive growth and sustainable development. In line with Kenya's openness to private investment, investment incentives are open to a broad array of sectors and the Kenya Investment Authority publishes only restricted sectors. However, increasing green investments has been specifically prioritised.

Individual RECs have prioritised industrial and service sectors at the regional level. The EAC, for example, prioritised six (6) sectors for industrialisation: These include agro-processing; fertilizers and agro-chemicals; iron-ore and other mineral processing; pharmaceuticals; petro-chemicals and gas processing; and energy and biofuels. COMESA, on the other hand, identified ten (10) priority sectors for industrialisation, out of which Kenya, a member state of COMESA, has prioritised the following sectors: agro-processing; energy; textiles and garments; leather and leather products; and construction. Table 3.1 outlines the prioritised sectors for export development, industrialisation, and investment at the national-level as well as industrial development and service-trade liberalisation at the regional-level.

Coordination, Communication, Monitoring and Evaluation

AfCFTA National Implementation Committee (NIC)

a) NIC mandate and functions

An AfCFTA National Implementation Committee (NIC) is necessary to ensure effective and coordinated implementation of this National AfCFTA strategy. The AfCFTA NIC will be responsible for overall coordination of the implementation of the AfCFTA strategy. More specifically, the NIC will be responsible for the following:

- Implementing AfCFTA Agreement and Kenya's National AfCFTA implementation strategy;
- Mainstreaming gender and youth in strategy implementation;

- Managing communications and implementing the communication plan;
- Mobilising sufficient financing for the strategy implementation;
- Managing risks associated with strategy implementation;
- Developing annual work plans, budget and periodic progress reports; and
- Monitoring and evaluating the national AfCFTA strategy implementation.

b) Composition of NIC

The NIC will be housed within the Ministry responsible for Trade. The members of NIC will be drawn from the following institutions and/or organisations:

- Line Ministries, Departments and Agencies (MDAs);
- CEO of Council of Governors;
- Private Sector Associations;
- Relevant academic and research institutions; and
- Non-Governmental Organisations (NGOs)

The technical arm of the NIC will be a Secretariat that has Technical Working Groups to oversee implementation of the AfCFTA Agreement and Kenya's National AfCFTA Strategy.

To implement the Strategy it is recommended that, the 'cluster arrangement' proposed under the Boosting Intra-African Trade Action plan be followed. The arrangement includes seven trade working group clusters: Trade Policy; Trade Facilitation; Enhancing Productive Capacity; Trade Related Infrastructure; Trade Information; Trade and Development Finance; and Factor Market Integration.

c) Success Factors

Towards assuring the success of the National AfCFTA governance structure it is vital that lessons learned from implementation of National Trade Facilitation Committees be taken in account. During stakeholder forums conducted, the following 5 factors have been deemed essential for successful implementation of this strategy:

- Gazettement of the Committee and its Technical Working Groups;
- Establishment of a Permanent Secretariat headed by the national focal point of the AfCFTA;
- Implementation of the National AfCFTA Strategy;
- Resource mobilisation for effective implementation of the Strategy; and
- Inclusivity at both the development and implementation stages of the strategy. AfCFTA



Export processing zone, Athi River Kenya
Photo Credit: Getty Images/ Bloomberg

governance is a cross-divisional and cross-sectoral endeavour.

- Periodic training on gender mainstreaming and gender-sensitive implementation and trade policy

Communication Plan

The National AfCFTA Implementation Committee has one of its functions as managing AfCFTA communications and AfCFTA national sensitization campaign. The primary objectives of the National AfCFTA Communication plan are to:

- Create and maintain awareness and understanding about the AfCFTA among all stakeholders;
- Map and segment the different audiences and target them in the rollout of the communication plan;
- Identify AfCFTA champions, sensitise them on the AfCFTA and engage them in rollout of communication plan;
- Organise and implement a mass media campaign on the AfCFTA; and
- Develop relevant content in local languages where possible (videos, fliers, newspaper articles, animations, images Et cetera.) for promotion of AfCFTA Agenda, Kenya's exports in the destination markets and sensitisation of the trade and services value chain on the various media and trade platforms.

The targeted stakeholders at the national and county- levels for this communication plan are government, the private sector and their associations and civil society. Outside of Kenya, the targeted stakeholders are Kenya's Missions' abroad, foreign governments and regional, continental and international organisations amongst others (see following table).

Communication Plan – Target Groups

National and County-Levels

Government

Government (National and County)

Legislature

Parastatals

Private Sector and the Associations

Large companies

MSMEs (including cross-border traders, small-scale farmers, fishermen, and pastoralists)

Private Sector Associations

Civil Society in Kenya

Women, Youth and PWDs

Academia

Media

Other interest groups

External Players and Parties

Kenyan diplomatic missions abroad

Foreign governments and their missions in Kenya

Foreign country chambers of commerce

Economic operators, business interest groups and commercial operators

Foreign country civil society organisations based in Kenya

Regional, continental and international organisations

a) Government

At the government level, the national sensitisation campaign will focus on sensitising the different government branches at the national and county levels. The discussion will include: the scope of AfCFTA Agreement and status of operationalisation; AfCFTA's implications to Kenya; what econometric modelling says about the consequences for Kenya; the main arguments in favour of AfCFTA; and the National Strategy (including metrics for evaluation and coordination structures).



This national sensitisation campaign at the government-level will also focus on sensitising Kenya's Foreign Service staff on AfCFTA so that they position Kenya as an AfCFTA leader in Africa and a key investment anchor and trade hub in Africa. In addition, Kenya's Foreign Service officers stationed in Africa should be sensitised to promote Kenya's brand across Africa.

The national sensitisation campaign at the government level should sensitise agriculture, livestock and fisheries extension officers on AfCFTA so that they can effectively rollout a plan to sensitise farmers, pastoralists and fishermen on AfCFTA and its opportunities during the course of their extension work.

The National Implementation Committee (NIC) and State Departments for Trade and Enterprise Development should take the lead in this sensitisation effort. Specific actions to be conducted are as follows:

- Conduct one day sensitisation retreat on AfCFTA for high-level functionaries (annually);
- Conduct one sensitisation workshop for officers holding directorship positions in line

MDAs in the 1st year of implementation of the strategy (subsequently on a need basis);

- Prepare and circulate periodic cabinet briefs on AfCFTA;
- Sensitise Kenya's Foreign Service Officers on need to promote Kenya's brand in Africa, position Kenya as leader in regional and continental integration efforts and as a key investment anchor and trade hub in Africa;
- Sensitise agriculture, livestock and fisheries extension officers on AfCFTA so that they can include sensitisation of AfCFTA in their extension work; and
- Institute feed-back mechanism to get perspectives on opportunities and challenges on AfCFTA implementation from all stakeholders.

In addition, the NIC should encourage regular State Party to State Party interactions on AfCFTA implementation process to share experiences and get insights.

b) Private Sector

At the private-sector level, the national sensitisation campaign should focus on sensitising the private sector and their respective associations on the following: the scope of AfCFTA Agreement and status of operationalisation; main arguments in favour of AfCFTA and the benefits to African businesses; trade and business opportunities within AfCFTA countries for various commodities and services; market-access requirements in these priority countries and commodities and services; rules of origin and products– that is rules to be satisfied by businesses to qualify for tariff preferences; documentations; government actions in support of business taking advantage of AfCFTA; trade facilitation measures and mechanisms; dispute settlement mechanism and trade remedy measures. In addition, the private sector should be informed about the role of the National Implementation Committee of AfCFTA. Moreover, a feed-back mechanism is proposed to be put in place through which private sector players can share their expectations, experiences and challenges regarding AfCFTA implementation.

It is proposed that the NIC, State Departments for Trade and Industry, Kenya Private Sector Alliance, Kenya National Chamber of Commerce and Industries, and Kenya Association of Manufacturers take lead in this sensitization effort. The specific actions to be conducted are as follows:

- Conduct quarterly workshops with various private sector players representing different business segments;
- Develop and launch product documentary videos in prioritised value chains;¹
- Establish a digital marketing platform and launch an e-commerce platform in Kenya;
- Develop videos for instance, animated videos in different languages on AfCFTA;
- Set up AfCFTA information desk at trade fairs/shows to disseminate information on AfCFTA;

- Conduct annual sensitisation campaigns at border points;
- In collaboration with County Governments agricultural extension officers, conduct sensitisation of farmers;
- Identify 4 Entrepreneurial Champions on AfCFTA and incorporate them in the rollout plan for its implementation;
- Institute feed-back mechanism to get perspectives on opportunities and challenges from private sector and their associations on AfCFTA;
- Organise and conduct sector focused business forums and B2B meetings with their counterparts in the continent; and
- Disseminate information on market opportunities, compliant products and sectors with applicable rules of origin.

c) Women

Women are key actors within Kenya's private sector and civil society. They are also a major focus of this National AfCFTA Strategy. It is, therefore, suggested that specialized sensitisation efforts be made towards the private sector with additional emphasis on gender-focused business opportunities, gender supportive trade facilitation measures and gender focused aid for trade programmes. These sensitisation efforts should be led by the State Department for Gender as well as the NIC and should focus on the following specific actions:

- Conduct seminars targeted on women organisations as well as colleges and universities to inform women about AfCFTA;
- Engage in radio discussions on AfCFTA and gender on popular radio stations;
- Make use of social media platforms to engage with women on AfCFTA matters;
- Organise B2B, B2G and B2C meetings for women entrepreneurs and traders in the country and outside the country;

¹ to create awareness and build capacity of private sector actors in those sectors.

- Institute mentorship programmes for women entrepreneurs and traders;
- Conduct regular sensitisation campaigns at border posts targeting women traders;
- Identify four Women Champions of the AfCFTA, train them on AfCFTA matters, and incorporate them in the implementation rollout plans;
- Institute other programmes to build capacity of women to trade (e.g., networking groups, solicit funding and so on.);
- Institute feedback-mechanism to get women expectations, experiences and challenges regarding AfCFTA; and
- Train women in business on the need to embrace Safe Trade
- Ensure content delivery in local languages where possible, including at border points.

d) Youth

Considering that the youth population constitute a huge portion of the Kenyan population as well as the African population, there is apparent need for targeted sensitization efforts directed towards them regarding AfCFTA. Such efforts should build on the communication plans efforts towards the private sector but include an additional emphasis on youth-focused business opportunities, youth-supported trade facilitation measures and youth-focused aid-for trade programmes. These sensitisation efforts should include the following:

- Conduct seminars at educational institutions to inform youth about AfCFTA;
- Engage in radio discussion on AfCFTA on popular radio stations;
- Utilise active social media platforms (Facebook, Twitter, and so on.) to engage with youth on AfCFTA;
- Develop skits and include them in the rollout;



Woman selling goods to tourists
Photo Credit: Getty Images/ jorgriommi

- Organise B2B, B2G and B2C meetings for youth entrepreneurs and traders in the country and outside the country;
- Engage private sector with youth programmes on AfCFTA;
- Institute mentorship programmes for youth entrepreneurs and traders;
- Identify four 'Youth Champions on AfCFTA, train them on AfCFTA matters, and incorporate them in the implementation rollout plans;
- Institute other programmes to build capacity of youth to trade (for example, IPR sensitisation programmes, branding of products, solicit funding for example; and
- Institute feedback mechanism to enable youth share their views, experiences, insights and challenges on AfCFTA;

- Ensure content delivery in local languages where possible.

These sensitisation efforts should be prioritised and coordinated by the State Department for Youth and NIC with support of other line MDAs. These include the State Department for Early Learning and Basic Education; State Department for Vocational and Technical Training; State Department for Post-Training and Skills Development; and State Department for Sports.

e) Civil-Society in Kenya

At the civil society-level, the focus of the communication strategy should be on sensitising academia, civil society organisations, special interest groups and the general public on the following: AfCFTA Agreement; scope of the Agreement; the main arguments in favour of the AfCFTA; and AfCFTA's impacts on pertinent issues related to free movement of people, the environment and food security amongst others. The sensitisation efforts should also enlighten this category of stakeholders on the Kenya's National AfCFTA implementation Strategy and the role of the National Implementation Committee.

These efforts should be prioritised and coordinated by the NIC and the State Department for Trade with support of other line MDAs and relevant NGOs. These MDAs include: Ministry responsible for labour and Social Protection; Ministry responsible for Tourism and Wildlife; Ministry responsible Environment and Forestry; Ministry responsible for Public Service, Youth and Gender; and Ministry responsible for Health. In addition, within civil society, it is recommended that the National Implementation Committee nominate AfCFTA Champions that can best champion AfCFTA agenda to special interest groups (for example, social activists and environmentalists). These AfCFTA Champions can be featured in promotional materials and/or media as well as participate in national and/or county-level meetings and seminars to promote the AfCFTA agenda.

The specific sensitisation activities should include the following:

- Conduct seminars on specified issues;
- Engage in radio discussion on AfCFTA on high listenership radio stations;
- Utilise active social media platforms (Facebook, Twitter, and so on) to engage with civil society groups on AfCFTA matters;
- Identify four Civil Society Champions (Social Activists and Environmentalists) train them on AfCFTA matters, and incorporate them in the implementation rollout plans;
- Organise and implement a mass media campaign on AfCFTA to the general public; and
- Institute a feedback mechanism to enable civil society share their views and/or insights on AfCFTA.

f) External Players and Parties

It is important that the communication plan targets external players and parties inside and outside of Kenya. These players and parties should include Kenya's diplomatic missions abroad, foreign governments, foreign diplomatic missions in Kenya, foreign country civil society organisations, economic and commercial operators as well as regional, continental and international organisations amongst others.

The messaging to these external players and parties should be targeted on advancing Kenya's interests and participation within AfCFTA. As it relates to Kenya's diplomatic missions abroad and foreign country chambers of commerce, for example, there should be efforts to promote Kenya as a key investment anchor and trade hub in Africa. Similarly, with regard to foreign governments as well as regional, continental and international organisations, there should be an effort to position Kenya as a leader in regional and continental integration efforts. Equally, in relation to foreign country civil society and consumer

organisations, there should be an effort to build Kenya's brand.

These efforts should be prioritised by NIC and the Ministry responsible for Foreign Affairs. The specific activities include the following:

- Engaging with foreign media on AfCFTA;
- Hosting AfCFTA-related roundtables and workshops in Kenya's embassies and high commissions abroad;
- Hosting AfCFTA roundtables with foreign missions, regional organisations, and international organisations in Kenya;
- Lobbying foreign governments where applicable; and
- Participating in similar events in those countries that are of interest for Kenya.

At all levels, there should be involvement of media associations and key media houses for print, television and radio in the communication strategy. Thus, reporters should be sensitised on how to cover and report trade related issues.

Monitoring and Evaluation

The importance of monitoring and evaluation cannot be understated. Monitoring and evaluation allows for the following: tracking implementation of activities, resources, outputs and outcomes; facilitating harmonised reporting and communication of results; and enhancing efficiency in planning and implementation.

Overall, the monitoring and evaluation framework for the strategy rests on measuring achievement of the

strategy's specific goals. These goals are outlined below:

- Consolidating, diversifying and expanding Kenya's Exports to Africa; and
- Ensuring Kenya's manufacturing sector real value-added increases by 5% per annum

In addition, the monitoring and evaluation framework should track implementation of interventions for each strategic objective. Each of these interventions have either one or more associated indicators. Progress on each of these interventions should be benchmarked against their associated indicators and be gender-disaggregated where possible.

It is recommended that there be quarterly and annual reporting. The quarterly reports should benchmark actual performance over set targets on key indicators. Many of these quarterly performance benchmarks will be sourced from quarterly reports from annual work plans (for example, NTBs) and consolidated. Meanwhile, the annual reports should provide a more robust assessment as well as details on challenges, lessons learned and recommendations moving forward.

In terms of evaluation, a final report at the end of the 5th year is recommended which will inform the subsequent 5-year plan. This final report should assess the extent to which set objectives are met and impact created at the end of the 5th year according to the strategic objectives. It will rely heavily on the monitoring reports that are generated across the period. The criteria for evaluation should be based on relevance, effectiveness, efficiency, impact and sustainability. Additionally, the assessment should be based on implementation framework and theory of change.

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