

THE NATIONAL EXPORT DEVELOPMENT AND PROMOTION STRATEGY FOR KENYA 2017-2022



Report of the Initial Preparatory Work 2017
Institutional Framework and Scope of Work
for Sector Working Groups
JUNE, 2017



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1. BACKGROUND TO THE DEVELOPMENT OF THE NATIONAL EXPORT DEVELOPMENT STRATEGY

1.0 Background

The Government of Kenya, through the Ministry of Industry, Trade and Cooperatives, having finalised development of the National Trade Policy, embarked on the process that should lead to the crafting of her second National Export Development and Promotion Strategy (NEDPS). The two initiatives are intended to spur growth and transform performance of the trade sector significantly.

The NEDPS will be a five-year sector development plan with defined actions on issues that affect export development. It is expected to specifically; induce synergies for higher production in specific export sectors to enable better export performance; enhance market access and sustained performance; identify and align constraints in the export sector and propose mitigation measures; allocate resources based on prioritised objectives and streamline the export sector management by defining and allocating responsibilities to specific institutions with best capacities, including implementation, monitoring and evaluation functions.

1.1 Making the Case for a National Export Development and Promotion Strategy

There are at least, four important reasons that have made it necessary to lay the foundation for the development of a National Export Development and Promotion Strategy. The reasons are briefly discussed herebelow.

“ 41 %
EXPORT EARNINGS
GROWTH BETWEEN
2010 TO 2016 ”

i) Oscillating Export Performance

Although Kenya's export earnings has increased by 41%, from KES 409.7 billion in 2010 to KES 578.2 billion 2016, it has been marked by major oscillations in the last five years. Export earnings grew by 18.8% from KES 344.9 billion in 2009 up to KES 409.8 billion in 2010. In 2011 the earnings increased by a high of 25.1% billion to KES 512.6 billion. In 2012, however, export earnings increased by a small margin of 1.023% to KES 517.8 billion. In 2013, there was a marked decline of 3.0% to KES 502.1 billion. In 2014, total export earnings increased by 7.0% to KES 537.2 billion. In 2015, export

earnings grew significantly by 8.2% to KES 581.0 billion compared to 2014. In 2016, however, there was a small decline in export earnings by 0.513% to KES 578.067 billion compared to 2015.

“ 82% ”

IMPORT EARNINGS GROWTH FROM 2010 TO 2016

ii) Widening Balance of Trade Deficit

In the meantime, imports have increased by 82%, from KES 788.097 billion in 2010 to KES 1,431.745 billion in 2016. The years 2010, 2011, 2012, 2013 and 2014 recorded increases in imports of 20%, 37%, 6%, 3% and 14% respectively. However, in 2015, there was a small drop of 3% from KES 1618.321 billion to KES 1577.557 billion. In 2016, there was a significant drop of 9.243% to KES 1431.745 billion compared to 2015.

The balance of trade has continually registered a deficit that has on average widened by an annual average of 11.4%, deteriorating from a deficit of

KES 443.8 billion in 2010 to a deficit of KES 883.7 billion in 2016. The years 2010, 2011, 2012, 2013, 2014 recorded widening deficit in balance of trade of 21.3%, 46.7%, 8.7%, 6.3% and 18.7% respectively. On the contrary, there was a relative decrease in the deficit in 2015 by 7.8% from KES 1,081.1 billion in 2014 to KES 996.512 billion in 2015. In 2016, there was still a slight decline in the trade deficits by 14.3% to KES 853.7 billion.

iii) Market Diversification

Kenya's export markets are relatively concentrated and in need of diversification. Ten (10) countries accounted for 61% exports in 2016. While, five out of the top ten markets; and seven out of top twenty markets in 2016 are in Africa. Over 70% of Kenya's total exports are destined to 12 countries globally. Kenya's exports share in the global market remains dismal at 0.03% of total global trade. Kenya has been experiencing declines and market losses in key traditional markets.

iv) Product Diversification

The country's export product base remains narrow with top 5 products/subsectors accounting for 52.17% of total exports in 2016. The main exports were tea, horticulture, coffee, titanium, essential oils, textile & apparels, tobacco &

tobacco products among others; while the main imports were petroleum oils, capital goods, food products and chemical fertilisers, medicament among the lead products.

The National Export Development Strategy would thus enhance the national capacity to leverage exports for foreign exchange generation through higher production and export to global markets.

1.2 Rationale for the National Export Development Strategy

The impetus and rationale for the development of this National Export Development Strategy is summarised in a tabular form herebelow:

Table 1.1 Impetus and Rationale for the NEDPS

| Rationale for the National Export Development Strategy |
|---|
| <p>International Trade has been identified in the Vision 2030 Economic Pillar and the Medium Term plan as a key driver towards attainment of the sustained GDP growth rate of 10% per annum to the year 2030. The Export sector is expected to contribute towards delivery on macroeconomic goals through sustained export growth and contribution to the GDP by accelerated developments in the export allied sectors; rejuvenating performance in selected sectors, whose contribution to the GDP show high potential for growth but have, due to various factors been experiencing oscillations in production and contribution to export growth,</p> |
| <p>Prospects for better export growth are evident considering the country's expanded opportunities for exports, arising from trade arrangements including multilateral, regional and bilateral trade agreements. A better performing and growth oriented export sector for Kenya is also anticipated to arise from the continual improvements in organization, synergies anticipated from the sophistication and diversity of Kenya's economy which is supported by among others:-</p> |
| <p>a) Mega infrastructure projects - electricity generation and distribution, Standard Gauge Railway, LAPSET project, Airports upgrading projects, among other projects;</p> |

| |
|--|
| b) World class ICT and communication infrastructure; |
| c) The critical mass of educated labour force; |
| d) The country's hosting of lead multinational and national corporations with insatiable quest for business growth through expanded market opportunities; |
| e) Emerging class of innovative entrepreneurs among the youth and women with a 'never die motto'; |
| f) First class of professionals who have already broken ranks with complacency to export services in the regional and international markets, albeit with no formalized frameworks (such as Mutual Recognition Agreements) of exporting such services; and, |
| g) Brand Kenya initiative that is already up and running but starved on opportunities to brand the country's international market penetration drive, |
| The national economy is market driven and has entrenched 'a trade driven economic' growth agenda. The National Export Strategy will secure a unified vision and strategic direction for synergies and harmonious development of the export sector |

1.3 Organs for Coordination and Harmonization of Export Development Strategy

In view of the complexities in export development, there has risen a compelling need to harmonise export related issues and therefore, the development of a comprehensive National Export Development Strategy that is arrived at through a participatory and consultative process. Such a process enables the capture of key issues surrounding all processes in the export value chains.

The development of a National Export Development Strategy is premised on the need to bring together all relevant ministries, trade support institutions and the wider cross section of public and private sector entities in order to provide input on various ways in which to enhance competitiveness. The organs for the National Export Development Strategy Process are as summarised in the tabular form herebelow:

Table 1.2 Organs of the NEDPS

| Committee | Function | Membership |
|------------------------|---|--|
| NES Steering Committee | To give policy direction and guidance to the development of the NES | <p>Consists of members drawn from, Relevant Ministries/Departments, Sector Associations, Exporters, Development partners.</p> <p>The Ministry of Industry, Trade and Cooperatives, Ministry of Foreign Affairs; Ministry of Agriculture, Livestock and Fisheries; The National Treasury; the Export Promotion Council (EPC), Kenya National Chamber of Commerce and Industry; Kenya Association of Manufacturers; Kenya Private Sector Alliance.</p> |

| Committee | Function | Membership |
|--|--|--|
| National Technical Committee | Responsible for the development of the National Export Strategy | The Ministry of Industry, Trade and Cooperatives, Ministry of Foreign Affairs; Ministry of Agriculture, Livestock and Fisheries; Fisheries and Food Authority (AFFA) ; The National Treasury; the Kenya Investment Authority (KENINVEST), the Export Promotion Council (EPC), the Export Processing Zones Authority (EPZA) Kenya National Chamber of Commerce and Industry; Kenya Association of Manufacturers; Kenya Private Sector Alliance; Kenya Flower Council; Fresh Produce Exporters Association of Kenya (FPEAK), Kenya Chamber of Mines. |
| National Export Strategy Elevation Team (NEST) | Facilitates decisions, interinstitutional liaison and harmony receive and collate the deliverables to the finalization of the assignment | Export Promotion Council, Ministry of Industry; State Department of Trade;Coopts from: Ministry of Agriculture, Livestock and Fisheries, Ministry of Foreign Affairs, Ministry of Labor and East African Affairs, Kenya Private Sector Alliance, Kenya National Chamber of Commerce and Industry, Kenya Association of Manufacturers. |
| Sector and County Consultative Committees | To identify and construct values from sectors of interest to the economy | Each of the eight identified sectors to coopt members depending on weights attached to the institution and physical personality |

1.4 Efficiencies and Competitiveness Through Value Chain Prioritization

The National Export Development Strategy seeks to construct values in eight (8) flagship sectors that were selected to drive Kenya's future exports development agenda including; Agriculture, Fisheries, Livestock, Manufacturing, Mining, Handicraft (SME), emerging Sectors and Cross Cutting issues. The sectors were arrived at after wide consultations and intense selection criteria.

1.5 Criteria for Selection of Priority Sectors

There are a number of parameters to be considered in the selection and ranking of sectors for inclusion in the National Export Strategy. The parameters are summarised in the table herebelow:

Table 1.3 NEDPS: Sector Selection Parameters

| Criteria for Selection of Prioritized Sectors | |
|---|--|
| i) | Labour intensiveness Given Kenya's unemployment levels, and population growth rates, sectors/ products that are labour intensive should be given priority. |
| ii) | Growing international demand and markets Sectors that provide products that present stable and/or increasing international demand should be prioritized. The NES places emphasis on these two parameters in order to ensure diversification and expansion of the export basket while at the same time reducing the risk profile of exports. |
| iii) | Kenya's policy positions Sectors that are prioritized in leading Government policy documents such as the Kenya Vision 2030 and its Medium-Term Plans (MTPs) and related documents are considered. The above policy documents emphasizes on Kenya's commitment to be the lead manufacturing point for the Regional Market and the provider of choice for basic manufactured goods, by enhancing improved efficiency and competitiveness at firms level. |

Criteria for Selection of Prioritized Sectors

iv) **Factor Abundances**

Abundances of supply of the base raw material or highly qualified human resource or technology for transformation of the final products (factor-technology mix).

v) **Comparative Advantage and Competitive Advantage**

While Kenya has traditionally relied on comparative advantage to export raw material; to tap the potentials in the higher value chain would require building on the competitiveness, to create technology endowed products.

Other considerations:

vi) **Macro-Economic Contribution:**

This refers to sectors that manifest current or future potential to be transformative in developing the economy while taking advantages of the global markets to leverage international resources.

vii) **Export Potential:**

This refers to the potential to generate foreign currency earnings and attract markets in the context of current global realities and global growth prospects, including relatively buoyant demand in the world markets.

viii) **Export Readiness:**

This is based on evidence of export experience or strong potential among firms and institutions in the sector. Export readiness is linked to current and past export performance, world market performance and domestic supply conditions. Products and firms in the each identified sector are subsequently rated as having low, medium and high potential for success and rated as of being of low, medium or high importance.

ix) **Social-Economic Impact:**

This refers to demonstration of existing or potential impact on employment creation and rural development.

x) **Potential linkages** i.e. existing sectors that can drive the creation of additional value.

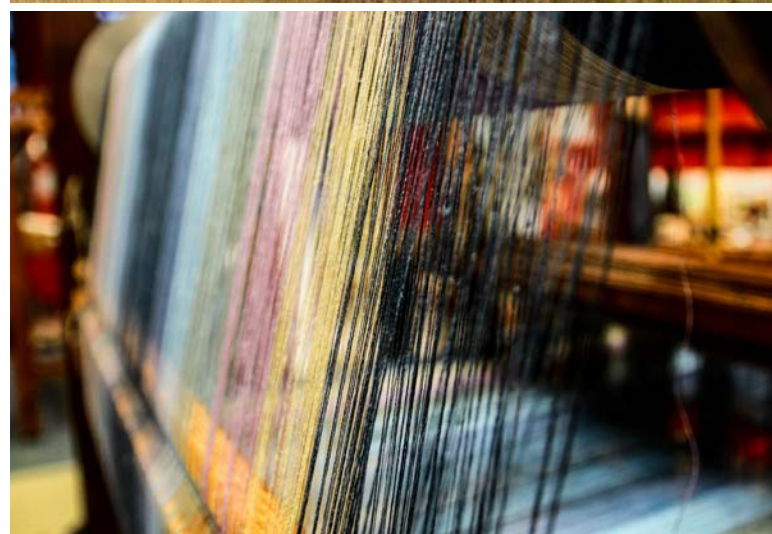
Criteria for Selection of Prioritized Sectors

- xi) International marketing potential.** These are sectors that bear the likelihood of attracting international customers and have the capability of competing at the global levels and obtain competitive advantage including the potential to attract domestic or international investors.
- xii) Current resources available** and investments made to-date in the economy, especially in the areas of infrastructure and domestic supply conditions.
- xiii) Cluster potential.**
The evidence or potential to reap the benefits of critical mass through clustering and collaboration. The underlying principle here is that by building a group of products or services which could already be enjoying comparative advantage by moving into industries closely linked to those products (or services), synergies may be gotten which drive productivity and innovation. Examples include conventions/conferencing facilities leveraged on the growing tourism sector.

1.6 The Proposed Priority Sectors and Subsectors:

There are a number of apriori sectors and sub-sectors to be prioritized for development as they have good potential to drive Kenya's exports and economic growth if harnessed well. These sectors will be subject to qualitative and quantitative interrogation and include the following:

- i) Livestock and Livestock Products**
 - a) Beef, Mutton Goat
 - b) Poultry meat
 - c) Dairy Products
 - d) Hides and Skins
- ii) Agriculture**
 - a) Tea
 - b) Coffee
 - c) Sugar
 - d) Pyrethrum



- e) Horticulture (Fruits, Vegetables, Cut Flowers)
 - f) Pulses
- iii) **Fisheries**
 - a) Marine,
 - b) Aquatic and
 - c) Inland Fish
- iv) **Manufacturing**
 - a) Textile and Apparels
 - b) Leather and leather products
 - c) Manufactures (Diverse products)
 - d) Handicrafts
- v) **Handicrafts**
 - a) Decor, Gift items
 - b) Lifestyle accessories
- vi) **Service Sector(s) with Competitive advantage**
 - a) Tourism
 - b) Transport, Communication, logistics and Maritime Services
 - c) Professional Services
 - d) Banking and Non- Banking Financial Services
 - e) Information Technology (IT) and IT enabled Services
 - f) Sports and Performing Arts
- vii) **Emerging Sectors**
 - a) Mining and Minerals
 - b) Oil and Gas
 - c) Power
- viii) **Cross Cutting Issues**
 - a) Export Financing
 - b) Export guarantee schemes/insurance schemes;
 - c) Others

1.7 Approaches to the Development of the NES

The process for development of the National Export Development Strategy is participatory and inclusive. It involves all export related sectors and key leaders in the socio-economic management at micro levels, sub national and at national levels who provide input on various ways in which Kenya's trade competitiveness can be enhanced. The consultative processes are necessary in order for the export

sector to gain traction with the real time issues that affect production units, address export markets and access issues as well as, address the overarching factors that contribute to national competitiveness. Moreover, the process is based on public/private sector dialogue and involves rigorous and comprehensive analyses at the national, institutional and sector levels conditions in order to identify priorities and imperatives for improved sector performance and strengthening the linkages between export development and economic performance. The inclusive and consultative approach is also aimed at creating a vibrant and dynamic export development action plan that responds to both the national economic environment and priorities as well as global market dynamics.

1.8 Scope of the Interventions

The concerns of the National Export Development Strategy (NEDS) are specific issues ranging from development to competitiveness as well as poverty reduction at the national level. The specific issues are presented in tabular form herebelow:

Table 1.4: Issues Determining Sector Prioritization

| | |
|---|---|
| i) Enterprise Level: At the enterprise level, NES addresses issues that relate to value addition, innovation capabilities and business competencies of enterprises. | ii) Policy Level: At the macro level, NES addresses issues related to policy regime and provides options for optimizing on policy with regard to export development, business environment and competitiveness. |
| iii) Markets: NES also looks at the global markets linking prioritization, feasibility and logistics as well as access issues viz a viz the country's potential. | iv) Institutional Level: At the institutional levels, NES addresses the effectiveness of trade support networks or institutions, providing impetus aimed at strengthening the networks so as to foster a business friendly environment for optimal performance. |
| v) Performance Management Consistency and Continual Improvement: Monitoring and Evaluation. | vi) Lessons from the Last NES. |

| | |
|--|--|
| vii) Best practice survey and mapping for NES based on what has worked in emerging economies | viii) Although the last NES was never implemented in a formal way, the lessons in terms of the low level implementation on the sectors that were prioritized should be taken into account since Kenyan enterprises are active in the global markets. It means that dialogue with them to integrate their opinions is key to performance. |
|--|--|

1.9 Sectoral and County Consultations

A tiered structure that incorporates both the national and county structures has been created in order to manage value creation and construction in the National Export Development Strategy. A National Steering Committee Composed of relevant stakeholders from the public and Private sector has since been formed to oversee, advice and direct national export Strategy teams in the formulation of the National Export Development Strategy. A Working committee of national consultative teams was also formed to provide technical support with membership comprising technical personnel from the Public and Private sectors. The basic structure is indicated herebelow while the rest of this document focuses on the report of the National Export Sector Working Groups held at the Maanzoni Lodge Machakos in April 2017 which provided critical input on the development of the strategy.

*Table 1.5 Coordination and Management of the NEDPS***Chairman-Principal Secretary State Department of Trade**

The National Inter-Ministerial/Stakeholder Committee will be chaired by the Principal Secretary, State Department of Trade or his designated appointee.

Secretariat

The Export Promotion Council shall provide Secretariat Services and working space for the NES development teams on need basis.

Technical Assistance

State Department of Trade will provide Lead Technical Assistant and STTAs through collaborative support from Development Partners - DFID and TMEA in response to the technical requirement tasks foreseen in towards timely completion of the NES.

Oversight and coordination of NES formulation and development

The committee, through select Task Force sub-committees and working groups shall coordinate tasks envisaged in the NES development work program.

2. REPORT OF THE NATIONAL EXPORT STRATEGY RETREAT

2.1 Introduction

For concerted intra and inter sector consultations, a three day residential retreat was held in Maanzoni Lodge, Machakos from 10th to 13th April, 2017. This was part of the consultative process put in place to identify operational frontiers for the National Export Development Strategy processes; potentials in terms of depth of the sectors, export market opportunities, prospects of sectors responding to revealed opportunity and; delineating the underlying constraints (both domestic and in international markets).

2.2 Specific Objective of the Retreat

The Retreat was intended to give direction to the strategy development process through intra sectors' engagements (through work committees) to prioritize lead products from the eight sectors and develop operational plans for the construction of values for export.

2.3 Consultative Processes and the Strategy Retreat

The sector working groups engaged during the retreat and undertook situation analyses of their respective sectors in terms of export market opportunities, defined the sector depth, constraints (both domestic and international markets) and prescribed corresponding interventions to input into the relevant sector value construction. The retreat involved a plenary discussion and breakout sessions. The content of the sector working groups was based on the following guiding parameters:

- a) Situational analysis of the national circumstance and environmental analysis for the defined sectors;
- b) Stakeholders mapping;
- c) Review and enumeration of underlying sector policies and strategies;
- d) Pre-conditions for increased export firm productivity and capacity enhancement through identification of relevant product and time lines for intervention in internalizing constraints to the respective sector development; and,
- e) Operational plans and budgets;

The proposed schedule of activities for the National Export Strategy Working groups for the next two months from 17th April 2017 to 17th June 2017, formed the actionable time-bound deliverables for the retreat.

2.4 Achievements from the Retreat

The deliberations were fruitful and to the point. The sectors gelled along the proposed objectives. The retreat appraised the sector working groups on the appertaining processes and rallied the teams to commit to the ancillary activities towards the design, consultations and implementation of the National Export Development Strategy processes. The sector working groups consulted widely, identified and mapped out potentials for future businesses through the National Export Development Strategy.

The Sector working groups were able to undertake policy and strategy mapping as well as picking out critical stakeholder institutions that would be relevant in the implementation of sector strategies. The key outcomes were:

- i) The sector working groups appreciated their composition and Terms of Reference;
- ii) Sectorial situational analyses for the identified sectors and appreciation of Kenya's current trade performance;
- iii) Defined their critical sector stakeholder and mapped out the probable sub-sectors for further interrogation;
- iv) Identified National policies of each of the sectors to be harmonised; and,
- v) Generated sector workplans and proposed budgets that would lead to development of sector strategies.

2.5 Issues Arising from the Retreat

a) Title of the final Document



In consideration of the product development aspects of export development processes, it was informed that the scope of the document needed to be reflective of all the related value chain issues. It was therefore agreed that the final strategy document to be titled “The National Export Development Strategy.”

b) Timelines for Consultations

Members deliberated the timelines attached to the National Export Development Strategy and in the same line reiterated the need for expedited activities. It was advised that the proposed two months would not sufficiently meet the desired objective of coming up the draft National Export Development Strategy. However, participants agreed to work to the level of sector strategies which would be later harmonized and tied to strategic interventions.

c) Measurement of Performance

While discussing the proposed sectors in the National Export Strategy, it was strongly felt that the old National Export Strategy document needed to have been thoroughly reviewed and it was equally held that Monitoring & Evaluation system for tracking progress of the sector working group at all levels be inbuilt in the development processes of the National Export Strategy that was being developed.

d) Sector and County Consultations

The meeting discussed various methods for reconstructing the sectors and isolating the related values for promotion. The inter relations between counties and national export systems administration necessitated full involvement of counties and county stakeholders in the consultative process.

Sector working Group Meetings

It was the consensus of members that to have a well thought out National Export Development Strategy, constant engagements at sector levels was necessary. It was however brought out that sector working groups found it difficult to generate quorums in their meetings whenever these were held at the headquarters. This gave rise to the proposal/request that each sector working group be facilitated through retreats to meet their timelines and the final goals.

2.6 Conclusions and Way forward for the SWGs

- a) The Sector working groups that had not completed their operational Plans were asked to do so by April, 21st 2017. In view of the reported logistics and conveniences for holding the meetings, the Trade Mark East Africa informed that they could facilitate requisitioning of a common venue to be used by outstanding sector working groups to finalize their plans. It was agreed that the sector consultative processes needed to move forward and in the same relations, it was necessary that the sectors working groups chairpersons and Secretaries needed to have a meeting to consolidate the operation plans for budgeting and resource mobilization purposes.
- ✓ **ACTION:** It was recommended that a Retreat for Sector Working Group chairpersons be held in the week from 24th - 28th May, 2017. The Trade Mark East Africa agreed to facilitate this retreat of Chairpersons and Secretaries.
- b) Need for consultancies by sector working groups was linked to the intricate details that needed coherence of thought processes. In view of the needs for consultancies that were arising from each of the sector working groups operational plans; it was decided that it would be necessary to rationalize the number of consultants. Towards the same objective, it was recommended that a common consultant be engaged, that would cut across and that would intervene in all the functional areas that were sought by each of the sector working groups.
- ✓ **ACTION:** Each of the sector working groups was required to submit responsive terms of reference for the requisite consultancies. TMEA undertook to facilitate the procurement processes to enable engagement of the Consultants in good time.
- c) It was reiterated that the processes towards the NES needed to be fast tracked to enable delivery of each sector strategy by the end of June, 2017. It was thus proposed that the sectors and county consultations be streamlined. It was therefore proposed that rather than having disparate retreats for each sector; an option was to be considered of bringing together all critical actors in the Eight (8) identified sectors to assemble in a retreat to enable them brain storm and engage in the relevant sector interrogations.
- ✓ **ACTION:** TMEA was in agreement with the proposal and accepted in principle to facilitate the retreat of all critical stakeholders for each of the identified sectors. Upon commencement of programming, there would be need for guidelines for sector working group meetings through a standard template. The template for data capture and sector value reconstruction would be provided to allow uniformity in the planning processes

2.7 Summary of Sector Strategic Operational Budgets

After extensive discussions and consensus on work-plan for each sector working group, the following operational budget was agreed on. Annex I contains the specific details of each sector working group. Annexes II to XI contain details of the work-plans for each sector working group:

| No | SECTOR | BUDGET (USD) @ exchange rate of 103 |
|--------------|----------------------|--|
| 1 | Livestock | 29,338 |
| 2 | Manufacturing | 37,785 |
| 3 | Emerging sectors | 26,000 |
| 4 | Services | 335,000 |
| 5 | Fish and Fisheries | 50,420 |
| 6 | Cross Cutting issues | 510,000 |
| 7 | Handicraft | 106,775 |
| 8 | Agriculture | 47,500 |
| 9 | County Consultations | 79,295 |
| TOTAL | | 1,222,113 |

ANNEXES

Annex I: Consolidated Operational Budgets For The Sector Working Groups

| Sector/ Activity | Desk Research & Meeting (USD) | Engagement of Consultant (USD) | Stakeholder consultations (USD) | Strategy Workshops (USD) | Total |
|----------------------|-------------------------------|--------------------------------|---------------------------------|--------------------------|------------------|
| Livestock | 5,160 | 1,200 | 6,978 | 16,000 | 29,338 |
| Manufacturing | 10,300 | | 20,085 | 7,400 | 37,785 |
| Emerging sector | 5,000 | 10,000 | 6,000 | 5,000 | 26,000 |
| Services | 210,000 | 75,000 | | 50,000 | 335,000 |
| Fisheries | 1,430 | | 19,600 | 29,390 | 50,420 |
| Cross Cutting Issues | 210,000 | | 190,000 | 110,000 | 510,000 |
| Handicraft | 38,175 | 31,850 | 31,850 | 4,900 | 106,775 |
| Agriculture | | 10,000 | 35,000 | 2,500 | 47,500 |
| County Consultations | 79,295 | | | | 79,295 |
| TOTAL | 559,360 | 128,050 | 309,513 | 225,190 | 1,222,113 |

Annex II (a): Strategic & Operational Work Plans For The Livestock SWG

| Strategic Objective | Output | Activity | Performance Indicators | Timeframe (April 2017 – June 2017) | | | | Budget (USD) | Responsible office/ Person |
|---------------------|--------------------------|---|--|------------------------------------|---|---|---|--------------|----------------------------|
| | | | | A | M | J | J | | |
| | Consultant identified | Identification of livestock sector consultant | Consultancy contract | | | | | 1100 | SDT and Steering committee |
| | Consultancy commissioned | Commissioning of consultancy | Draft livestock sector export strategy | | | | | 100 | Sector working group |

Annex II (a): Strategic & Operational Work Plans For The Livestock SWG

| Strategic Objective | Output | Activity | Performance Indicators | Timeframe (April 2017 – June 2017) | | | | Budget (USD) | Responsible office/ Person |
|---------------------|----------------------------------|---|--|------------------------------------|---|---|---|--------------|--------------------------------|
| | | | | A | M | J | J | | |
| | Working group | Identification and constitution of livestock sector stakeholders working group. | List of livestock stakeholders working group | | | | | 160 | Livestock sector working group |
| | Livestock sector export analysis | <ul style="list-style-type: none"> • literature review/ sector performance analysis. • identification/ collection of relevant livestock based commodity trade information (nationally and internationally). | Analysis report | | | | | 5160 | Livestock sector working group |
| | Draft strategy | Identification of sector based strategic issues, Strategic objectives and appropriate interventions. | Draft report | | | | | 5160 | Livestock sector working group |
| | Reviewed draft strategy | Review and cleaning of the Draft document | Draft report | | | | | 1658 | Livestock sector working group |

Annex II (a): Strategic & Operational Work Plans For The Livestock SWG

| Strategic Objective | Output | Activity | Performance Indicators | Timeframe (April 2017 – June 2017) | | | | Budget | Responsible office/ Person |
|---------------------|--|--|---------------------------|------------------------------------|---|---|---|---------------|--------------------------------|
| | | | | A | M | J | J | (USD) | |
| | Final livestock sector export Strategy | Validation meeting by stake holders on the final livestock sector draft strategy | Validation meeting report | | | | | 16000 | Livestock sector working group |
| | TOTAL | | | | | | | 29,338 | |

Annex II (b): Strategic & Operational Work Plans for the Manufacturing SWG

| Output | Activity | Performance Indicators | Timeframe (April 2017 – June 2017) | | | | Budget | Responsible |
|---|---|--------------------------|------------------------------------|---|---|---|--------|----------------|
| | | | A | M | J | J | (USD) | |
| Objective: To increase Exports of the Manufactured products in Kenya | | | | | | | | |
| Report | Situational analysis, guidance on stakeholder engagement and development of sector report | No. of sectors targeted | | | | | 10300 | KAM/Consultant |
| Attendance records & programme | Hold meetings with manufacturers | No. of sectors attending | | | | | 2575 | KAM |
| Attendance records & event programme | Hold sectoral meetings for the sectors (8 meetings) | No. of sectors attending | | | | | 12360 | KAM |

Annex II (b): Strategic & Operational Work Plans for the Manufacturing SWG

| Output | Activity | Performance Indicators | Timeframe (April 2017 – June 2017) | | | | Budget | Responsible |
|-----------------------------------|----------------------|--------------------------|------------------------------------|---|---|---|---------------|-------------|
| | | | A | M | J | J | (USD) | |
| Attendance list, evaluation forms | 1st Plenary Meeting | No. of sectors attending | | | | | 2575 | SDI/KAM |
| Attendance list, evaluation forms | 2nd Plenary Meeting | No. of sectors attending | | | | | 2575 | SDI/KAM |
| | Contingencies | | | | | | 5000 | General |
| Final Report | Report Consolidation | No. of days | | | | | 2400 | SDI/KAM |
| | | | | | | | 37,785 | |

Annex II (c): Strategic & Operational Work Plans for the Emerging SWG

| Strategic Objective | Output | Activity | Performance Indicators | Timeframe (April 2017 – June 2017) | | | | Budget | Responsible office/Person |
|--|--|--|---|------------------------------------|---|---|---|--------|---------------------------------|
| | | | | A | M | J | J | (USD) | |
| Objective No. 1: To undertake sector consultations in targeted counties | | | | | | | | | |
| | Export Strategic plan for the Emerging sector. | <ul style="list-style-type: none"> Analyze the national current circumstances Identify and evaluate the documentation Generation of the sectors and county consultative plans | <ul style="list-style-type: none"> Recruit the consultant Realistic presentation of each crop Material for baselines analysis and for future strategy harmonization Report of Emerging sector working group | | | | | 10,000 | Chair, Secretary and consultant |

Annex II (c): Strategic & Operational Work Plans for the Emerging SWG

| Strategic Objective | Output | Activity | Performance Indicators | Timeframe (April 2017 – June 2017) | | | | Budget (USD) | Responsible office/Person |
|---------------------|--|--|--|------------------------------------|---|---|---|--------------|---|
| | | | | A | M | J | J | | |
| | <ul style="list-style-type: none"> • Consensus on the approaches • Agreement on the Constraints facing the sectors • Current Situation analysis of the sectors • Critical stakeholders of all the sectors identified | <ul style="list-style-type: none"> • Stakeholder consultation • To conduct baseline surveys in the sectors/sub-sectors | <ul style="list-style-type: none"> • No. of engagements with counties/stakeholders • Identified stakeholder list | | | | | 5,000 | Consultants, working group and stakeholders |

Annex II (c): Strategic & Operational Work Plans for the Emerging SWG

| Strategic Objective | Output | Activity | Performance Indicators | Timeframe (April 2017 – June 2017) | | | | Budget | Responsible office/Person |
|--|---|--|--|------------------------------------|---|---|---|--------|---|
| | | | | A | M | J | J | (USD) | |
| Objective No 2: To generate operation plans and work programmes | | | | | | | | | |
| | <ul style="list-style-type: none"> • Harmonized sectoral plans of all sectors • Shared values and goals of sectors agreed and adopted • The SWOT of sectors identified | <ul style="list-style-type: none"> • Review of the sectoral strategies • Situational analysis of the sectors | <ul style="list-style-type: none"> • Harmonized plans and strategies for all emerging sectors • List of constraints/ challenges and opportunities of all sectors | | | | | 6,000 | <ul style="list-style-type: none"> • Consultants, working group and stakeholders • Consultants, working group and stakeholders • Consultants, working group and stakeholders |

Annex II (c): Strategic & Operational Work Plans for the Emerging SWG

| Strategic Objective | Output | Activity | Performance Indicators | Timeframe (April 2017 – June 2017) | | | | Budget | Responsible office/Person |
|--|--|--|--|------------------------------------|---|---|---|---------------|---|
| | | | | A | M | J | J | (USD) | |
| Objective No 3: To define sector priorities | | | | | | | | | |
| | <ul style="list-style-type: none"> • Harmonized sectoral plans of all sectors • Product and markets prioritized • Recommendations on policy environment and interventions | Consultations with stakeholders within the value chain to isolate priority sector programmes, products, markets, | <p>Harmonised priority activities for all emerging sectors</p> <p>List of Product and markets prioritized</p> <p>List of recommendations on policy for interventions</p> | | | | | 5,000 | <ul style="list-style-type: none"> • State Department of Trade • State Department of Trade • State Department of Trade |
| | | | | | | | | 26,000 | |

Annex II (d): Strategic & Operational Work Plans For The Services SWG

| Strategic Objective | Output | Activity | Performance Indicators | Timeframe (April 2017 – June 2017) | | | | Budget | Responsible office/Person |
|--|---|---|---|------------------------------------|---|---|---|---------|---------------------------|
| | | | | A | M | J | J | (USD) | |
| Objective No. 1: Hire Consultant to ease the work of the SSWG | | | | | | | | | |
| | Export Strategic plan for the services sector | <ul style="list-style-type: none"> Analyse the state of play/ national current circumstances Identify and evaluate the documentation Generation of the sectors and county consultative plans | <ul style="list-style-type: none"> TORs for Consultant Tender documents Recruit Consultant Material for baseline studies/ analysis Report of services sector working group Realistic presentation of each priority sector | | | | | 210,000 | Chair, secretary and WG |

Annex II (d): Strategic & Operational Work Plans For The Services SWG

| Strategic Objective | Output | Activity | Performance Indicators | Timeframe (April 2017 – June 2017) | | | | Budget | Responsible office/Person |
|---|---|--|---|------------------------------------|---|---|---|--------|---|
| | | | | A | M | J | J | (USD) | |
| Objective No. 2: Analyze and gather information from relevant stakeholders on selected services sectors for export development and promotion | | | | | | | | | |
| | Realistic presentation of the services sector, strategic objectives defined | <ul style="list-style-type: none"> Mapping relevant stakeholders Stakeholder engagement Export market performance | <ul style="list-style-type: none"> List of stakeholders 2 Consultative workshops/meetings held Validation workshop Reports and recommendations on consultations Export markets direction | | | | | 75,000 | Chair, Secretary and consultant and the entire working sector steering committee. |

Annex II (d): Strategic & Operational Work Plans For The Services SWG

| Strategic Objective | Output | Activity | Performance Indicators | Timeframe (April 2017 – June 2017) | | | | Budget | Responsible office/Person |
|--|--|---|---|------------------------------------|---|---|---|----------------|---------------------------|
| | | | | A | M | J | J | (USD) | |
| Objective No. 3: Identify And Evaluate Policy Framework | | | | | | | | | |
| | Material for baseline analysis and for future strategy harmonization | <ul style="list-style-type: none"> Retreat to come up with Services Export Strategy. Identify and gather the current policy documentation, including laws and regulations, Review laws and policies affecting the services sector | <ul style="list-style-type: none"> List of laws and policy documentation Proposed harmonization | | | | | 50,000 | |
| | | | | | | | | 335,000 | |

Annex II (e): Strategic & Operational Work Plans For The Fish and Fisheries SWG

| Activity | Output | Duration | Remarks | Timeframe (April 2017 – June 2017) | | | | Budget (USD) | Responsible Office/ Person |
|--|--------------------------------------|----------|---------|------------------------------------|---|---|---|---------------|----------------------------|
| | | | | A | M | J | J | | |
| Development of TORs | TORs | 1 day | | | | | | 715 | |
| SWG Meetings | Develop and adopt Work plan | 1 day | | | | | | 715 | |
| Consultations group 1 (all inclusive) | | 14 days | | | | | | 14,840 | |
| Consultations group 2 (all inclusive) | | | | | | | | | |
| SWG Meeting to compile report | | 4 days | | | | | | 4,760 | |
| Stakeholder validation Capture and farmed fish | Report on the sub sectors validation | 3 days | | | | | | 28,675 | |
| Finalization of the report from the sub sector validation workshop | Sector strategy report | 1 day | | | | | | 715 | |
| | | | | | | | | 50,420 | |

Annex II (f): Strategic & Operational Work Plans For The Cross Cutting SWG

| Strategic Objective | Output | Activity | Performance Indicators | Timeframe (April 2017 – June 2017) | | | | Budget | Responsible office/Person |
|---|---|---|--|------------------------------------|---|---|---|---------|---------------------------|
| | | | | A | M | J | J | (USD) | |
| Objective No. 1: To develop an export financing model for Kenya | | | | | | | | | |
| Re-search | Global Best Practice on export financing Survey report of export finance mechanisms available in Kenya | Research and literature review of export financing products currently available in Kenya Survey of finance institutions | Situational analysis completed Benchmarking Completed survey responses received Survey report completed | | | | | 100,000 | |
| | Proposed Export financing model for kenya | Technical retreat with finance related institutions etc including treasury, cbk, banks, insurance companies, and development partners | Model export financing scheme for Kenya | | | | | 50,000 | |

Annex II (f): Strategic & Operational Work Plans For The Cross Cutting SWG

| Strategic Objective | Output | Activity | Performance Indicators | Timeframe (April 2017 – June 2017) | | | | Budget | Responsible office/Person |
|--|---|--|--|------------------------------------|---|---|---|--------|---------------------------|
| | | | | A | M | J | J | (USD) | |
| Objective No 2: To enhance in-market support mechanisms | | | | | | | | | |
| | Desk Re-search | Review the current structure of Kenya commercial representation and performance to date Interviews with Dept of International Trade and MFA | Past Performance review | | | | | 40,000 | |
| | Consultations & Interviews | Visit to 2 stations in Africa, 1 in Europe, 1 in Asia and 1 in USA Review TORs of Commercial Attaches | Updated Performance Challenges and constraints identified, proposals made Monitoring and Evaluation mechanisms developed | | | | | 80,000 | |
| Objective no 3: To conduct an Impact assessment of cross cutting issues | | | | | | | | | |
| | % impact Ranking of cross cutting issues | Research, | Status report | | | | | 60,000 | |

Annex II (f): Strategic & Operational Work Plans For The Cross Cutting SWG

| Strategic Objective | Output | Activity | Performance Indicators | Timeframe (April 2017 – June 2017) | | | | Budget (USD) | Responsible office/Person |
|--|--|---|---|------------------------------------|---|---|---|--------------|---------------------------|
| | | | | A | M | J | J | | |
| | A validation of the issues identified and impact on export trade | Hold a Validation Workshop | Validation of cross cutting issues from a cross sector of stakeholders cross sectoral stakeholders | | | | | 50,000 | |
| Objective no 4: Enhanced trade facilitation at border posts | | | | | | | | | |
| | Enhanced Trade Facilitation Framework | Desk research on trade facilitation needs under NES Alignment with the National Trade Facilitation Committee | Reduced paperwork Increased utilization of online systems | | | | | 20,000 | |
| | Improved efficiency of operations at all border posts | Fast track the operationalization of the OSBP | Reduced cost of doing business Reduced cargo dwell time at border points | | | | | 50,000 | |
| Objective no 5: Enhanced trade information | | | | | | | | | |
| | Timely trade information availed | Develop, operationalize and launch an effective trade portal | Trade Portal operational | | | | | 30,000 | |

Annex II (f): Strategic & Operational Work Plans For The Cross Cutting SWG

| Strategic Objective | Output | Activity | Performance Indicators | Timeframe (April 2017 – June 2017) | | | | Budget | Responsible office/Person |
|--|---|---|---|------------------------------------|---|---|---|---------|---------------------------|
| | | | | A | M | J | J | (USD) | |
| Objective No. 6: To Enhance export readiness of entrepreneurs | | | | | | | | | |
| | Informed business community Increase exports | Sensitize existing and potential entrepreneurs on importance of compliance with SQMT (international , regional and national) Sentise on packing and branding | Number of sentised export ready entrepreneurs | | | | | 30,000 | |
| | | | | | | | | 510,000 | |

Annex II (g): Strategic & Operational Work Plans For Handicraft SWG

| Strategic Objective | Output | Activity | Performance Indicators | Timeframe (April 2017 – June 2017) | | | | Budget | Responsible office/Person |
|--|---|---|---|------------------------------------|---|---|---|--------|---|
| | | | | A | M | J | J | (USD) | |
| Objective No. 1: To carry out a National Supply capacity Survey | | | | | | | | | |
| To carry out a National Supply capacity Survey | <ul style="list-style-type: none"> • TORs for Consultant • Survey Questionnaire • Report on the survey • Database of producers • Mapping of Products | <ul style="list-style-type: none"> • Identification of Consultant • Development of survey questionnaires • Engage the services of County Enterprise Development Officers (CEDOs) • Visit all the 47 counties grouped into 8 regions to identify the producers and establish the supply capacity | <ul style="list-style-type: none"> • Consultant identified • Questionnaires developed • No. of counties visited • No. of producers identified • No. of products identified | | | | | 33,800 | <ul style="list-style-type: none"> • Consultant • Handicraft Sector Working Group |

Annex II (g): Strategic & Operational Work Plans For Handicraft SWG

| Strategic Objective | Output | Activity | Performance Indicators | Timeframe (April 2017 – June 2017) | | | | Budget | Responsible office/Person |
|---|--|---|---|------------------------------------|---|---|---|--------|---|
| | | | | A | M | J | J | (USD) | |
| Objective No. 2: To Analyze growth oriented categories and Identify possible constraints and strategic interventions | | | | | | | | | |
| To Analyze growth oriented categories and Identify possible constraints and strategic interventions | <ul style="list-style-type: none"> Report on the Growth oriented categories Report on Constraints identified and recommendation of strategic interventions | <ul style="list-style-type: none"> Analysis of the National Capacity Survey report Identification of Growth oriented categories advised by global trends Identification of Constraints and recommendation of strategic interventions | <ul style="list-style-type: none"> No. of Growth oriented categories identified Constraints and strategic interventions developed | | | | | 4,375 | <ul style="list-style-type: none"> Consultant Handicraft Sector Working Group |

Annex II (g): Strategic & Operational Work Plans For Handicraft SWG

| Strategic Objective | Output | Activity | Performance Indicators | Timeframe (April 2017 – June 2017) | | | | Budget | Responsible office/Person |
|--|--|--|---|------------------------------------|---|---|---|--------|--|
| | | | | A | M | J | J | (USD) | |
| Objective No. 3: To hold a Stakeholder consultative forum at inception | | | | | | | | | |
| Stakeholder consultative forum at inception to involve stakeholders in the development of the strategy and ensure that the strategy is owned by the stakeholders | <ul style="list-style-type: none"> Report on the Stakeholder consultative forum Database of Stakeholders | <ul style="list-style-type: none"> Identification of Stakeholders in the handicraft sector Invitation of Stakeholders to the Inception Stakeholder consultative forum Identification of Venue | <ul style="list-style-type: none"> No. of Stakeholders invited to the Inception Stakeholder consultative forum Venue identified | | | | | 4,378 | <ul style="list-style-type: none"> Consultant Handicraft Sector Working Group |
| Objective No. 4: To Develop a Handicraft Sector Development Strategy | | | | | | | | | |
| Develop a Handicraft Sector Development Strategy | <ul style="list-style-type: none"> TORs for Consultant Handicraft sector development strategy | Development of TORs for Consultant | <ul style="list-style-type: none"> Consultant identified TORs developed Handicraft Export Development Strategy developed | | | | | 4,900 | <ul style="list-style-type: none"> Consultant |

Annex II (g): Strategic & Operational Work Plans For Handicraft SWG

| Strategic Objective | Output | Activity | Performance Indicators | Timeframe (April 2017 – June 2017) | | | | Budget | Responsible office/Person |
|--|--|---|---|------------------------------------|---|---|---|----------------|--|
| | | | | A | M | J | J | (USD) | |
| Objective No. 5: To hold a Stakeholder Validation Forum | | | | | | | | | |
| Stakeholder Validation Forum to validate the Handicraft Sector Strategy to ensure that the strategy is validated and owned by the stakeholders | <ul style="list-style-type: none"> Report on the Stakeholder validation forum Database of Stakeholders at the validation forum | <ul style="list-style-type: none"> Invitation of Stakeholders to the validation forum Identification of Venue | <ul style="list-style-type: none"> No. of Stakeholders invited to the Stakeholder Validation forum Venue identified | | | | | 4,905 | <ul style="list-style-type: none"> Consultant Handicraft Sector Working Group |
| | | | | | | | | 106,775 | |

Annex II (h): Strategic & Operational Work Plans For Agriculture SWG

| Strategic Objective | Output | Activity | Performance Indicators | Timeframe (April 2017 – June 2017) | | | | Budget | Responsible office/Person |
|--|--|--|--|------------------------------------|---|---|---|--------|---------------------------------|
| | | | | A | M | J | J | (USD) | |
| Objective No.1: To incorporate a consultant for ease of facilitation for the agriculture sector working group | | | | | | | | | |
| | <ul style="list-style-type: none"> Export Strategic plan for the agricultural sector. | <ul style="list-style-type: none"> Analyse the national current circumstances Identify and evaluate the documentation Generation of the sectors and county consultative plans | <ul style="list-style-type: none"> Recruit the consultant Realistic presentation of each crop Material for baselines analysis and for future strategy harmonization Report of agriculture sector working group | | | | | 10,000 | Chair, secretary and consultant |

Annex II (h): Strategic & Operational Work Plans For Agriculture SWG

| Strategic Objective | Output | Activity | Performance Indicators | Timeframe (April 2017 – June 2017) | | | | Budget (USD) | Responsible office/Person |
|--|---|---|--|------------------------------------|---|---|---|---------------|--|
| | | | | A | M | J | J | | |
| Objective No 2: To analyze and gather information from relevant stakeholders on selected crops targeted for development of export promotion | | | | | | | | | |
| | <ul style="list-style-type: none"> Realistic presentation of the agriculture sector and a clear vision and mission of the strategic objectives to be defined | <ul style="list-style-type: none"> Mapping relevant stakeholders Stakeholders engagements Export market performance Benchmarking against global best practices in Egypt and or Uganda as identified by sector WG. | <ul style="list-style-type: none"> List of stakeholders Consultative meetings held Reports and recommendations on consultations Export markets direction | | | | | 35,000 | Chair, Secretary and consultant and the entire working sector steering committee 4 Members of the Sector WG |
| Objective No 3: Identify and Evaluate Policy Framework | | | | | | | | | |
| | <ul style="list-style-type: none"> Material for baseline analysis and for future strategy harmonization | <ul style="list-style-type: none"> Identify and gather the current policy documentation Review and input of the policies affecting the sector crops | <ul style="list-style-type: none"> List policy documentation Proposed harmonised future strategy. | | | | | 2,500 | |
| | | | | | | | | 47,500 | |

Annex II (i): Strategic & Operational Plans For County Consultations SWG

| Strategic Objective | Output | Activity | Performance Indicators | Timeframe (April 2017 – June 2017) | | | | Budget | Responsible office/Person |
|--|---|---|--|------------------------------------|---|---|---|--------|---------------------------|
| | | | | A | M | J | J | (USD) | |
| Objective No. 1: To carry out a National Supply capacity Survey | | | | | | | | | |
| <ul style="list-style-type: none"> Engage-ment with the county govern-ment Inquiry into the county business systems Align the county regulatory regimes to those that apply at the national level. Harmoni-zation of regulatory struc-tures and regimes for export (system). | <ul style="list-style-type: none"> Aligned regula-tory re-gimes at county & national levels A chron-icle of county business systems | <ul style="list-style-type: none"> Engagement with the County govern-ment administra-tion Discuss with the County adminis-tration the realities of intergrating the county Export De-velopment agenda in their priorities Educate and buy the support of the Counties towards intergration into the national export System. Define the Coun-ty, priority, pro-grammes and agreed future role of exports County Structures for Promotion of Export and admin-istration Chronicle the legal and administrative regimes on trade and exports | <ul style="list-style-type: none"> Reports of the county consul-tative fo-rums and submit the same for evaluation Coast; N-Eastern; Eastern Central; North Rift (NOREB); Nairobi South Rift; Western; Nyanza | | | | | 26,570 | |
| | | | | | | | | 19,100 | |
| | | | | | | | | 21,600 | |

Annex II (i): Strategic & Operational Plans For County Consultations SWG

| Strategic Objective | Output | Activity | Performance Indicators | Timeframe (April 2017 – June 2017) | | | | Budget (USD) | Responsible office/Person |
|---------------------|--------|--|------------------------|------------------------------------|---|---|---|---------------|---------------------------|
| | | | | A | M | J | J | | |
| | | <ul style="list-style-type: none"> Fuel & Contingency Subsistence Resource Persons Air Tickets | | | | | | 2,400 | |
| | | | | | | | | 8,064 | |
| | | | | | | | | 360 | |
| | | | | | | | | 1,200 | |
| | | | | | | | | 79,295 | |

ANNEX III: TERMS OF REFERENCE (TORS) FOR CONSULTANTS TO SUPPORT SWG

Annex III (a): TORs For Consultant to Support Livestock SWG

| The Technical Assistant/Consultants For Development of Kenya National Export Strategy | |
|---|---|
| Output | National Export strategy for Livestock Sector Developed |
| Beneficiary | State Department for Trade |
| Assignment Title | National Export Development Strategy Consultancy |
| Duration | From 17th July 2017 to 30th September 2017 |

1. Background

a) Introduction

The livestock sector contributes about 12% of Kenya's Gross Domestic Product (GDP), 40% to the agricultural GDP and employs 50% of agricultural labor force. About 60% of Kenya's livestock herd is found in the arid and semi-arid lands (ASALs), which constitute about 80% of the country. It is estimated that 10 million

**“ 12%
THE CONTRIBUTION
TO THE GDP THAT
LIVESTOCK
PRODUCT MAKES ”**

Kenyans living in the ASALs derive their livelihood largely from livestock. Livestock play important roles in Kenya's socio-economic development and contribute towards household food and nutritional security. The recognition is emphasized in various government policy documents such as the ninth National Development Plan – 2002 -2008, Poverty Reduction Strategy Paper (PRSP), Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC) -2003 to 2007, Strategy for Revitalizing Agriculture (SRA) 2004 – 2014, Kenya Vision 2030, Millennium Development Goals (MDGs) and the National Livestock Policy (NLP).

In the recent past years, Kenya exports of livestock commodities basically involved Pork and Pork products, Beef and Beef products, Poultry and Poultry products, Donkey meat, honey, Bee Wax, germplasm, vaccines and leather and leather products and a small portion of live animals especially for breeding. These exports have averaged between 250 - 300 consignments per month. A sizeable portion of these are being exported to countries such as Uganda, Rwanda, Nigeria, Ghana, Seychelles, Mauritius, DRC and Tanzania with the balance of trade currently in favour of Kenya. However, exports, especially to Tanzania, have been declining. Middle East especially Dubai, Bahrain and Qatar has also opened up to some Kenyan goods.

In the past years Kenya actively engaged in the export of meat to the European Union countries and the Gulf States but due to the high prevalence of trade sensitive diseases, these markets were lost to other countries in the region. Kenya has experienced an important rise in meat exports since 2005, with volumes increasing by a factor of 11



over the five-year period between 2005 and 2010. The 2009-2010 period saw the most dramatic increase, with a doubling of volumes, although the export volumes (2,500 MT in 2010) remain small and account for only 1 percent of Kenya's meat production. The country's main export destinations for meat and meat products are the Gulf States with exports historically limited to the UAE but expanding to Qatar, Oman, Bahrain, Dubai and Kuwait in 2010, Tanzania and Somalia, with other African countries accounting for the remainder. In 2010, Middle Eastern countries (including Egypt) surpassed sub-Saharan African countries as the largest importers of Kenyan meat, accounting for 63 percent of all exports. African countries accounted for the other 37 percent, with Asian and European importers accounting for 0.36 percent and 0.03 percent respectively. Exports to Asia and Europe have remained insignificantly low.

Kenya is only a minor exporter of livestock, with a significant market are Mauritius and Burundi, which import Kenyan cattle and goats respectively. Exports of live camels from Kenya are not documented, but it has been observed that there are increasing numbers of camels being trekked to the Moyale market for onward

export to the Middle East through Ethiopia. This corresponds with an observed significant reduction in camel trading at the Garissa secondary market.

b) Export potential of the Livestock sector in Kenya

Kenya is basically a net exporter of meat and milk. The major problem facing the analysis of the livestock sector is the lack of correct and up to date statistics that provide a clear picture of the livestock production and marketing situation in Kenya. The chronic under-reporting by agencies tasked with collecting the data has overtime sustained this picture.

Intergovernmental Authority on Development (IGAD) and the Kenya National Bureau of Statistics (KNBS) completed in 2011 a joint review of the importance of livestock to the Kenyan economy. The study (IGAD LPI Working Paper No. 03-11) demonstrated that livestock's contribution to Kenyan agricultural gross domestic product (GDP) was more than two and a half times larger than the official estimate for 2009, the most recent year for which there was complete data. This increase over official estimates means that the livestock contribution to agricultural GDP was only slightly less than that from crops and horticulture, about \$4.54 billion US dollars for livestock in 2009 versus \$5.25 billion US dollars for arable agriculture. Kenya's livestock were under-appreciated because the size of the national herd was not known, and no attempt to enumerate it had been made for decades. This revised estimate has at least two far-reaching implications. First, government should give more attention to accurate monitoring of the livestock sector and, secondly, that government should now place a higher priority on livestock and livestock producers in designing future agricultural policies.

“ IN 2010, MIDDLE EASTERN COUNTRIES (INCLUDING EGYPT) SURPASSED SUB-SAHARAN AFRICAN COUNTRIES AS THE LARGEST IMPORTERS OF KENYAN MEAT, ACCOUNTING FOR 63 PERCENT OF ALL EXPORTS.

”

Information flow from consumers to producers and exporters is divergent especially on rules and regulations in foreign markets. Lack of advocacy and brand equity for Kenyan meat has cost Kenyan meat exporters a loss of the huge EU market and UAE countries. Further to this, there are no commercial counsellors in the Middle East, currently the biggest niche market for Kenyan livestock and livestock products. The commercial counsellors and foreign mission officials have not made marketing of livestock

a major agenda in their respective countries of deployment due to the limited information from the sector.

c) Constraints hindering realization of full potential of the Livestock and Meat trade:

- i) Unchecked movement of goods and commodities due to very porous borders;
- ii) National databases are not accurate and collection of data is also not streamlined;
- iii) Partner countries are not at par as far as e-trade is concerned. For instance, Kenya is the only country using the facility through the Kenya Electronic Single Window System (KESWS) platform within the East African region;
- iv) Trade wars, whereby some countries do not observe tariff agreements;
- v) Exports within the Greater Horn of Africa Region (GHOA) and other higher value international markets despite it being such a major economic driver, the availability and accuracy of national data on livestock populations and trade varies greatly throughout the region;
- vi) Livestock movement pathways are shaped by supply and demand differences between the participating countries in the region, which in turn determine the price and value of livestock in specific locations. However, this trade is constrained by:
 - vii) Differing animal health requirements amongst the Horn of Africa countries;
 - viii) Uncoordinated disease surveillance and control programs;
 - ix) Unjustified livestock trade bans by importing countries;



- x) The free movement of livestock and livestock products across borders for pasture or trade poses a challenge in Trans-boundary Animal Disease (TADs) control leading to rampant spread of trans-boundary diseases such as Rift Valley Fever (RVF), Foot and Mouth Disease (FMD), Peste des Petite Ruminants (PPR), Rinderpest, Lumpy Skin disease (LSD), Camel Pox, Sheep and Goat Pox, Contagious Bovine Pleuropneumonia (CBPP), Contagious Caprine Pleuropneumonia (CCPP) in Kenya and neighboring countries. TADs continue to place a significant burden on stakeholders at a variety of levels. The impact of such diseases amongst the livestock producers such as the pastoralists and other livestock owners include:
 - xi) Reduced productivity of livestock;
 - xii) Mortality in young animals,
 - xiii) Cost of treatment of sick animals,
 - xiv) Loss of draught power;
 - xv) Increased cost of disease control programs;
 - xvi) For a country such as Kenya with the capacity to export livestock, TADs limit the country's access to higher value markets;
 - xvii) The lack of a credible National Livestock Identification and Traceability System (LITS) in Kenya that are critical tools in production, breeding, disease surveillance, food safety certification and food quality assurance, has caused Kenya to lose the EU and other valuable markets;
 - xviii) Livestock trade has been the domain of the private sector following the reduced performance of the Kenya Meat Commission (KMC) and the exit of the Livestock Marketing Division (LMD) from the markets. Lack of acceptable export certification and handling facilities and livestock marketing infrastructure (holding grounds, quarantine stations, stock routes and sale yards) in the country have to a large extent resulted from breakdown and diversified use of marketing facilities. Ranches in Kenya performed well in the 60s' and 70s', but in the 80s' and 90s' performance declined drastically such that some wound up and currently others face extreme pressure from subdivision for agricultural production and invasion by illegal grazers;
 - xix) The ports of entry and exit of goods lack the requisite infrastructure for handling exported and imported animals and animal products that should be addressed to provide internationally acceptable trading platform. The poor transportation logistics of livestock from Arid and Semi-Arid Land (ASAL) areas should also be addressed while also looking at the key concerns of traders exporting their live animals through Ethiopia and Somalia, thereby leading into a scenario where our neighbors take advantage by reflecting such commodities as their own exports.

2. Objective

- a) To identify constraints that make the livestock sector not effectively contribute to the export growth/performance requirement.
- b) To recommend interventions that will unlock export potential in the livestock sector.

3. Recipient

State Department of Trade, Ministry of Industry, Trade and Cooperatives

4. Scope

- a) Validate and document livestock sector stakeholders
- b) Carry out Livestock sector situational analysis:
 - Analyse key institutional players in the livestock sector
 - Value chain and market system analysis to establish related challenges that may be constraining export growth, export potential, challenges to realization of the export potential;
 - Find out the policy, legal and regulatory environment in the livestock sector;
 - Strategic interventions to address the challenges in order to stimulate sectoral export growth by the second week of the contract;
 - Analyse the impact of trends on external markets on the Livestock sector. A regional and international market scan to identify key challenges that the business community may have faced in penetrating these markets and propose strategies to overcome these limitations by the third week; and,
 - Lessons learnt from the previous interventions in the livestock sector.
- c) Carry out SWOT analysis in the livestock sector
 - Analyse the comparative advantage and competitiveness of the livestock sector;
 - What are the natural resource base driving the livestock sector - the raw material supply base.
 - Policy and regulatory gaps;
 - Gaps in the support services – Technical personnel, infrastructure etc;
 - Identify priority livestock markets that the livestock sector in Kenya should target during the NEDS implementation period;
 - Identify the competitors in target market and their competitive edge;

- d) Identify livestock production systems and potential, their distribution in the country by county and type of livestock and livestock products produced;
- e) Mapping the existing and additional support services required for further exploitation of identified production potentials;
- f) Examine the export readiness of the sector;
 - Identify production system level capacities and gaps –
 - Identify the export ready product and production systems at the county level
- g) Recommend the required intervention to maximize export potential in the livestock sector by;
 - Addressing the production gaps,
 - Enhancing value addition,
 - Increasing competitiveness,
 - Enhancing effectiveness of support services,
 - Improving policy and regulatory environment for the livestock sector,
 - Enhancing export readiness of the products (goods and services) and production systems.
- h) Produce a livestock sector fiche – A one page summary of the sector giving basic information, the findings, the phasings, expected potentials, intervention location, quick wins, outcome (contribution to the economy) and sector intervention budget
- i) Present the report for stake holder validation

5.0. Deliverables

- a) Inception reports
- b) Draft sectoral Reports
- c) Presentation of Draft sectoral report to the sector working group
- d) Presentation of revised draft to stakeholders for validation
- e) Final Report
- f) Livestock sector policy fiche

5. Approach and methodology

The expert to propose in consultation with the sector working group and sector based key players their methodology of undertaking this consultancy.

6. Reporting

The consultant will produce the identified documents/Reports or deliverables and submit to the Principal Secretary State Department for Trade, Ministry of Industry, Trade and Cooperatives or any other delegated authority.

Level of Effort and Timeframe

Level of effort is 45 days with a time frame w.e.f 17th July 2017 to 30th September 2017

7. Coordination

Experts will work closely with the secretariat of the sector working group and the Country Director of TradeMark East Africa

8. Requirements

The consultant will be expected to demonstrate the following competencies within their respective consortiums:

- a) Must demonstrate professional training and possess a university degree in Veterinary Medicine, Animal Production or Agricultural Economics preferably with post-graduate qualification in livestock productivity, animal health or Agricultural Economics or related field;
- b) Must demonstrate a minimum of 7 years' general experience in East African region of which 5 years must be in Kenya;
- c) Must Demonstrate 5 years' specific experience in agriculture sector economics, planning and feasibility studies in both developed and emerging markets environments locally, regionally and internationally
- d) Must demonstrable related Works done by the expert;

- e) Must demonstrate of good understanding of production and export related issues in the livestock sector will be an added advantage;
- f) General understanding of Kenyan Economy;
- g) Reporting Skills;
- h) Demonstrate ability to work under strict deadlines;
- i) Good Team Worker;
- j) Demonstration of other group work engagements;
- k) Demonstrate capability in oral and Written English; and,
- l) Must meet or the statutory compliance requirement.

Annex III (b): TORs For Consultant to Support Emerging SWG

| The Technical Assistant/Consultants For Development of Kenya National Export Strategy | |
|---|--|
| Output | National Export strategy for Emerging Sector Developed |
| Beneficiary | State Department for Trade |
| Assignment Title | National Export Development Strategy Consultancy |
| Duration | From 17th July 2017 to 30th September 2017 |

1. Background

The economic development strategies pursued by the government of Kenya over the past decades since independence did not prioritize the development of the Kenya's mining and mineral resources sector. The mining sector was mainly based on mining Act Cap 306 which was enacted way back in 1940 which was not investor friendly. Under this law, the security of tenure of the old mining law was unpredictable. The law gave more discretionary powers to Licensing officer or commissioner of mines and geology. The licensing of mining concession was therefore slow and done manually. As a result the sector failed to attract adequate investments and its contribution to Kenya's economy has been minimal.

Kenya is rich in mineral resources with known deposits of soda ash, fluorspar, titanium, gold, coal, manganese, iron ore, gypsum, diatomite, chromite, and



limestone and silica sand. Increased exploration is expected to lead to new mineral discoveries. The Mining and Minerals Policy (2016) aligns the country's mining sector with the aspirations of Kenya Vision 2030, the provision of Constitution of (2010) and African Union Mining Vision (2009) which aims at positioning mining as a key driver of Africa's socio-economic development. To help unpack the potential of the sectors, a comprehensive task has been put forth for a qualified consultant to consolidate potential areas as specified under the terms stipulated below.

2. Objectives

- i) Identify constraints that make the Mining / Petroleum / Light Engineering Sectors not effectively contribute to export growth performance
- ii) Recommend interventions that will unlock export potential for the sector
- iii) Provide a framework for a well-structured and globally competitive fiscal regime
- iv) Enhance acquisition, processing and dissemination of geological and mineral data and information to investors and other key stakeholders including the public.
- v) Provide a strategy for marketing, promotion and value addition of minerals
- vi) Provide a framework for mobilizing resources and capacity building for the sector.
- vii) Provide a framework for harmonizing legislations relating to mining, petroleum and light engineering sectors

3. Recipient

Ministry of Industry, Trade & Cooperatives – State Department for Trade

4. Scope

- i) Carry out a Situational Analysis of the Mining / Petroleum / Light Engineering Sectors:
 - a) Find out the legal and regulatory environment of the Mining / Petroleum / Light Engineering Sectors
 - b) Find out the key institutional players in the Mining / Petroleum / Light Engineering Sectors

- c) Production performance
- d) The markets for the Mining / Petroleum / Light Engineering Sectors
- e) Analyse the regional and International market environment impacting the Mining / Petroleum / Light Engineering Sectors
- f) Lessons learnt from previous interventions
- ii) Carry out a SWOT Analysis of the Mining / Petroleum / Light Engineering Sectors
 - a) Analyse the comparative advantage and competitiveness of the Mining / Petroleum / Light Engineering Sectors
 - b) Analyse the natural resource base driving the Mining / Petroleum / Light Engineering Sectors-Raw material supply chain
 - c) Analyse the Policy and Regulatory gaps of the Mining / Petroleum / Light Engineering Sectors
 - d) Find out the gaps within the Support Services affecting the Mining / Petroleum / Light Engineering Sectors
 - e) Identify the target Markets and niches
 - f) Identify the competitors in the target markets and their competitive edge
- iii) Identify the production potentials and distribution for the Mining / Petroleum / Light Engineering Sectors by county
- iv) Mapping existing and additional Support Services required for further exploitation of the identified production potentials
- v) Examine the export readiness of the sector:
 - a) Identify the export ready production systems at the county level
 - b) Identify the export readiness gaps for the products within the sector
- vi) Recommend required interventions to maximise export potential by:
 - a) Addressing the production gaps
 - b) Increasing scope value-addition
 - c) Increasing the competitiveness in target markets
 - d) Enhancing effectiveness of support services
 - e) Improving policy and regulatory environment for the sector
 - f) Enhancing export readiness of products and production systems within the sector.

- vii) Produce a sector fiche- One page summary on the sector summary on the sector including title, basic information on the sector, expected potentials & interventions, location, quick wins, outcome e.g. contribution of the sector, description of the sector, the findings, the phasing for 5 years.
- viii) Present report to stakeholders for validation

5. Deliverables

- i) Inception report
- ii) Draft sectoral report
- iii) Presentation of draft report to the sector working groups
- iv) Presentation of revised draft report to stakeholders for validation
- v) Final report
- vi) Produce a sector fiche

6. Methodology

The expert will consult closely with the sector working groups and Key players in the sector

7. Reporting

The expert will report to the Principal Secretary for Trade or any other person delegated for reporting purposes

8. Level of Effort and Timeframe

Effort – 45 input days

9. Time frame

From 17th July 2017 to 30th September 2017

10. Coordination

Expert will work closely with the secretariat of the Sector Working Group and the Country Director - Kenya, TradeMark East Africa

11. Requirements

- i) Must have post graduate Training / qualifications-Post graduate training in Geology and Mineral engineering / Electrical Engineering
- ii) Must have specific professional qualification in the field of Engineering and Geology
- iii) Must have a minimum of 7 years general experience within East African region of which 5 years must have been in Kenya
- iv) Must have at least 5 years of active engagement in the sector
- v) Must have demonstrable related work that they have done
- vi) Must meets statutory compliance
- vii) Demonstrable understanding of production & export related issues in the sector will be an added advantage
- viii) General understanding of the Kenyan economy
- ix) Demonstrable capability in oral and written English
- x) Demonstrable ability to work under strict deadlines
- xi) Good reporting skills
- xii) Good team worker

Annex III (c): TORs For Consultant to Support Agriculture SWG

| The Technical Assistant/Consultants For Development of Kenya National Export Strategy | |
|---|---|
| Output | National Export strategy for Agriculture Sector Developed |
| Beneficiary | State Department for Trade |
| Assignment Title | National Export Development Strategy Consultancy |
| Duration | From 17th July 2017 to 30th September 2017 |

1.0 Background

Agriculture is the mainstay of the Kenyan economy directly contributing about 32 per cent of the GDP annually, and another 25 per cent indirectly. The sector accounts for 45 per cent of Kenya's total exports and provides more than 70 per cent of informal employment in the rural areas. It is therefore a means of livelihood for the majority of Kenyan people.

In June 2008, the Government launched the Kenya Vision 2030 as the new long-term development blueprint for the country. Its vision is: A globally competitive and prosperous country with a high quality of life by 2030. Vision 2030 has identified agriculture as one of the key sectors to deliver the 10 per cent annual economic growth rate envisaged under the economic pillar. Kenya Vision 2030 has identified four major challenges that continue to face the agricultural sector.

1.1 Productivity

Productivity levels for many crops are below potential and for some agricultural produce yield and value over a 5-year period have either remained constant or are on the decline. Similarly, the production level for most fish and livestock products is below potential. Forest cover and tree productivity have been on the decline while population growth has led to increased human-wildlife conflict.

1.2 Land use

Land in the high- and medium-potential areas as well as in arid and semiarid lands (ASALs) remains under-exploited for agricultural production. Much of the available cropland remains under-used with smallholders using only 60 per cent of their land for agricultural production.

1.3 Markets

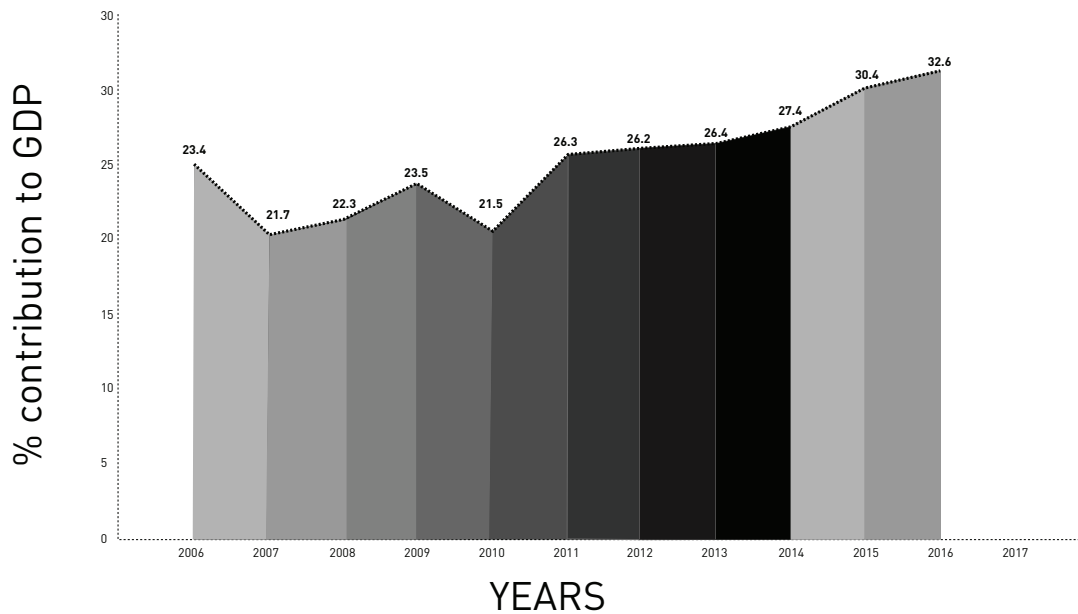
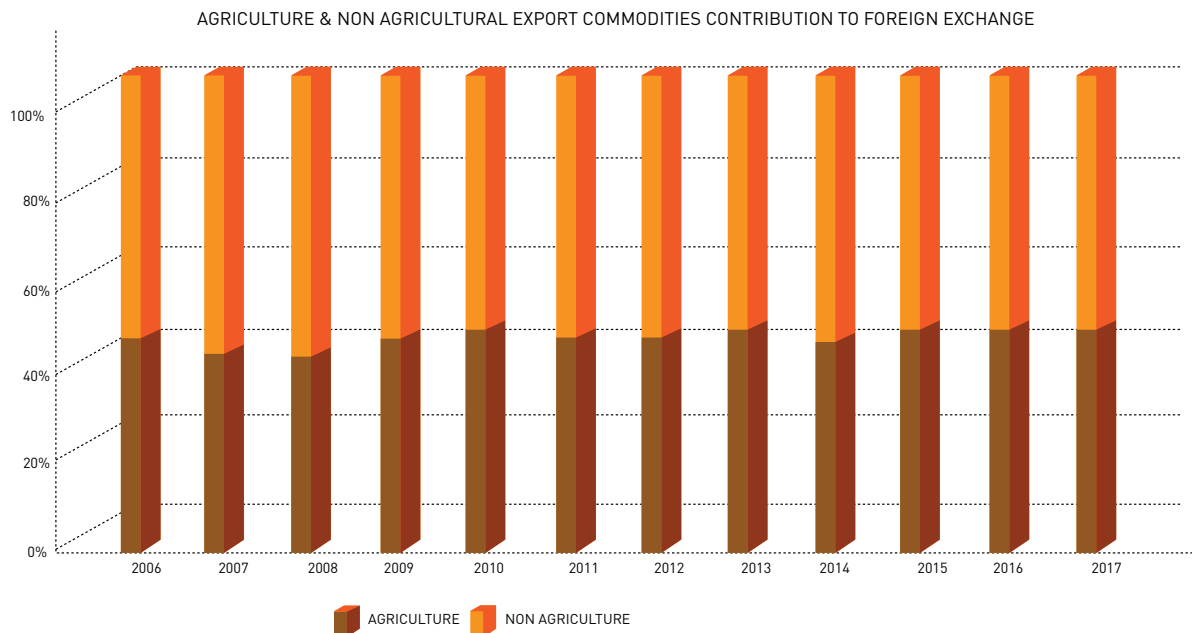
The productivity of the agricultural sector is constrained by inefficiencies in the supply chain resulting from limited storage capacity, lack of post-harvest services and poor access to input markets. Vision 2030 calls for proactive efforts to maintain existing markets and create new ones to increase Kenya's bargaining power in global agricultural markets.

1.4 Value addition

In agriculture, value addition determines the competitiveness of the country's produce in world markets. However, Kenyan farmers export semi-processed, low-value produce, which accounts for 91 per cent of total agriculture-related exports. The limited ability to add value to agricultural produce coupled with high production costs make exports less competitive. Although much has been achieved, food security, poverty reduction and transforming agriculture from subsistence to farming as a business—agribusiness, markets, efficient use of inputs and agricultural credit still remain a challenge.

Kenya Vision 2030 agriculture flagship projects envisages to raise incomes in agriculture, livestock and fisheries by processing and thereby adding value to agricultural products before they reach the market in a manner that enables producers to compete with the best in other parts of the world.

The agricultural sector comprises six subsectors—industrial crops, food crops, horticulture, livestock, fisheries and forestry—and employs such factors of production as land, water and farmer institutions (cooperatives, associations).

Figure 1. Agriculture contribution to GDP*Economic survey (2017)***Figure 2: Agriculture and Non-agricultural export commodities contribution to foreign exchange***Economic survey (2017)*

2.0 Objectives

Agriculture Sector Objectives

- To increase agricultural productivity, promote investment and encourage private sector participation in agricultural enterprises and agribusiness.
- To improve market access for smallholders through better supply chain management
- To add value to farm products before they reach local, regional and international markets.

3.0 Constraints affecting the sector

The performance of the agricultural sector has been encouraging in a number of important commodities and enterprises, notably horticulture and tea. The agricultural sector has been revived and is on a trajectory of further development. However, challenges remain in some commodities such as coffee, sugar and pyrethrum. Emerging constraints to agricultural growth also need to be addressed.

Challenges and constraints facing the sector vary with commodity and region. The effects of some of these challenges and constraints were accelerated by the worldwide food price crisis and its underlying drivers.

The following key constraints and challenges cuts across the various agricultural commodities;.

3.1 Inadequate budgetary allocation

Insufficient budgetary allocation to the agricultural sector is a key constraint. In 2003 under the Maputo Declaration, African Heads of State committed to allocate 10 per cent of their annual budgets to the agricultural sector. Kenya has not yet achieved this target; by 2008, the sector was receiving 4.5 per cent of the budget.

This insufficient allocation has reduced human resources and service delivery by Government institutions.

3.2 Low absorption of modern technology.

Although Kenya has a well-developed agricultural research system, use of modern science and technology in agricultural production is still limited. Inadequate research–extension–farmer linkages to facilitate demand-driven research and increased use of improved technologies continue to constrain efforts to increase agricultural productivity.

3.3 High cost and increased adulteration of key inputs.

The cost of key inputs such as seed, pesticides, fertilizer, drugs and vaccines is high for resource-poor farmers. Such high costs lead to low application and adulteration of inputs.

3.4 Limited capital and access to affordable credit.

Farming is considered highly risky by the formal banking sector, thus it gives farming little attention. Without credit farmers are hard pressed to finance inputs and capital investment. A number of microfinance institutions are operating but they tend to increase the cost of credit, reach only a small proportion of smallholder farmers, and provide only short-term credit. The formal banking system is just beginning to develop credit facilities particularly suited to small-scale farming.

3.5 Pre- and post-harvest crop losses.

There have been high levels of waste due to pre- and post-harvest losses occasioned by pests and diseases, and lack of proper handling and storage facilities. Smallholder farmers are unable to control pests and diseases due mainly to lack of information.



3.6 Multiple taxes.

As they transport or market their farm produce, farmers have been subjected to multiple taxes from local authorities and Government departments. This has contributed to reduced net farm income and created distortions in marketing structures without necessarily improving the services that these authorities are supposed to deliver.

3.7 Inadequate infrastructure.

Poor rural roads and other key physical infrastructure have led to high transportation costs for agricultural inputs and products. This has reduced farmers' ability to compete. In addition, electricity in rural areas is often not available or is expensive, leading to reduced investment especially in cold storage facilities, irrigation and processing of farm produce.

3.8 Inadequate markets and marketing infrastructure.

While Kenya's agriculture is better developed than that of most countries in Sub-Saharan Africa, the domestic market is not well organized to take advantage of the regional market. The local marketing information system has recently been established but has not been well utilized.

4.0 Opportunities and Recommendations

In spite of the many challenges and constraints limiting agricultural growth in Kenya, many opportunities and advantages exist that can be exploited to build a robust and dynamic agricultural sector.

4.1 New and expanding markets

Kenya is uniquely placed to take advantage of expanding domestic, regional and international markets. Due to the diverse agro-ecology, the country can produce a wide range of temperate, tropical and subtropical products. Large and expanding markets for traditional products like maize and other cereals, beef and dairy products, tea, coffee and pyrethrum exist. Global demand for horticultural products and emerging crops such as assorted resins and essential oils, and aloe remain underexploited. Vast opportunities are opening up in the production of biofuels from sugar cane, maize, millet, sorghum, jatropha and other oil-bearing seeds.

4.2 Potential for increasing yields

Yields of crops are far below their optimum. For example, yields of maize and sugar are one-tenth of global potential.

4.3 Value addition

Value addition includes processing, branding, quality certification and accreditation, as well as farm-level quality improvements that the market values. It is estimated that 91 per cent of total agricultural exports are in raw or semi-processed form. Thus, the country loses billions in earnings by not adding value to its produce. Potential for adding value to products such as tea, coffee, pyrethrum, hides and skins, milk and beef, fruits and vegetables remains largely untapped.

5.0 Recipient

The recipient of document will be The Ministry of Industry, Trade and Cooperative – State Department of Trade

6.0 Scope

The Consultant will;

6.1 Carry out Situational Analysis of the Agricultural Sector

- Find out the Legal and regulatory environment in Agriculture
- Document the performance of the Agriculture Sector
- Key player in the Agriculture Sector
- Current market opportunities for the Agriculture

- Current production performance
- The impact of trends in regional and international market environment impacting the Agriculture Sector.
- Lessons learnt from previous interventions at the sector level

6.2 Carry out SWOT Analysis of the Agriculture Sector

- Analyse the competitiveness advantage and competitiveness of the Agriculture Sector in the external market.
- Analyse the raw materials/natural base-supply chain driving the Agriculture Sector Supply Chain.
- Analyse the Policy and regulatory gaps in the Agricultural Sector
- Find out gaps within the Support Services affecting the Agriculture Sector.
- Identify the target markets through segmentation and niches.
- Identify the competitors in the target markets and their competitive edge.

6.3 Identify untapped and existing production potential and in the Agriculture Sector by county.

6.4 Mapping existing and additional Support Services required for further exploitation

6.5 Examine the export readiness of the sector

- Identify the export ready production systems at the county level for the agriculture sector
- Identify the export readiness gaps for the products within the agriculture sector.

6.6 Recommend the required interventions to maximize the export potential by:

- Addressing the production gaps
- Enhancing and increasing scope of value addition
- Increasing the competitiveness in target markets
- Enhancing effectiveness of support services
- Improving policy and regulatory environment for the sector
- Enhancing export readiness of products and production systems within the sector.



6.7 Produce a sector niche

Produce one page summary on the sector including, title, basic information on the sector, expected potentials & interventions, location, quick wins, outcome e.g. contribution of the sector, description of the sector, the findings, the phasing (i.e. under which national pillar and for how long is the strategy covering) - proposed (5-10 years) and the budget

7.0 Present report to stakeholders for validation.

The Secretariat to organise for the venue and invite stakeholders

8.0 Deliverables

1. Inception reports
2. Draft sectoral report
3. Presentation of the draft report to the sector working group
4. Presentation of revised draft to stakeholders for validation
5. Final report
6. Produce a Sectoral fiche

9.0 Methodology

The expert will: - consult the Agriculture Sector Working Group and key players in the sector in developing the report.

10.0 Reporting

The expert will report to the Principal Secretary State Department for Trade or any other person delegated for reporting purposes

11.0 Level of Effort and Timeframe

Should take 45 days from the date of tender award

Level of efforts – 45 Input days

Timeframe – 17th July – 30th September 2017.

12.0 Coordination

The Consultant will work closely with the Secretariat Sector Working Group and the Country Director for Kenya, Trademark East Africa

13.0 Requirements for Consultant

- Academic training/qualifications – must be a Post Graduate training in;
 1. Agronomist
 2. Food Science and Technology
 3. Agricultural Economist
 4. Agri Business Management
- Must have a minimum of at least 7 years of general experience in the agricultural sector within Kenya or East Africa region (at least 5 of which must have been in Kenya) EAC (Added advantage).
- Specific experience for the sector – Must have At least 5 years of active engagement in the agricultural sector
- Must have demonstrable related work done before
- Demonstrate understanding of production & export related issues in the agricultural sector in another country
- Demonstrable experience in market access requirements
- General understanding of the Kenyan economy
- Demonstrate capability to work under strict deadlines
- Good reporting skills
- Demonstrate other group work
- Good team worker
- Demonstrate capability in Oral and written English
- Statutory compliance

Annex IV (d): TORs For Consultant to Support Handicraft Sector

| The Technical Assistant/Consultants For Development of Kenya National Export Strategy | |
|---|--|
| Output | National Export strategy for Handicraft Sector Developed |
| Beneficiary | State Department for Trade |
| Assignment Title | National Export Development Strategy Consultancy |
| Duration | From 17th July 2017 to 30th September 2017 |

1. Background

According to United Nations Educational, Scientific and Cultural Organization (UNESCO), handicrafts are 'products produced by artisans, completely by hand or with the help of hand-tools and even mechanical means, as long as the direct manual contribution of the artisan remains the most substantial component of the finished product. Their special nature derives from their distinctive features, which can be utilitarian, aesthetic, artistic, creative, culturally attached, decorative, functional, traditional, and religiously and socially symbolic and significant. They are made of sustainably produced raw materials and there is no particular restriction in terms of production quantity. Even when artisans make quantities of the same design, no two pieces are ever exactly alike'.

Kenya being the East Africa gateway and business hub, handicraft production is a major form of employment and constitutes a significant part of the national export economy. It has been suggested that there is an increasing number of small businesses turning to handicraft production and that this trend is unlikely to change significantly in the future. More specifically, artisans have been identified as the second largest sector of rural employment after agriculture in Kenya. Artisan production has thrived because handcrafted products offer distinct advantages: minimal start-up capital, flexible work hours, the ability to work at home, and freedom to manage one's own business. Unlike many other forms of labour, artisan production can also enable a degree of labour autonomy for those who have limited access to the cash economy. As a means of livelihood, handicrafts provide an ideal avenue for creative and independent entrepreneurs.

Regionally, turn around capacity is about 100 million USD, Kenya stands at 15 million USD. These products are sold in world markets such as the USA and Europe, arguably because of the challenge in satisfying quality standards demanded in

those markets. Other challenges facing export of Kenyan handicrafts include high packaging and shipping costs, tariffs, lack of patent laws and certifications. Moreover, there is limited documented evidence on the contribution of commercial craft sector including the producers, exporters, raw materials, value and volume of exports on a product-by-product basis.

In the bid to address the challenges faced by the handicraft export trade and promote the handicraft industry as a whole, the strategic inter-ministerial committee has identified areas of focus to be addressed in part through qualified consultants/firms.

2. Objective

1. Identify constraints that make the Handicraft Sector not effectively contribute to export growth performance
2. Recommend interventions that will unlock export potential for the sector

3. Recipient

Ministry of Industry, Trade & Cooperatives – State Department for Trade

4. Scope

- i) Carry out a Situational Analysis of the Handicraft sector:
 - a) Find out the legal and regulatory environment of the Handicraft Sector
 - b) Find out the key institutional players in the Handicraft Sector
 - c) Production performance
 - d) The markets for the Handicraft Sector
 - e) Analyse the regional and International market environment impacting the Handicraft Sector
 - f) Lessons learnt from previous interventions
- ii) Carry out a SWOT Analysis of the Handicraft Sector
 - a) Analyse the comparative advantage and competitiveness of the Handicraft sector

- b) Analyse the natural resource base driving the Handicraft sector-Raw material supply chain
 - c) Analyse the Policy and Regulatory gaps of the Handicraft Sector
 - d) Find out the gaps within the Support Services affecting the Handicraft Sector
 - e) Identify the target Markets and niches
 - f) Identify the competitors in the target markets and their competitive edge
- iii) Identify the production potentials and distribution for the Handicraft Sector by county
- iv) Mapping existing and additional Support Services required for further exploitation of the identified production potentials
- v) Examine the export readiness of the sector:
- a) Identify the export ready production systems at the county level
 - b) Identify the export readiness gaps for the products within the sector
- vi) Recommend required interventions to maximise export potential by:
- a) Addressing the production gaps
 - b) Increasing scope value-addition
 - c) Increasing the competitiveness in target markets
 - d) Enhancing effectiveness of support services
 - e) Improving policy and regulatory environment for the sector
 - f) Enhancing export readiness of products and production systems within the sector.
- vii) Produce a sector fiche – One page summary on the sector including, title, basic information on the sector, expected potentials & interventions, location, quick wins, outcome e.g. contribution of the sector, description of the sector, the findings, the phasing (ie under which national pillar and for how long is the strategy to last? 5-10 years) and the budget.
- viii) Present report to stakeholders for validation

5. Deliverables

- a) Inception report
- b) Draft sectoral report
- c) Presentation of draft report to the sector working groups
- d) Presentation of revised draft report to stakeholders for validation
- e) Final report
- f) Produce a sector fiche

6. Methodology

The expert will consult with the sector working groups and key players in the sector

7. Reporting

The expert will report to the Principal Secretary for Trade or any other person delegated for reporting purposes

8. Level of Effort and Timeframe

Effort - 45 input days

Time frame - From 17th July 2017 to 30th September 2017

9. Coordination

The experts will work closely with the Secretariat of the Sector working Group and the Country Director – Kenya, TradeMark East Africa

10. Requirements

- a) Must have Post graduate training/qualifications in Design, Business Management or related relevant disciplines.

- b) Must have specific Professional training in Product Design, Production and Marketing
- c) Must have minimum of 7 years general experience within the East African region of which 5 years must have been in Kenya
- d) Must have at least 5 years of active engagement in the sector
- e) Must have demonstrable related work that they have done
- f) Must meet statutory compliance
- g) Demonstrable understanding of production & export related issues in the sector will be an added advantage
- h) Demonstrable experience on market access requirements
- i) Demonstrable ability to work under strict deadlines
- j) Demonstrable capability in oral and written English
- k) Good reporting skills
- l) Good team worker

Annex IV (e): TORS For Consultant to support Manufacturing SWG**The Technical Assistant/Consultants For Development of Kenya National Export Strategy**

| | |
|------------------|---|
| Output | National Export strategy for Manufacturing Sector Developed |
| Beneficiary | State Department for Trade |
| Assignment Title | National Export Development Strategy Consultancy |
| Duration | From 17th July 2017 to 30th September 2017 |

**1. Background**

Manufacturing is an important Sector as it creates productive employment and has linkages with almost all sectors of the economy e.g. agriculture, ICT, infrastructure, transport, financial services, wholesale and retail etc. The manufacturing sector in Kenya grew at 3.5% in 2015 and 3.2% in 2014, contributing 10.3% to gross

domestic product (GDP) (KNBS, 2016). On average, however, manufacturing has been growing at a slower rate than the economy, which expanded by 5.6% in 2015. This implies that the share of manufacturing in GDP has been reducing over time. As a result, it can be argued that Kenya is going through premature deindustrialization in a context where manufacturing and industry are still relatively under-developed.

Some indicators point to ongoing positive structural transformation in the sector. Value added in industry has grown slightly from roughly 29% to 32%. Productivity (Value added to manufacturing wage employment) has also grown at 10 percentage points. 40% of manufacturing exports are destined to EAC, 15% to USA and Canada (apparel), 6% to Europe (Vegetables and fruits) and 39% to the rest of the world. Formal employment in the manufacturing sector went up marginally by 1.8 per cent to 300.9 thousand persons in 2016 accounting for 11.8 per cent of the total formal employment.

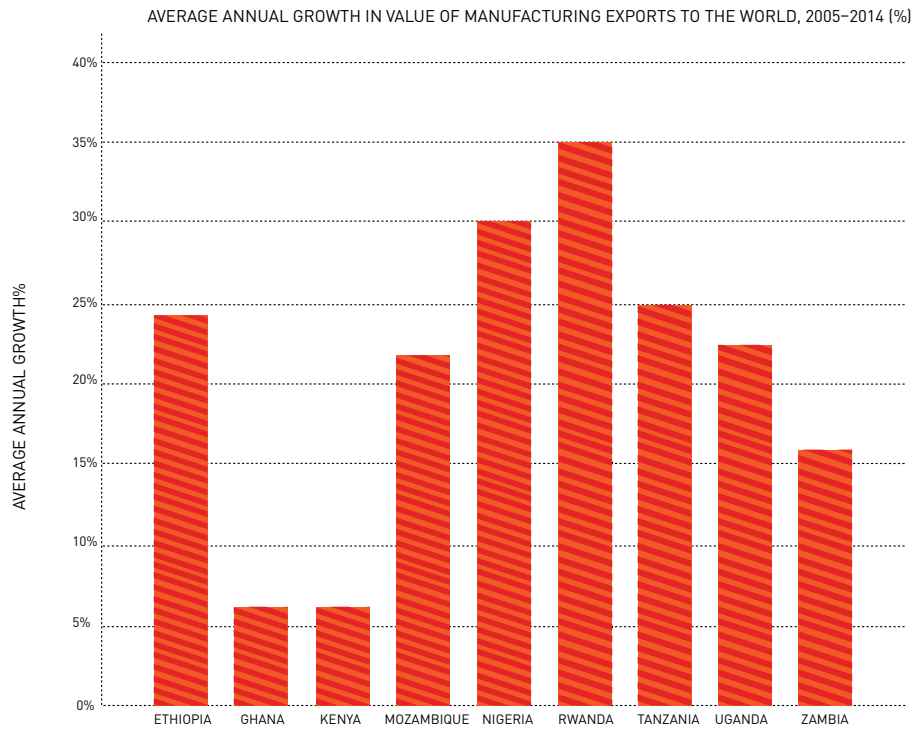
While the sector is improving in absolute terms with regard to indicators such as sector value added (Ksh 425.5 billion in 2014/15 compared to Ksh 417.7 billion in 2013/14) and formal employment (287,400 jobs in 2014/15 compared to 279,400 jobs in 2013/14), its contributions to GDP and employment are marginally declining as a result of both internal and external factors. Key challenges include high production costs, and competition from

cheap imports especially from China and India, among other challenges.

Kenya remains the dominant economy in East Africa with the largest manufacturing sector in East Africa. However, Uganda is emerging as a manufacturing hub by its share of GDP increasing from 9 per cent in 2010 to 10 per cent in 2014. The Kenyan government has developed several policies and strategies aimed at developing local manufacturing. The first is **Vision 2030 Manufacturing Sector**, which states that the role of the manufacturing sector in Vision 2030 is to create employment and wealth. The second key government document is **Kenya Industrial Transformation Programme (KITP)**, launched in 2015. According to this, the programme is guided by Kenya Vision 2030, the country's economic development blueprint, which aims to transform Kenya into a newly industrializing middle-income country providing a high-quality life to all its citizens by the year 2030.

Another key policy is the **National Industrialization Policy Framework** (2012) and the **National Industrialization and Industrial Development Bill**, which Cabinet has approved for publication and tabling in Parliament. Additional policy initiatives include the **Buy Kenya Build Kenya Policy** formulated by MITC, aimed at promoting local industry through procurement of locally made products. In this sense it is a market access policy but it is yet to be published.

Figure 1: Average Annual Growth in Value of Manufacturing Exports to The World, 2005–2014 (%)



As can be depicted from figure 1 above, the manufacturing sector in Kenya is growing far slower than those in Ethiopia, Rwanda, Tanzania and Uganda. If this trend continues, other East African countries will begin to dominate manufacturing in the region. Further, governments in East Africa seem to be putting more pronounced effort into building manufacturing through the creation of industrial parks (Ethiopia) and making land available for manufacturing, particularly labor-intensive manufacturing. Uganda and Tanzania are also determinedly positioning themselves as investment destinations for manufacturing in the region. Kenya does not seem to be echoing this impetus.

2. Objective

- Identify constraints that make the Manufacturing Sector not to effectively contribute to export growth performance in Kenya
- Recommend interventions that will unlock export potential for the manufacturing sector

3. Recipient

Ministry of Industry, Trade & Cooperatives – State Department for Trade

4. Scope of work

- i) Carry out a Situational Analysis of the Manufacturing sector:
 - a) Find out the legal and regulatory environment of the Manufacturing Sector
 - b) Find out the key institutional players in the Manufacturing Sector
 - c) Production performance of the Manufacturing Sector
 - d) The export markets for the Manufacturing Sector products
 - e) Analyse the regional and International market environment impacting the Manufacturing Sector
 - f) Lessons learnt from previous interventions
- ii) Carry out a SWOT Analysis of the Manufacturing Sector
 - a) Analyse the comparative advantage and competitiveness of the Manufacturing sector
 - b) Analyse the natural resource base driving the Manufacturing sector-Raw material supply chain
 - c) Analyse the Policy and Regulatory gaps of the Manufacturing Sector
 - d) Find out the gaps within the Support Services affecting the Manufacturing Sector
 - e) Identify the target Markets and niches
 - f) Identify the competitors in the target markets and their competitive edge
- iii) Identify the production potentials and distribution for the Manufacturing Sector by county
- iv) Mapping the existing and additional Support Services required for further exploitation of the identified production potentials
- v) Examine the export readiness of the sector:
 - a) Identify the export ready production systems at the county level
 - b) Identify the export readiness gaps for the products within the sector

- vi) Recommend required interventions to maximise export potential by:
 - a) Addressing the production gaps
 - b) Increasing scope value-addition
 - c) Increasing the competitiveness in target markets
 - d) Enhancing effectiveness of support services
 - e) Improving policy and regulatory environment for the sector
 - f) Enhancing export readiness of products and production systems within the sector.
- vii) Produce a sector fiche – One page summary on the sector including, title, basic information on the sector, expected potentials & interventions, location, quick wins, outcome e.g. contribution of the sector, description of the sector, the findings, the phasing (i.e. under which national pillar and for how long is the strategy to last? 5-10 years) and the budget.
- viii) Present a report to the stakeholders for validation

5. Deliverables

- a) Inception report
- b) Draft sectoral report
- c) Presentation of draft report to the sector working groups
- d) Presentation of revised draft report to stakeholders for validation
- e) Final report
- f) Produce a sector fiche

6. Methodology

The expert will consult with the Manufacturing sector working group and key players in the sector

Reporting

The expert will report to the Principal Secretary for Trade or any other person delegated for reporting purposes

8. Level of Effort and Timeframe

Effort - 45 input days

Time frame - From 17th July 2017 to 30th September 2017

9. Coordination

The experts will work closely with the Secretariat of the Sector working Group and the Country Director – Kenya, TradeMark East Africa

10. Requirements

- a) Must have a Post graduate degree/qualifications in Business Administration
- b) Must have specific Professional training in Economics or related field
- c) Must have minimum of 7 years general working experience within the East African region of which 5 years must have been in Kenya
- d) Must have at least 5 years of active engagement in the Manufacturing sector
- e) Must have demonstrable related work that they have successfully done
- f) Must meet statutory compliance
- g) Demonstrable understanding of production & export related issues in the Manufacturing sector will be an added advantage
- h) Demonstrable experience on market access requirements
- i) Demonstrable ability to take responsibility and handle pressure
- j) Demonstrable strength in written and oral English communication skills
- k) Good reporting skills
- l) Good team worker

Annex IV (f): TORs For Consultant to Support Cross Cutting SWG

| The Technical Assistant/Consultants For Development of Kenya National Export Strategy | |
|---|---|
| Output | National Export strategy for Cross Cutting Sector Developed |
| Beneficiary | State Department for Trade |
| Assignment Title | National Export Development Strategy Consultancy |
| Duration | From 17th July 2017 to 30th September 2017 |

1. Background

The National Export Development Strategy (NEDS) aims to address the critical constraints on Kenya's export performance and to enhance mechanisms and trade facilitation / support services that all exporting sectors in the country will require to maximise the performance of Kenya's exports.

While the NEDS undertakes a sector by sector analysis on the opportunities and constraints impacting on the performance of sectors, there are integral Cross Cutting Issues issues that impact various sectors that need to be addressed.

The Cross-Cutting Sector Working Group (CCSWG) of the National Steering Committee (NSC) seeks to identify, analyse and make recommendations on cross cutting issues that affect export performance including:

- i) The competitiveness of Kenya's exports and exporters
- ii) Impact the access to export markets
- iii) Facilitate or hinder Kenya's exports

The CCSWG has identified that these cross cutting issues include:

- 1. Market Access
 - a) Information on Target markets
 - b) Export Market Standards and Regulatory Requirements
 - c) Foreign market representation
 - d) In market distribution mechanisms

2. Support

- a) Export financing
- b) Trade Facilitation Mechanism
- c) Documentation
- d) Certification
- e) Export logistics
- f) Enabling policy and regulatory environment

3. Supply Side Constraints

- a) Infrastructure and export/production enablers
- b) Incentives and fiscal issues
- c) Product development and value addition
- d) Technology and innovation

The CCSWG will be expected to make recommendations that:.

- i) To enhance market access for Kenyan exports
- ii) Strengthen trade facilitation mechanisms
- iii) Enhance the institutional and coordination frameworks supporting export value chains
- iv) Broaden services available to support exports

2. Objective

- 1. To identify and analyse the cross cutting issues that impact exports from Kenya
- 2. To evaluate the effectiveness of existing support mechanisms and institutions supporting exports and exporters
- 3. To make recommendations that will unlock full export potential of all sectors

3. Recipient

Ministry of Industry, Trade & Cooperatives – State Department for Trade

4. Scope/Deliverables

This is a critical interrogation of the cross cutting issues that impact exports within the country (production related) and in export markets..The Consultant is expected to carry out a Situational Analysis of the cross cutting issues affecting export performance:

- a) Review Kenya's current export performance
- b) Conduct literature review of existing studies (10 year limit) on the cross cutting issues including barriers and constraints to Kenya's export\
- c) Examine previous research findings, policy recommendations and the extent of implementation of the said recommendations
- d) Develop a comprehensive matrix that identifies and analyses current cross cutting issues affecting export trade
- e) Review the legal and regulatory environment impacting exports
- f) f) Conduct stakeholder mapping including identifying action owners along the export process; This must include a review the effect of devolution on responsibility for cross-cutting issues and readiness of devolved units to support devolved roles
- g) Carry out consultations with key public and private sector representatives with the aim of identifying some of the challenges and opportunities to enhance export performance
- h) Map out the current export financing model and solutions available in Kenya
- i) Make recommendation to address gaps and enhance the effectiveness of legal and regulatory environment and the mechanisms and services to drive export growth
- j) Present report to stakeholders for validation

5. Deliverables

The consultants will produce a report which shall be of a length and technical detail commensurate to the findings of the study and which shall include, but not be limited to the following sections:

- i) A comprehensive matrix of cross cutting issues impacting export trade, recommendations, action plan, status of implementation, challenges to implementation, responsible implementing agencies;
- ii) Comprehensive report on the current status cross cutting issues and of barriers and constraints to trade (local, regionally and globally) including an assessment of their nature (legal, technical or otherwise);
- iii) A performance evaluation of the current support mechanism and efficacy of action owners;
- iv) Recommendations and proposals on the required interventions on how to increase the effectiveness of interventions across all cross cutting issues identified;
- v) Recommend a robust export financing model for Kenya;
- vi) An action/ implementation plan (informed by identified challenges to implementation) to enhance effective implementation of policy recommendations;
- vii) Conduct Stakeholder Validation;
- viii) Propose a partnership model between the National Government, and County Governments and the business community to address the recommendations on cross-cutting issues
- ix) The consultants will present the inception report, interim reports and the draft final report through the NEDS Committee to the Principal Secretary, State Department of Trade. All the reports will be submitted at least 3 working days in advance of the meetings. The final report will be accompanied by copies of all data collection instruments and results used in the development of the report.

6. Methodology

The expert will consult with the Cross Cutting Issues sector working group and key players in both the public and private sector impacting exports.

7. Reporting

The expert will report to the Principal Secretary for Trade or any other person delegated for reporting purposes

8. Level of Effort and Timeframe

Effort - 45 input days

Time frame - From 17th July 2017 to 30th September 2017

Coordination

The experts will work closely with the Secretariat of the Sector working Group and the Country Director – Kenya, TradeMark East Africa

9. Requirements

An individual or consultancy firm with proven experience and have undertaken similar studies in Kenya or other countries. The lead consultant will provide leadership of the overall assignment and co-ordinate other experts.

- i) The principal investigator should possess a minimum of an M.A. in Economics, International Trade, Development Economics or export related qualifications. A PhD in a relevant field will be an added advantage.
- ii) The principal investigator should have strong project monitoring and evaluation skills
- iii) At least 8 years' experience in policy research and or experience International Trade development in the public sector
- iv) The principal investigator should have a track record of developing public policy documents that have adopted and implemented.
- v) Good understanding of regional and international issues in goods and services trade
- vi) Excellent appreciation of Kenya's export sector at products and firm/industry level

- vii) the research team should have prior experience in conducting complex researches that have successfully informed policy
- viii) Should possess strong analytical skills as well as proficiency in use of statistical analysis software
- ix) The research team should be made up of individuals of high integrity and self-discipline keen on adhering to all agreed upon research methodologies especially with ensuring integrity of data collection and research findings
- x) The research team should possess Good communication and interpersonal skills with strong personality skills capable of engaging different and key individual players of industry without difficulty.



Annex IV (g): TORs For Consultant to Support Fisheries SWG

| Technical Assistant/Consultants For Development of Kenya National Export Strategy | |
|---|--|
| Output | National Export strategy for Fisheries SWG Developed |
| Beneficiary | State Department for Trade |
| Assignment Title | National Export Development Strategy Consultancy |
| Duration | From 17th July 2017 to 30th September 2017 |

1. Background

In Kenya, the fisheries sector provides food, employment and incomes to a large population. In 2014 the total fish production was **193,000 metric tons**, which constituted 9,000 metric tons from Marine waters, 49,000 metric tons from Aquaculture and 135,000 metric tons from inland waters. This was valued at approximately **Kshs 10 billion**. Export of fish and fishery products earns the country approximately **Kshs 5 billion** in foreign exchange annually. The sub-sector contributed about **0.8%** to National GDP (Economic Survey 2015)

The fisheries sector is composed of the four sub-sectors:

i) Marine and Coastal Fisheries

The marine capture fishery is composed of coastal and near shore artisanal, semi-industrial and offshore industrial fisheries. Artisanal and semi-industrial fisheries are exploited by the coastal local communities while the industrial fisheries are exploited by foreign fishing companies. The artisanal fishing fleet of about 3,000 fishing crafts and 13,000 fishermen land about 9,000 metric tons valued at 1.3 billion shillings. Great potential exists in the exploitation of the Kenyan EEZ which is 240,000 km². Stock assessment survey done in 1975- 1980 indicate potential of 100,000 to 150,000 Metric tones annually (FAO, 1980) and more recent estimates indicate potential of 300,000 metric ton (Habib 2003). This fishery is currently exploited by Distant Water Fishing Nations (DWFN) upon payment of access fees.

ii) Inland and riverine fisheries.

Inland capture fisheries is mainly composed of Lake Victoria, Lake Turkana and Lake Naivasha. The inland waters covers an area total of 11,000 km² and contribute 80% of Kenya's total fish production, with the principal fishery being that of Lake Victoria. In 2012, Lake Victoria accounted for 118,992 metric tonnes or 77% of the country's total annual fish production in the year 2012. Similarly Lake Turkana, Kenya's largest freshwater body (7,400 km²) produced 3,001 metric tons of fish.

Other freshwater-bodies of commercial importance include lakes Naivasha, Baringo, Jipe, the Tana River dams and the Tana delta but production from these resources is minimal and is highly overexploited. Lake Turkana though productive is yet to be fully exploited due to poor infrastructure development. With the ongoing plans to develop the northern corridor under the LAPSET programme, the fisheries of Lake Turkana will be greatly developed and exploited.

iii) Aquaculture

Development in this sector is envisaged through land based, mariculture and cage culture. Aquaculture is still in its infancy.

Fish farming production during the year (2014) was 24,095,999 Kgs (24,096 metric tonnes) with a farm gate value of Kshs. 5,601,721,944 compared to 23,500,812 Kgs (23,501 metric tonnes) valued at Kshs. 5,522,735,483 in 2013. This production was from 69,688 ponds with an area of 20,906,400 metres square (2,091 hectares), 161 tanks measuring 23,085 metres square and 124 reservoirs with an area of 744,000 square metres throughout the country.

Over the last ten years, fish production has increased from as low as 1,047 metric tonnes produced in year 2005 to the present production of 24,096 metric tonnes. The SDF&BE policy on fish farming is shifting from subsistence to commercial enterprise demands increased and reliable fish seed and feed production for the farmers.

Mariculture is an important sub-sector and currently a pilot programme in South Coast on **sea weed farming** is going on. The potential is enormous and the major challenge facing the sub-sector is to upscale the production marketing.

iv) Aquarium fisheries

The marine aquarium fisheries is quite developed at the coast with heavy investment. The marine aquarium fishing is conducted in a number of fishing grounds extending all the way from the South Coast to the North Coast. The main fishing grounds included Kilifi, Shimoni, Mtwapa, Diani, Kikambala, Kanamai, Shelly Beach and Nyali. The production for 2015 was 325,000 pieces comprised of fin fish, invertebrates and live rocks. The farm gate price was USD 160,000. Currently there are ten established factories with 145 licensed fishers.

The fish industry in Kenya is mainly artisanal fishery based and operates through an array of fishermen, agents, transporters and processors. Traditionally, communities living around the fish harvesting areas consumed much of the fish landed in Kenya. The marketing channels of fishery products destined for export markets differ significantly from those meant for local consumption. The export industry constitutes the largest part of the formal fish industry in the country.

2. Objectives

- a) Identify constraints that makes the Fisheries sector not effectively contributing to export growth performance
- b) Recommend interventions that will unlock the potential export growth for the sector

3. Recipient

State Department for Trade - Ministry of Industry, Trade and Cooperatives -

4. Scope

State what do you want the consultant to do?

- i) Carry out situation analysis of the fisheries sector;
 - a) Performance of the sector (what about the sector)
 - b) Legal and regulatory requirements
 - c) Institution players in the sector
 - d) Current production performance

- e) The markets where the fish and fisheries products are being exported
- f) Analyse the regional and international market environment impacting the Fisheries Sector.
- g) Lessons learnt from previous sectoral interventions
- ii) Carry out a SWOT Analysis of the Fisheries sector
 - a) Analyse the comparative advantage and competitiveness of the sector
 - b) Analyse the natural resource base driving the fisheries sector – the raw materials supply chain
 - c) Analyse the Policy and regulatory gaps of the fisheries sector
 - d) Establish the gaps in the support services for the sector
 - e) Identify the target markets and niches
 - f) Identify competitors in the target market and their competitive edge
- iii) Analyse and identify production potential on the fisheries sector by county.
- iv) Mapping the existing and additional support services required for further exploitation of the identified potentials.
- v) Examine the export readiness of the sector.
 - a) Identify the export ready production system at the county level
 - b) Identify the export readiness gaps for the products within the county
 - c) Recommend required interventions to maximise the export potentials by:
 - d) Addressing the production gaps
 - e) Increasing value addition
 - f) Increasing the competitiveness in the target markets
 - g) Enhancing the effectiveness of the support services
 - h) Improving policy and regulatory environment for the sector
 - i) Enhancing export product readiness of products and production system within the sector.
 - j) Produce a sector fiche -One page summary on the sector including basic information on the sector expected potential and interventions, location, quick wins, outcomes (key results) e.g contribution to the GDP over a specified time, phasing the strategy e.g 10 years with phases. Quick wins (3-5 years) and long term (5-10 years) and the budget.
- vi) Present report to stakeholders for validation.

5. Deliverables

- i) Inception report
- ii) Draft sectoral report
- iii) Presentation of draft report to the sector working groups
- iv) Presentation of revised report to the stakeholders for validation
- v) Final report
- vi) Produce a sector fiche

6. Methodology

The expert will:

- Consult closely work with the SWG and key players in the sector

7. Reporting

The consultant will report to P/S Trade or to any other delegated person for reporting purposes

8. Level of Effort and Timeframe

Effort: 45 input days

With effect from 17th July- 30th September 2017

9. Coordination

The expert will work closely with the Secretariat of the Sector Working Group and the Country Director Kenya- TradeMark East Africa

10. Requirements

- i) Must have post graduate training in fisheries related field
- ii) Must have specific Professional training in fisheries sector
- iii) Must have at least seven years on general experience in East Africa region, of which 5 years must have been in Kenya.
- iv) At least five years of active engagement in the sector
- v) Demonstrable understanding of production and export related issues in the sector will be added advantage
- vi) Demonstrable experience skills in sanitary and phyto-sanitary measures (SPS) and market access requirement
- vii) Demonstrable capability in oral and the written English
- viii) Demonstrable ability to work under strict deadlines
- ix) Good reporting skills
- x) Good team work

Added advantages

- i) Demonstrate related work they have done
- ii) General understanding of the Kenyan economy
- iii) Other group work
- iv) Oral and written English
- v) Statutory compliance
- vi) Specific experience on the sector

Annex 1. List of stakeholders in the fish and fisheries products sector

| Sub-sector | Stakeholders |
|---------------------|---|
| Marine | <ol style="list-style-type: none"> 1. County Governments (CEC/CO/CDF/County commissioners) 2. AFIPEK 3. Land based fish processors 4. Water based fish processors 5. Live crustacean dealers 6. Ship chandeliers 7. KMA 8. Aquarium fish dealers 9. KMFRI 10. Rep. BMU 11. Input suppliers |
| Aquaculture | <ol style="list-style-type: none"> 1. County Government (CEC/CO/CDF/County commissioners) 2. Aquaculture Association of Kenya 3. KRA 4. Hatchery operators 5. Input suppliers (Fish feed manufactures/pondliners suppliers etc) 6. Seaweed farmers 7. KMFRI 8. Reps. Cage farmers |
| Inland and riverine | <ol style="list-style-type: none"> 1. AFIPEK 2. Land based fish processors 3. Rep. Beach Management Unit 4. KMFRI |
| Aquarium fish-eries | <ol style="list-style-type: none"> 1. County Government (CEC/CO/CDF/County commissioners) 2. Aquarium dealers 3. KWS 4. DVS 5. AFIPEK 6. KMFRI |

Annex IV (h): TORs for Consultant to Support the Services SWG



The Technical Assistant/Consultants For Development of Kenya National Export Strategy

| | |
|------------------|---|
| Output | National Export strategy for Services SWG Developed |
| Beneficiary | State Department for Trade |
| Assignment Title | National Export Development Strategy Consultancy |
| Duration | From 17th July 2017 to 30th September 2017 |

1. Background

The Government of Kenya, through the Ministry of Industry, Trade and Cooperatives, having recently finalized development of the National Trade Policy, decided to initiate the process of crafting her second National Export Development Strategy. The two initiatives are intended to transform performance of the trade sector significantly. The National Export Strategy (NES), will be a five year sector development plan with defined actions on issues that impact export development. It will specifically; induce synergies for higher production in specific export sectors to enable better export performance; enhance market access and sustained performance; identify and align constraints in the export sector and propose mitigation measures; allocate resources based on prioritized objectives and streamline the export sector management by defining and allocating responsibilities to specific institutions with best capacities, including implementation, monitoring and evaluation functions.

Vision 2030 identifies the services sector as one of the priority sectors to drive Kenya's integration in the international trade system and to contribute towards generation of sustainable growth rate at 10 per cent per annum. The sector is diverse and has potential for higher contribution to the GDP. However, due to various factors and supply capacity issues, only a few sectors have been able to contribute towards exports and foreign exchange generation.

2. Objectives

- a) Identify the constraints that make the services sector uncompetitive and not effectively contribute to export growth/performance.
- b) Recommend interventions that will unlock the export potential of the sector.

3. Recipient

The Ministry of Industrialization, Trade and Cooperatives

4. Scope of work

- a) Undertake a situational analysis of the services sector.
- b) Map out the legal and regulatory environment in the services sector.

- c) Identify the key sector players in the sector.
- d) Identify the main markets for the export of services.

5. Deliverables

- a) Inception report within seven days from the date of award of the contract.
- b) Draft sectoral report within twenty days from the date of submission of the inception report.
- c) Presentation of draft sectoral report to the Sector Working Group within thirty days from the date of the award of contract,
- d) Presentation of revised report to stakeholders for validation within five days after presentation to the sector working group.
- e) Final report within forty five days from the date of award.
- f) Sector fiche to be presented with final report.

6. Methodology

The process is expected to be consultative and inclusive. The consultant will work closely with the Sector Working Group and identified key stakeholders in the services sector. Details on the methodology and approaches should be provided by the consultant

7. Reporting

The consultant shall report to the Principal Secretary Department of External Trade Ministry of Industrialization, Trade and Cooperatives or any other designated officer.

8. Level of Effort and Timeframe

The level of effort shall be forty five (45) input days. The timeframe for delivery of the assignment shall be 17th July 2017 and 30th September 2017.

9. Coordination

The consultant will work closely with the Sector Working Group and the Country Director-Kenya, Trademark East Africa.

10. Requirements

Applications are invited from suitably qualified consultants with the following qualifications;

11. Academic qualification

A bachelor's degree in economics or law

12. Professional training

Trade economist/ trade lawyer

General experience

At least 10 years post-graduation experience in the service sector

Specific experience

- a) Must possess at least 7 years' experience in the field of consultancy of which 5 years must have been obtained in Kenya.
- b) Demonstrable related work that they have done and an in-depth understanding of the services sector
- c) Have a General understanding of the Kenyan economy
- d) Possess Excellent communication and reporting skills
- e) Capability to marshal a consortium or managing group work teams
- f) Statutory compliance

Annex IV (i): TORs For The National Export Strategy Sector Working Groups

1. Introduction

The National Export Strategy (NES) forms the basis for comprehensive and inclusiveness of the strategic issues on Kenya's export performance and competitiveness of the export sector. The final National Export Strategy document will highlight the current status of the proposed sector (s), issues affecting their performance and propose appropriate interventions for addressing the identified challenges in order to improve national competitiveness and increase export performance. The specific objectives of NES include the following:

- i) To assess to current status and performance of the identified sectors including their contribution to national development.
- ii) To consolidate and expand the existing export markets and to establish Kenya's presence in emerging new markets.
- iii) To diversify the export product base away from a narrow range of traditional exports.
- iv) To enhance the competitiveness of Kenyan exports through value addition.
- v) To strengthen the institutional and coordination frameworks among the export stakeholders.
- vi) To enhance market access for Kenyan exports through trade facilitation.
- vii) To establish dedicated export finance frameworks.

2. The National Export Strategy working groups

The Ministry of Industry, Trade and Cooperatives has put in place a Steering Committee that will convene and oversee the consultations with key stakeholders within the Public and the Private sectors in the development of the National export Strategy.

To facilitate faster development of this process, the steering committee has identified key players who will steer sector working groups and bring out salient issues that will contribute to the development of the proposed NES.

3. The proposed sectors and sub-sectors include:

- i) Livestock (meat, dairy, poultry meat and eggs, leather, ornamental birds)
- ii) Agriculture (horticulture, floriculture, tea, coffee, pulses, honey, pyrethrum)
- iii) Fisheries (Inland, marine, aqua culture, aquarium fisheries, ornamental fish)
- iv) Manufactured products (textiles & apparels, agro processed products, plastics, commercial products, footwear)
- v) Handicrafts (wood carvings, soapstone, jewellery, beadwork, basketry, pottery, paintings, handloomed, juakali,)
- vi) Services sector (Health, cultural recreational & sporting, construction, education)
- vii) Emerging sectors (Mining, minerals, energy)

The area of Cross cutting issues (export financing, foreign market representation, export facilitation, enabling environment, target markets) will also be considered as they are critical. Each of the above sectors will constitute a sector working group that will deliberate on matters affecting the identified sectors and propose interventions that will spur development of these sectors.

4. Purpose

The aim of these groups will be to assess the current status of the sector's performance, identify the challenges affecting the sectors and propose interventions that will address the said issues and spur development of the export sector. The sector working groups will be guided by the following Terms of Reference

5. Terms of Reference

- i) In collaboration with the steering committee, identify a suitable consultant for the sector working groups
- ii) Constitute a comprehensive and an all-inclusive stakeholder sector working group.
- iii) Oversee sectoral situational analysis (supply and demand).
- iv) Identify critical issues affecting the sector (s).

- v) Propose or oversee the development of sector specific strategies and interventions towards the development of the sector (s).

6. Duration

The terms of the National Export Strategy Working groups are two months as from 17th April 2017 to 17th June 2017.

ANNEX III: PRESENTATIONS OF SWGS DURING THE RETREAT

Annex III (a): Presentation of the Livestock SWG

1. Livestock Sector Export performance

The livestock sector contributes about 12% of Kenya's Gross Domestic Product (GDP), 40% to the agricultural GDP and employs 50% of agricultural labor force. About 60% of Kenya's livestock herd is found in the arid and semi-arid lands (ASALs), which constitute about 80% of the country. It is estimated that 10 million Kenyans living in the ASALs derive their livelihood largely from livestock. Livestock play important roles in Kenya's socio-economic development and contribute towards household food and nutritional security.

The stakeholders in the sector have recognized the role that a vibrant livestock industry can play to reverse the poverty levels and contribute to the nation's economic growth. The recognition is emphasized in various government policy documents such as the ninth National Development Plan; 2002 -2008; Poverty Reduction Strategy Paper (PRSP), Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC) 2003 to 2007, Strategy for Revitalizing Agriculture (SRA) 2004 – 2014, Kenya Vision 2030, Millennium Development Goals (MDGs) and the National Livestock Policy (NLP)

In the recent past, exports of livestock commodities from Kenya from the livestock sector basically involved Pork and pork products, Beef and beef products, poultry and poultry products, Donkey meat, honey, Bee Wax, germplasm, vaccines and leather and leather products and small commodities of live animals especially for

“ *THE LIVESTOCK
SECTOR
CONTRIBUTES ABOUT
12% OF KENYA'S GROSS
DOMESTIC PRODUCT (GDP),
40% TO THE AGRICULTURAL
GDP AND EMPLOYS 50%
OF AGRICULTURAL LABOR
FORCE.* ”

breeding. These exports average between 250 - 300 consignments per month. A sizeable portion of these exports go to countries such as Uganda, Rwanda, Nigeria, Ghana, Seychelles, Mauritius, DRC and Tanzania with the balance of trade currently in favor of Kenya. However, exports, especially to Tanzania, have been declining. Middle East especially Dubai, Bahrain and Qatar has also opened up to some Kenyan goods. In the past Kenya actively engaged in the export of meat to the European Union countries and the

Gulf States. Due to the high prevalence of trade sensitive diseases, these markets were lost to other countries in the region.

Kenya has experienced an important rise in meat exports since 2005, with volumes increasing by a factor of 11 over the five-year period between 2005 and 2010. The 2009-2010 period saw the most dramatic increase, with a doubling of volumes, although the export volumes (2,500 MT in 2010) remain small and account for only 1 percent of Kenya's meat production. The country's main export destinations for meat and meat products are the Gulf States with exports historically limited to the UAE but expanding to Qatar, Oman, Bahrain, Dubai and Kuwait in 2010, Tanzania and Somalia, with other African countries accounting for the remainder. In 2010, Middle Eastern countries (including Egypt) surpassed sub-Saharan African countries as the largest importers of Kenyan meat, accounting for 63 percent of all exports. African countries accounted for the other 37 percent, with Asian and European importers accounting for 0.36 percent and 0.03 percent respectively. Exports to Asia and Europe have remained insignificantly low.

Kenya is only a minor exporter of livestock. The only significant livestock markets are Mauritius and Burundi, which import Kenyan cattle and goats respectively. Exports of live camels from Kenya are not documented, but it has been observed that there are increasing numbers of camels being trekked to the Moyale market for onward export to the Middle East through Ethiopia. This corresponds with an observed significant reduction in camel trading at the Garissa secondary market.

2. Livestock sector Export potential

Kenya is basically a net exporter of meat and milk. The major problem facing the analysis of the livestock sector is the lack of correct and up to date statistics that provide a clear picture of the livestock production and marketing situation in Kenya. The chronic under-reporting by agencies tasked with collecting the data has overtime sustained this picture.

Intergovernmental Authority on Development (IGAD) and the Kenya National Bureau of Statistics (KNBS) completed in 2011 a joint review of the importance of livestock to the Kenyan economy. The study (IGAD LPI Working Paper No. 03-11) demonstrated that livestock's contribution to Kenyan agricultural gross domestic product (GDP) was more than two and a half times larger than the official estimate for 2009, the most recent year for which there was complete data. This increase over official estimates means that the livestock contribution to agricultural GDP

was only slightly less than that from crops and horticulture, about \$4.54 billion US dollars for livestock in 2009 versus \$5.25 billion US dollars for arable agriculture. Kenya's livestock were under-appreciated because the size of the national herd was not known, and no attempt to enumerate it had been made for decades. This revised estimate has at least two far-reaching implications. First, government should give more attention to accurate monitoring of the livestock sector and, secondly, that government should now place a higher priority on livestock and livestock producers in designing future agricultural policies.

Information flow from consumers to producers and exporters is divergent especially on rules and regulations in foreign markets. Lack of advocacy and brand equity for Kenyan meat has cost Kenyan meat exporters a loss of the huge EU market and UAE countries. Further to this, there are no commercial counselors in the Middle East, currently the biggest niche market for Kenyan livestock and livestock products. The commercial counselors and foreign mission officials have not made marketing of livestock a major agenda in their respective countries of deployment due to the limited information from the sector.



3. Constraints hindering realization of full potential of the Livestock and Meat trade

1. Unchecked movement of goods and commodities due to very porous borders.
2. National databases are not accurate and collection of data is also not streamlined.
3. Partner countries are not at par as far as e-trade is concerned. For instance, Kenya is the only country using the facility through the Kenya Electronic Single Window System (KESWS) platform within the East African region.
4. Trade wars, whereby some countries do not observe tariff agreements.
5. Exports within the Greater Horn of Africa Region (GHOA) and other higher value international markets despite it being such a major economic driver, the availability and accuracy of national data on livestock populations and trade varies greatly throughout the region.
6. Livestock movement pathways are shaped by supply and demand differences between the participating countries in the region, which in turn determine the price and value of livestock in specific locations. However, this trade is constrained by:
 - a) Differing animal health requirements amongst the Horn of Africa countries,
 - b) Uncoordinated disease surveillance and control programs,
 - c) Unjustified livestock trade bans by importing countries.
 - d) The free movement of livestock and livestock products across borders for pasture or trade poses a challenge in Trans-boundary Animal Disease (TADs) control leading to rampant spread of trans-boundary diseases such as Rift Valley Fever (RVF), Foot and Mouth Disease (FMD), Peste des Petite Ruminants (PPR), Rinderpest, Lumpy Skin disease (LSD), Camel Pox, Sheep and Goat Pox, Contagious Bovine Pleuropneumonia (CBPP), Contagious Caprine Pleuropneumonia (CCPP) in Kenya and neighboring countries. TADs continue to place a significant burden on stakeholders at a variety of levels. The impact of such diseases amongst the livestock producers such as the pastoralists and other livestock owners include:
 - Reduced productivity of livestock,
 - Mortality in young animals,

- Cost of treatment of sick animals,
- Loss of draught power,
- Increased cost of disease control programs,
- For a country such as Kenya with the capacity to export livestock, TADs limit the country's access to higher value markets.
- The lack of a credible National Livestock Identification and Traceability System (LITS) in Kenya that are critical tools in production, breeding, disease surveillance, food safety certification and food quality assurance, has caused Kenya to lose the EU and other valuable markets.

7. Livestock trade has been the domain of the private sector following the reduced performance of the Kenya Meat Commission (KMC) and the exit of the Livestock Marketing Division (LMD) from the markets. Lack of acceptable export certification and handling facilities and livestock marketing infrastructure (holding grounds, quarantine stations, stock routes and sale yards) in the country have to a large extent resulted from breakdown and diversified use of marketing facilities. Ranches in Kenya performed well in the 60s' and 70s', but in the 80s' and 90s' performance declined drastically such that some wound up and currently others face extreme pressure from subdivision for agricultural production and invasion by illegal grazers.

The ports of entry and exit of goods lack the requisite infrastructure for handling exported and imported animals and animal products that should be addressed to provide internationally acceptable trading platform. The poor transportation logistics of livestock from Arid and Semi-Arid Land (ASAL) areas should also be addressed while also looking at the key concerns of traders exporting their live animals through Ethiopia and Somalia, thereby leading into a scenario where our neighbors take advantage by reflecting such commodities as their own exports.

4. Livestock policies and legislation

The livestock sub-sector is mainly guided by the following policies and legislation:

- a) National Livestock Policy
- b) Acts of Parliament including and policies
- c) Animal Diseases Act, Cap 364;
- d) Veterinary Surgeons and Veterinary Para Professionals Act, No 29, 2011;

- e) Meat Control Act, Cap 356;
- f) Hides, Skins and Leather Trade Act, Cap 359
- g) Dairy Industry Act, Cap 336;
- h) National Dairy Development Policy;
- i) National Poultry Policy;
- j) National Rabbit Development Strategy;
- k) MoAL&F Strategic Plan_2013-2017
- l) Vision 2030
- m) Apiculture policy
- n) The Pig Industry Act
- o) Breeding policy
- p) Animal feedstuffs policy
- q) Land policy
- r) The Co-operatives Act
- s) Hatchery Rules
- t) International obligation under the guidelines of OIE. WTO-SPS, Cordex, HACCP etc

Annex III (b): Presentation of the Emerging SWG

1. Overview

The sector has three sub sectors namely, Mining, Energy and Light Engineering.

1.1 Mining subsector

Mining and quarrying subsector contributes 0.9% of the GDP in 2015 and 0.8% in 2016. The Government has enacted new mining Act 2016 to regulate mining industry and attract investment in Kenya. It has also created a new Directorate of mineral promotion and value addition.

As indicated in the table below, the total mineral output rose from 1.596 million tonnes in 2015 to 1.718 million tonnes in 2016. The overall value of mineral output increased from KES 23.8 billion in 2015 to KES 23.3 billion in 2016. The major contributors to the overall mineral earnings were from Titanium ores valued at KES 13.3 billion, Soda ash valued at KES 6.2 billion in 2016. Other performances in the sector are as indicated below.

1.2 Energy subsector

a) Petroleum

Kenya has recently discovered oil in Turkana County and will soon start extraction. Until 2013, the Country has been importing crude and processed petroleum oil for consumption and re-exports to the EAC regional markets. Since then, the only petroleum refinery closed down and the country has now been importing processed petroleum oil. The 2016 data indicates that the total value of petroleum products was 4.85 million tonnes valued at Kshs. 197.5 billion. The value of exports decreased from Kshs. 59.8 billion in 2015 to Kshs. 42.8 billion in 2016. The following table illustrates the trends of both imports and exports of petroleum products.

b) Electricity

Electricity subsector contributes 1.4% of the GDP in 2015 and 1.67 % in 2016. The total installed capacity was 2,325 MW, while total effective capacity was 2,253 MW in 2016. The summary of the trends from 2012 to 2016 of electricity output is as indicated in the tables below:

2. Current and potential exports markets

2.1 Minerals

| Product | Existing markets | Potential markets |
|------------------------------|--------------------------|------------------------|
| Titanium | China | Germany, USA, UK |
| Sodium carbonates (soda ash) | India, south Africa, UK | China |
| Salt | EAC, DRC | |
| Cement | EAC | |
| Gold | UAE, India | UK, USA, France, Italy |
| Gemstones | Thailand, India, Germany | UK, USA, Italy |
| Base metals | China | |
| Carbon dioxide | EAC | |

3. Contribution to the GDP: Export Values 2014-2016

| | 2014 | | 2015 | | 2016 | |
|------------------|-----------------|---------------|-----------------|-------------|---------------|-------------|
| MINERAL | QUANTITY | VALUE (KShs.) | QUANTITY (MT) | VALUE (USD) | QUANTITY (MT) | VALUE (USD) |
| Titanium sands | 347,000MT | 8236337123 | 600186 | 121977049 | 614720 | 120729574 |
| Fluorspar | 97,156MT | 1901294596 | 64395 | 14825178.1 | 42656 | 18890259 |
| Gold | 209,665g | 695314422 | 336935.6733 | 9780788.16 | 196.87 | 6442655 |
| Gemstones/ rough | 430,588kg | 1104815120 | 442 | 798391.616 | 518218 | 2410861 |
| Gemstones/ cut | [17,161 carats] | 40419067 | [470.92 Carats] | 369143.69 | 5466 | 775086 |
| Base metals | 30,183MT | 35913750 | 10625 | 65170 | | |

| | 2014 | | 2015 | | 2016 | |
|----------------------|-----------|--------------------|---------------|--------------------|---------------|------------------|
| MINERAL | QUANTITY | VALUE (KShs.) | QUANTITY (MT) | VALUE (USD) | QUANTITY (MT) | VALUE (USD) |
| Diatomite (exports) | 144MT | 10188836 | | | | |
| Carbon Dioxide | 15,762MT | 519831075 | 3764 | 1663537 | | |
| Magadi Soda Products | 450,000MT | 56353470 | 412000 | 45996065 | | |
| Cement | 412,000MT | | 3713570.086 | | | |
| minerals samples | 200MT | | | | | |
| Total | | 12825816261 | | 195475322.6 | | 149248435 |

Source: State Department of Mining

4. Strengths, Weakness, Opportunities and Threats

| Strengths | Weakness | Opportunities | Threats |
|---|--|--|--|
| New mining Act 2016 | Lack of capital for investment. | Value addition | Minerals and oil are finite |
| A new directorate of mineral promotion and value addition in Ministry of Mining | The country has not carried out airborne survey to determine mineral deposits in the country | Framework for investors to put up value addition centres is in place | Lack of incentives for direct foreign investment |
| Build mineral value addition centre in Voi | Erratic supply of power | Government in process of building a granite value addition centre in Vihiga county | Environmental degradation |

| Strengths | Weakness | Opportunities | Threats |
|---|--|--|---------|
| Large quantities of coal and large amounts of oil have been discovered in Kitui and Turkana respectively. | County Governments and CBOs have been putting unnecessary bottlenecks in exploitation of oil and minerals. | Untapped potential for green energy (Wind , Solar and geothermal energy) | |
| | Lack of technology in nuclear energy | Untapped potential for oil products... upgrading of Kenya Oil Refinery | |

Annex III (c): Presentation of the Agriculture SWG

1. Overview of the agriculture sector

Agriculture is the mainstay of the Kenyan economy directly contributing about 32 per cent of the GDP annually, and another 25 per cent indirectly. The sector accounts for 45 per cent of Kenya's total exports and provides more than 70 per cent of informal employment in the rural areas. It is therefore a means of livelihood for the majority of Kenyan people.

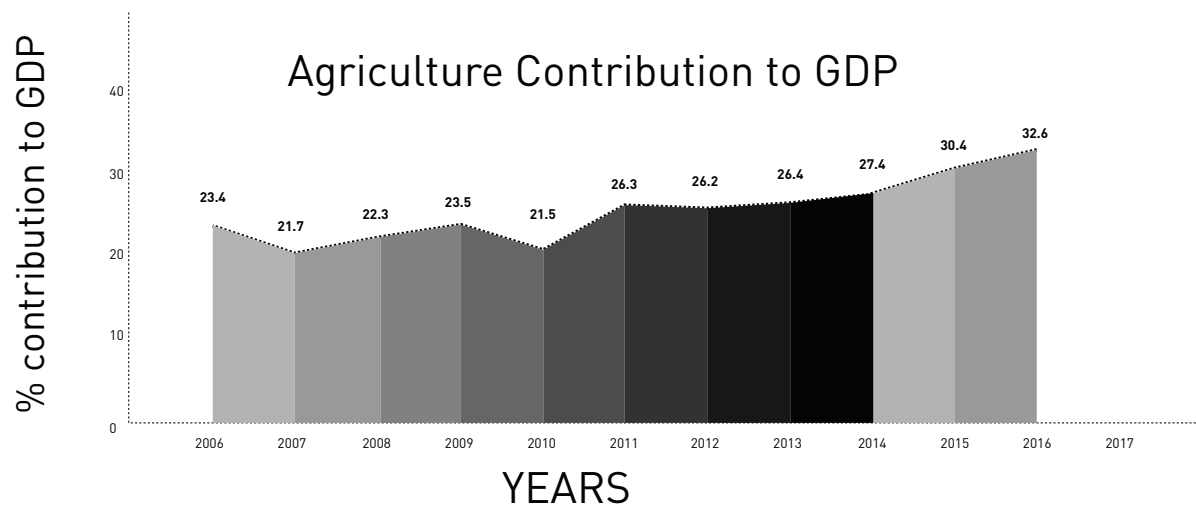
In June 2008, the Government launched the Kenya Vision 2030 as the new long-term development blueprint for the country. Its vision is: A globally competitive and prosperous country with a high quality of life by 2030. Vision 2030 has identified agriculture as one of the key sectors to deliver the 10 per cent annual economic growth rate envisaged under the economic pillar. Kenya Vision 2030 has identified four major challenges that continue to face the agricultural sector.

- a) **Productivity:** Productivity levels for many crops are below potential and for some agricultural produce yield and value over a 5-year period have either remained constant or are on the decline. Similarly, the production level for most fish and livestock products is below potential. Forest cover and tree productivity have been on the decline while population growth has led to increased human–wildlife conflict.
- b) **Land use:** Land in the high - and medium-potential areas as well as in arid and semiarid lands (ASALs) remains under-exploited for agricultural production. Much of the available cropland remains under-used with smallholders using only 60 per cent of their land for agricultural production.
- c) **Markets:** The productivity of the agricultural sector is constrained by inefficiencies in the supply chain resulting from limited storage capacity, lack of post-harvest services and poor access to input markets. Vision 2030 calls for proactive efforts to maintain existing markets and create new ones to increase Kenya's bargaining power in global agricultural markets.
- d) **Value addition:** In agriculture, value addition determines the competitiveness of the country's produce in world markets. However, Kenyan farmers export semi-processed, low-value produce, which accounts for 91 per cent of total agriculture-related exports. The limited ability to add value to agricultural produce coupled with high production costs make exports less competitive. Although much has been achieved, food security, poverty reduction and transforming agriculture from subsistence to farming as a business—agribusiness, markets, efficient use of inputs and agricultural credit still remain a challenge.

Kenya Vision 2030 agriculture flagship projects envisages to raise incomes in agriculture, livestock and fisheries by processing and thereby adding value to agricultural products before they reach the market in a manner that enables producers to compete with the best in other parts of the world.

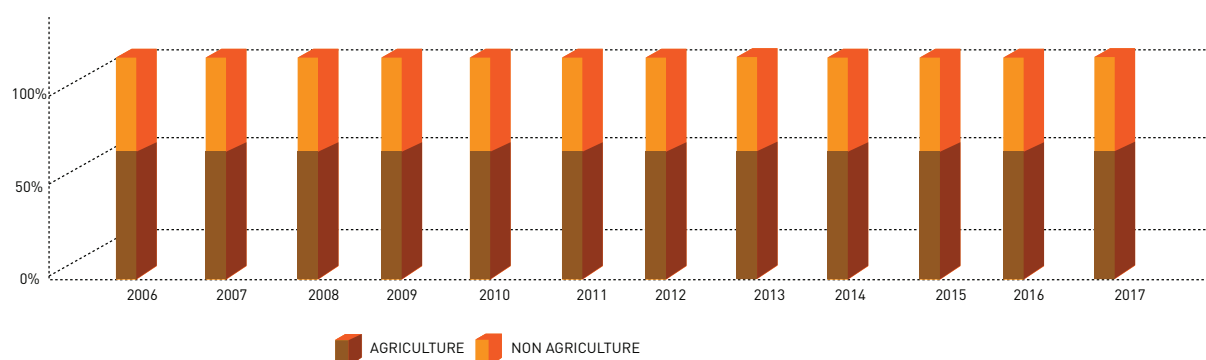
The agricultural sector comprises six subsectors—industrial crops, food crops, horticulture, livestock, fisheries and forestry—and employs such factors of production as land, water and farmer institutions (cooperatives, associations).

Agriculture Contribution to GDP



Economic survey (2017)

Agriculture and Non-agricultural export commodities contribution to foreign exchange



Economic survey (2017)

2. Kenya Key Agriculture commodities export portfolio

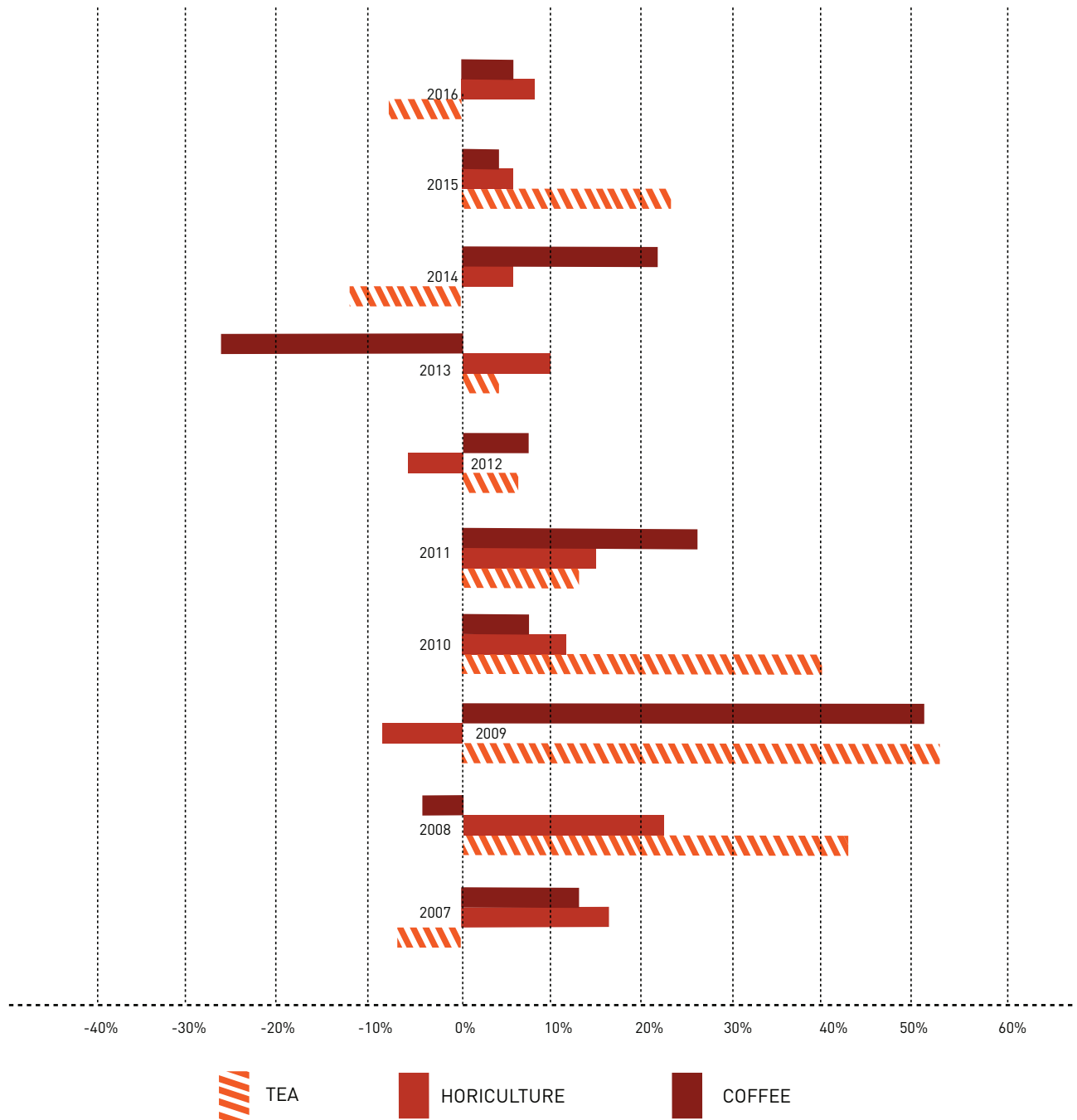
Key agricultural export commodities include Tea, Horticulture and Coffee. Over the last ten years, the export value for these commodities have been growing annually at an average rate of 10% each. The growth is however not constant owing to factors that affect the global supply/demand situation for commodities. Consistent decline in export performance has been recorded in several crops such as Pyrethrum. Other commercial crops whose production and exports have remained low despite large unexploited potential are cotton, oil crops, cashew nut, Macadamia nut, bixa and sisal. Most of the agricultural export commodities from Kenya are usually destined to the EU market and the Middle East. Export of agricultural commodities to Africa and the Asian continent is mostly limited to tea.

Earnings from key Agricultural export commodities



Economic survey (2017)

Figure 1: Export growth for the key Agricultural export commodities (2007-2016)



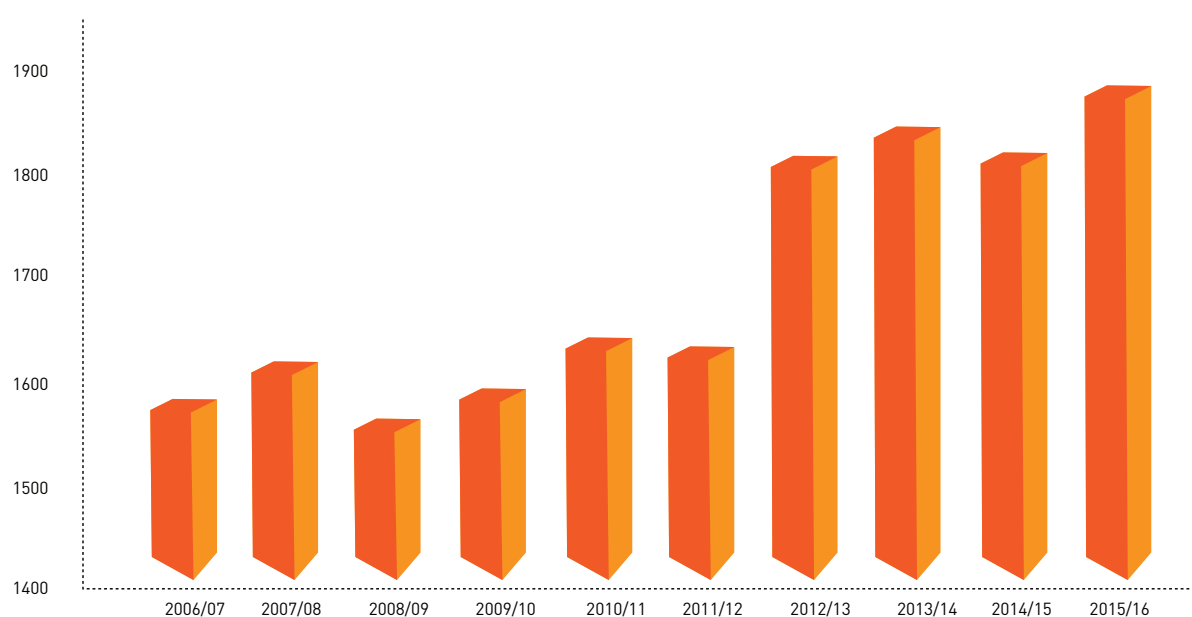
i) Tea

Amongst the agricultural export crops, tea is the leading foreign exchange earners in the country. Tea export volume has increased from 345,000 tonnes in 2007 to 480,000 tonnes in 2016, while the value of exports increased from KES 43 billion to KES 120 billion.

Local and global trends for tea

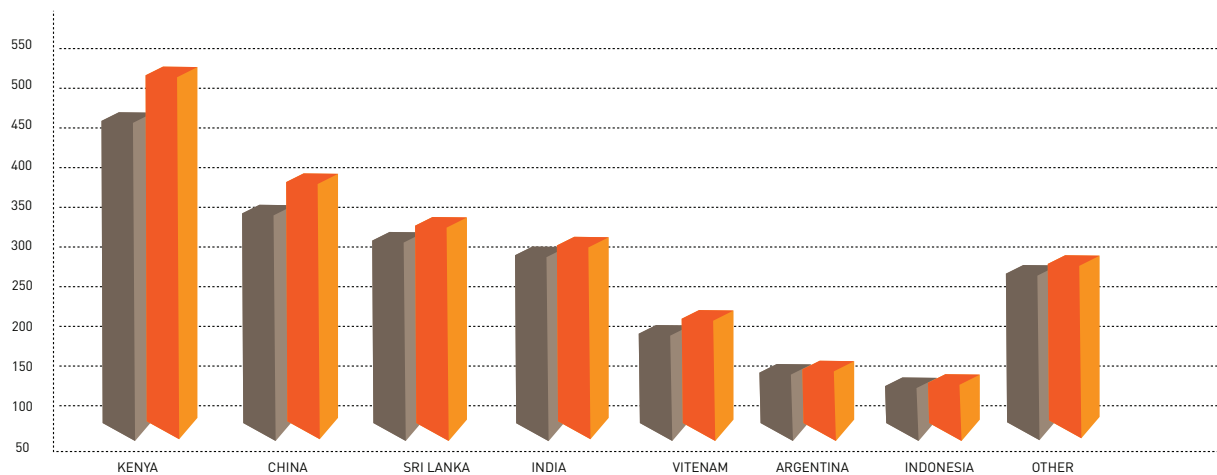
Global tea market is dominated by seven producer countries including Kenya, China, Sri Lanka, India, Vietnam, Argentina and Indonesia. Collectively, the seven tea producers account for 90% of the global export share with Kenya commanding the highest share at 27%. Kenya and India export Black CTC teas, China-Green tea, While Sri Lanka, Vietnam, Argentina and Indonesia export Black Orthodox tea. Global Tea Exports increased by 19.9% equivalent to 1.99% per annum over last 10 years. Growth is largely attributed to population increase and adoption of healthier lifestyles amongst the consumers. Kenya tea export volume has been growing at an average rate of 3% per annum, 1.1% above the global rate. Consistent growth is attributed to sustained promotion activities in traditional and emerging markets.

Global Tea Export Trends – Million Kg



Key global importers of tea are Russia, Pakistan, UK, USA, Egypt, Iran, Morocco, Germany, U.A.E and Afghanistan. The ten markets account for 54% of the total global import volume. Kenya tea is exported to over 60 market destinations world-wide with the traditional markets of Pakistan, Egypt, UK, Afghanistan and Sudan accounting for 70% of the global market share.

Major tea exporting countries – Million Kg

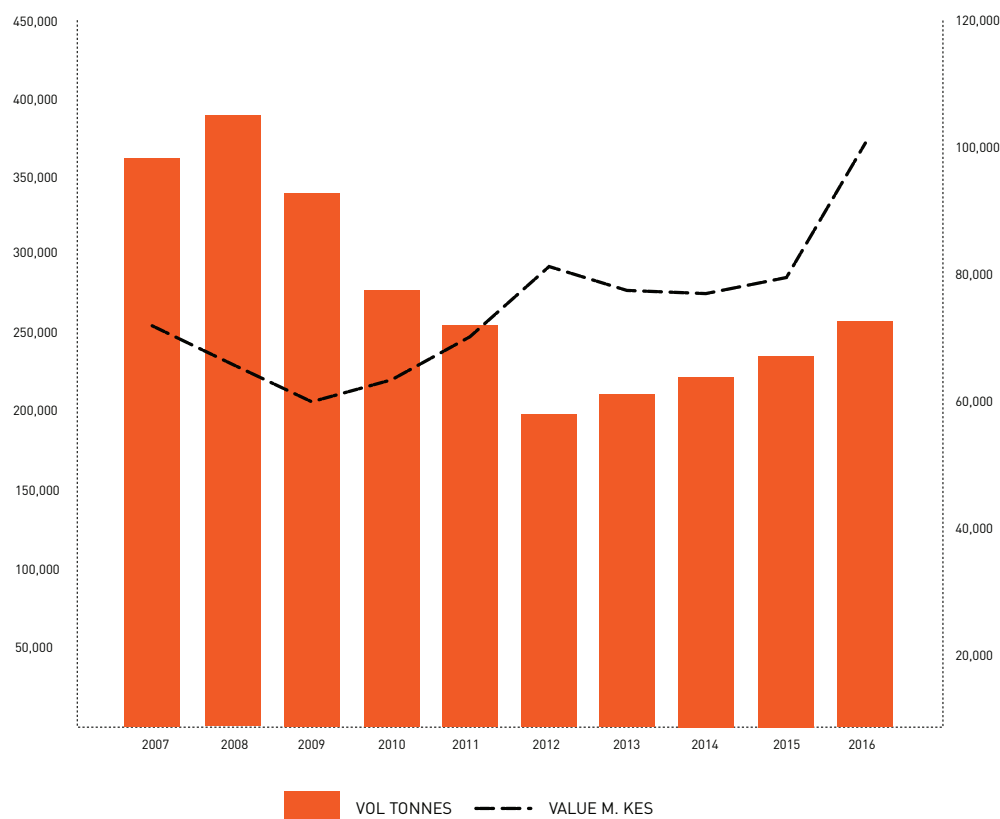


ii) Horticulture

Horticulture is one of the top foreign exchange earners for the country generating approximately US \$ 1 billion annually. The industry employs over 120,000 Kenyans directly, 500,000 indirectly and supports over 2 million livelihoods. The industry is labour intensive where 80 % of the employees are non-skilled.

Horticultural products include cut flowers, vegetables, fruits, nuts, herbs and spices. Horticultural export volume has decreased from 373,803 tonnes in 2007 to 261,107 tonnes in 2016, while the value of exports increased from KES 67 billion to KES 101 billion. Decrease in volume of horticultural exports is attributed to lower volume of vegetable and fruits exports owing to stringent market requirements on health and safety. However, cut flower exports have continued to grow in both volume and value terms.

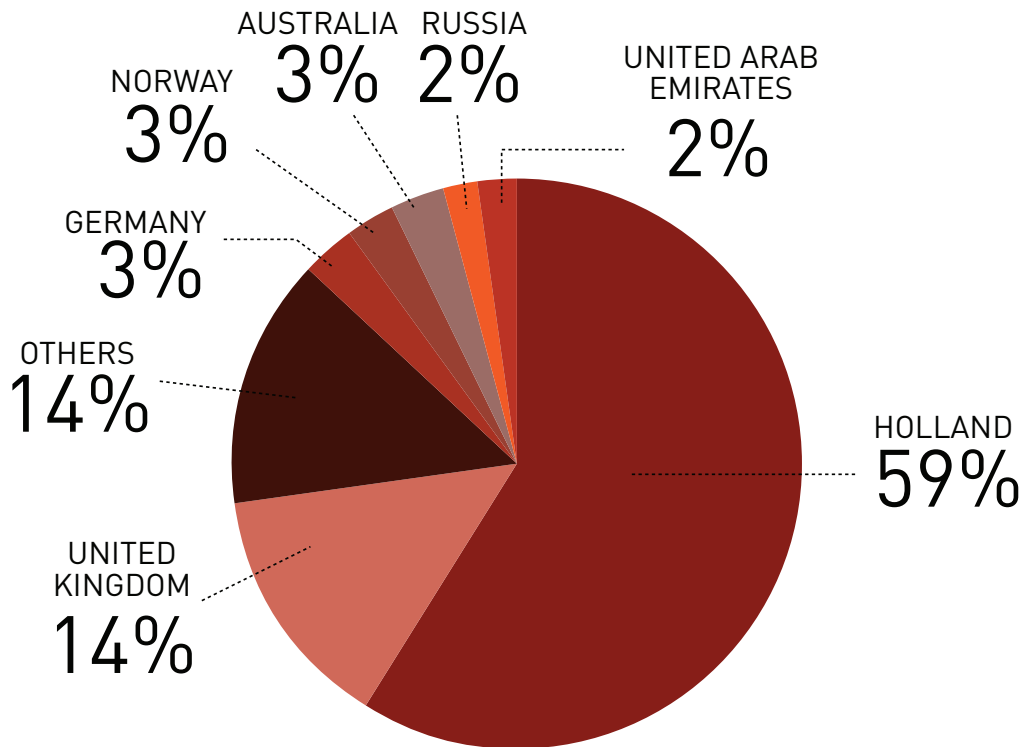
Kenya Horticultural Export Trend



Local and global trends for Cut flowers

Kenya has now attained position three of global flower producing and exporting after Ecuador and Columbia. Other competitors in the global market include Ethiopia, Netherlands and Israel while potential new entrants include Uganda and Rwanda. The main cut flowers grown in Kenya are roses, carnations, and alstromeria. Other flowers cultivated include, gypsophilla, Lilies, Eryngiums, arabicum, hypericum, statice, and a range of summer flowers amongst many others. About 59% of Kenyan flower exports volume is to Holland. Other key destinations are United Kingdom (14%); Germany (3%); Norway (3%); and Australia (3%).

Over 25% of exported flowers are delivered directly to these countries providing an opportunity for value addition at source through sleeving, labeling and bouquet production. Other distribution mode includes auctions especially in Holland, Japan and Germany. Kenya is the lead exporter of rose cut flowers to the European Union (EU) with a market share of about 38%. Out of every 3 flowers sold in Europe one is from Kenya. In the United Kingdom, supermarkets are the main retail outlets. Other emerging destinations include Japan, Russia and USA.

Kenya Flower exports by destination- Yr 2015

Strategies of competing nations include subsidized airfreight charges, free land and subsidized energy again as provided in Ethiopia as well as proximity to markets as is the case in Colombia and Ecuador-the USA market. On average freight charges in Kenya is USD 0.5 per kilo while in Ethiopia which has subsidized air freight charges for flowers through its National carrier, the charges are USD 0.3. Potential substitutes to cut flowers include plastic flowers, currently produced in China and Potted plants whose global demand is growing.

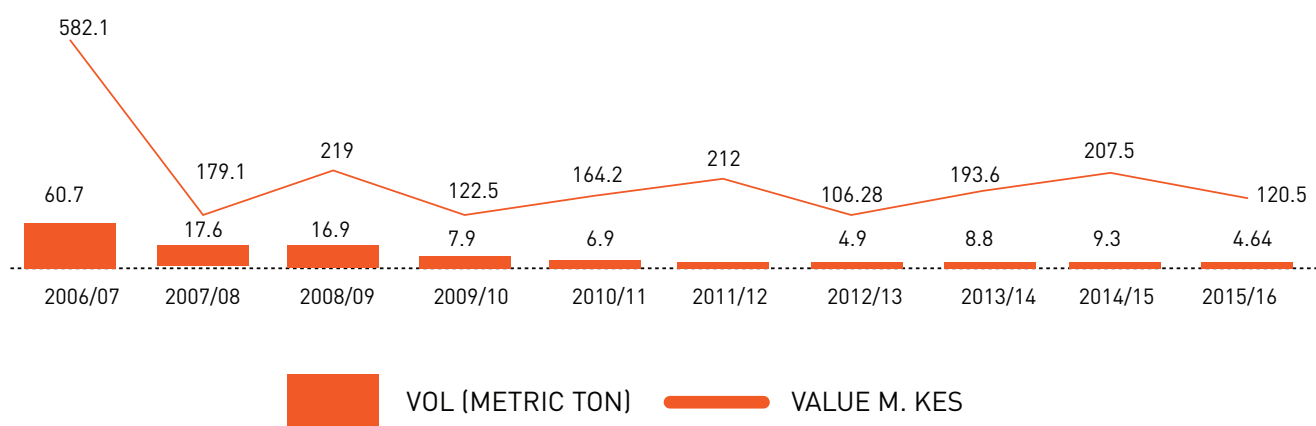
iii) Pyrethrum

The crude and refined extracts constitute 98% of the exported products and are mainly sold to insecticides formulators. Exports of pyrethrum extracts have been declining for the last ten years in both volume and value. The volume has gradually declined from 60.7 Metric tonnes to 4.64 Metric tonnes while the value has dropped from 582.1 Million KES to 120.5 Million KES. The decline in exports is attributed to reduced production owing to arrears owed to farmers. The major export markets for pyrethrum extracts are USA (50%); Europe (35%) and Asia (10%). The current world demand for pyrethrum is estimated at 21,000 Metric tonnes equivalents of dry flowers. However, local production over the years, has dropped to below 1,000 Metric tonnes of dry flowers, resulting in the country's

loss of her dominance in the pyrethrum market. The major challenge facing the exports of pyrethrum extracts is glut of artificial pyrethroids in the international market.

Pyrethrum is a classified poison under poison and drugs regulations and is therefore traded by registration for traceability and safety thus pyrethrum sales, distribution and usage are heavily regulated by consumer countries through legislation. In order to enhance market penetration, there is need to obtain product registrations for market access in the potential markets, develop aggressive promotional strategy and exploit emerging market niches like organic pyrethrum, malaria vector, head lice and bed bug control.

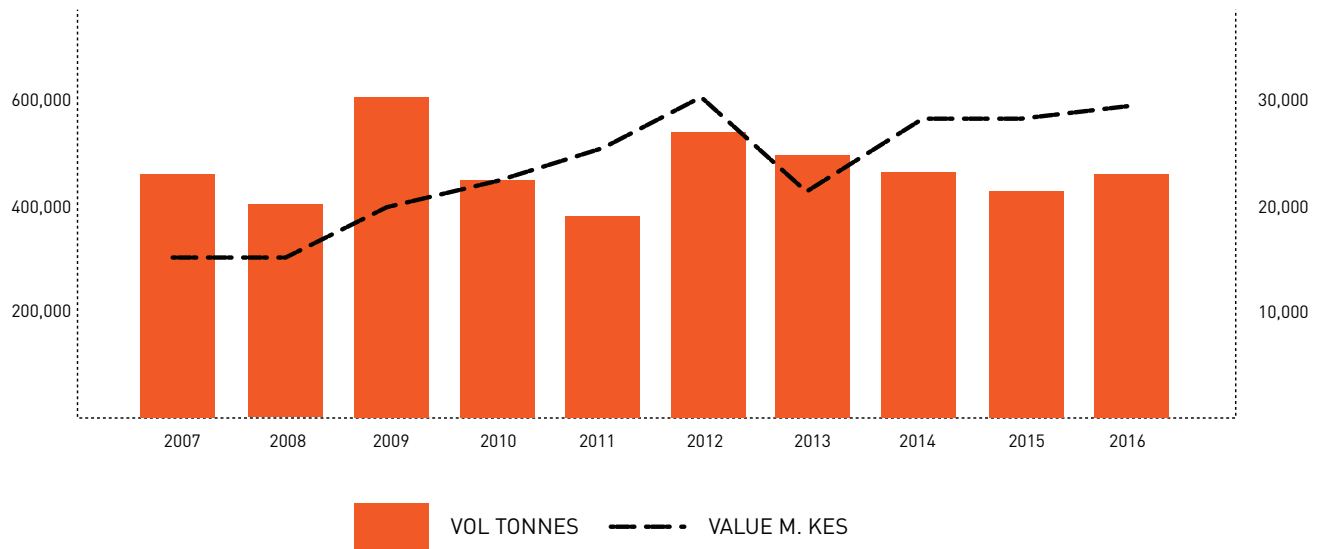
Kenya Pyrethrum Extracts Export Trend



iv) Coffee

Coffee is the fourth leading foreign exchange earner in Kenya after tea, tourism and horticulture. The coffee sub-sector directly and indirectly supports close to Five (5) million people because of its transformative nature right from farm to cup along the value chain. It also contributes about 1% to the GDP and 8% of the total agricultural export earnings. Traditionally an approximated 95% of Kenyan coffee is exported as green beans. Kenyan coffee beans are exported for processing at various destinations. The high quality coffee is used to blend beans from other destinations. Very little coffee undergoes value addition. This is largely because the existing technologies in coffee value addition activities are expensive and unaffordable to coffee farmers. Coffee export volume has decreased from 55,151 tonnes in 2007 to 45,303 tonnes in 2016, while the value of exports has increased from KES 10-21 billion.

Kenya Coffee Export Trend



Local and global trends for Coffee

The Kenya coffee export market can be differentiated mainly as traditional, specialty and emerging markets. The rest are perennial buyers with no specificities.

The specialty market also doubles as traditional although it off takes mainly premium coffee compared to other traditional markets which concentrates more on volume than quality.

Kenya has five traditional coffee markets namely; Germany, Belgium, United Kingdom, Sweden and Finland. Emerging markets include Korea, United Arabs Emirates and China. Both Switzerland (the world's largest coffee buyer) and South Africa markets have expanded rapidly over the last four years to join the ranks of emerging markets.

Specialty markets are mainly two: the United States of America and Japan. These two countries mainly buy coffee through direct sales or prefer premium grades such as AA's, AB's and PB's.

Export performance (Bags) by type of market (2013-2016) – calendar year

| MARKET TYPE | Y2013 | % | Y2014 | % | Y2015 | % | Y2016 | % |
|---|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|
| Export to Tradition- al Mar- kets | 446,320 | 55% | 455,908 | 57% | 382,527 | 52% | 384,439 | 53% |
| Specialty Market | 124,389 | 15% | 143,490 | 18% | 137,378 | 19% | 116,116 | 16% |
| Emerging Market | 37,346 | 5% | 51,207 | 6% | 42,826 | 6% | 54,564 | 8% |
| Middle East Mar- ket | 46,996 | 6% | 32,357 | 4% | 34,430 | 5% | 44,096 | 6% |
| African Market | 22,579 | 3% | 1,166 | 0% | 5,780 | 1% | 762 | 0% |
| Other Markets | 132,078 | 16% | 115,088 | 14% | 126,583 | 17% | 127,151 | 17% |
| TOTAL | 809,708 | 100% | 799,216 | 100% | 729,524 | 100% | 727,128 | 100% |

Export volumes (Bags) to traditional markets (2013-2016) calendar year

| | 2013 | | 2014 | | 2015 | | 2016 | |
|------------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|
| Destina- tion | Bags | % | Bags | % | Bags | % | Bags | % |
| Germany | 159,952 | 36% | 179,150 | 39% | 151,313 | 40% | 149,991 | 39% |
| Belgium | 156,337 | 35% | 133,008 | 29% | 105,481 | 28% | 104,045 | 27% |
| Sweden | 75,923 | 17% | 80,522 | 18% | 60,820 | 16% | 71,848 | 19% |
| Finland | 38,759 | 9% | 41,239 | 9% | 43,857 | 11% | 39,885 | 10% |
| United Kingdom | 15,349 | 3% | 21,989 | 5% | 21,056 | 6% | 18,670 | 5% |
| Total | 446,320 | 100% | 455,908 | 100% | 382,527 | 100% | 384,439 | 100% |

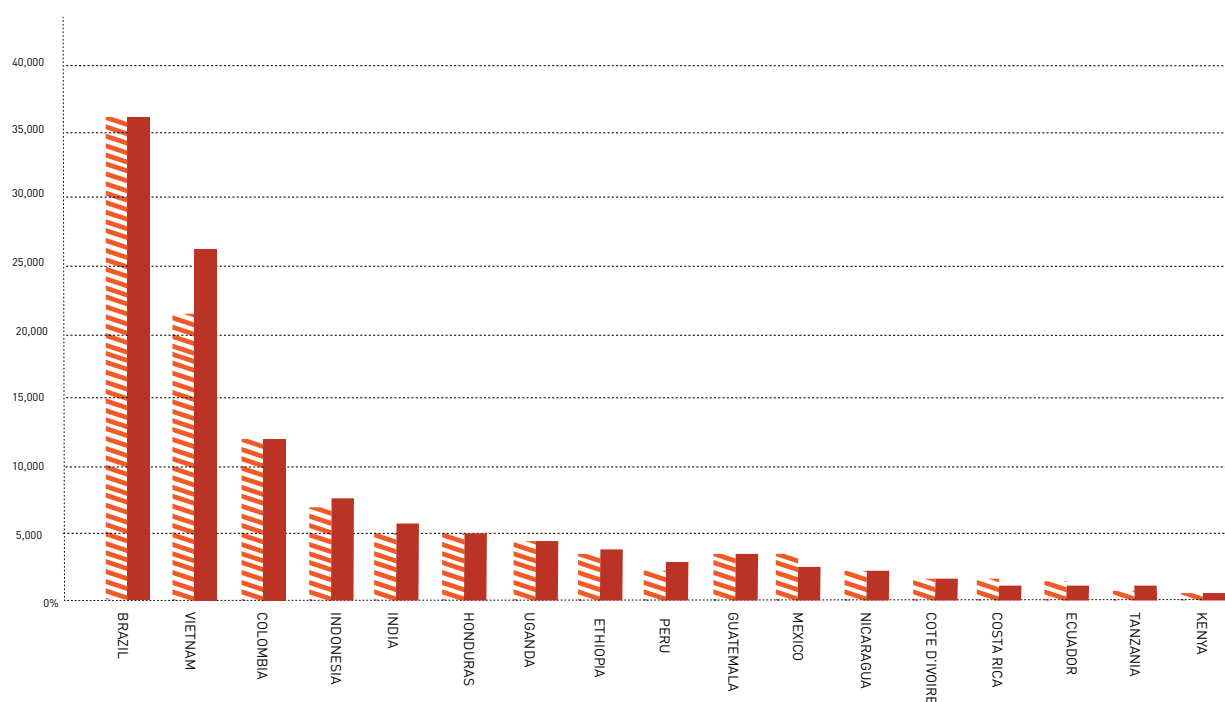
Export volumes (Bags) to Specialty markets

| | 2013 | | 2014 | | 2015 | | 2016 | |
|------------------|----------------|-------------|----------------|-------------|----------------|-------------|----------------|-------------|
| Destina- tion | Bags | % | Bags | % | Bags | % | Bags | % |
| USA | 114,818 | 92% | 132,676 | 92% | 123,238 | 90% | 105,164 | 91% |
| Japan | 9,571 | 8% | 10,814 | 8% | 14,140 | 10% | 10,952 | 9% |
| Total | 124,389 | 100% | 143,490 | 100% | 137,378 | 100% | 116,116 | 100% |

There are regional markets with potential if explored to buy Kenyan coffee mainly value added coffee products. Potential markets for Kenya's coffee include countries in Africa such as Djibouti, Eritrea, Rwanda, S. Sudan, Sudan, Tanzania, Uganda, Egypt, DRC and Zambia. Kenya exported up to 22,579 bags to these destinations in 2013 compared to only 762 bags exported in 2016 to two destinations of Nigeria and Sudan. The preference for African market is mainly value added coffee (roasted). Other potential markets are in the Middle East. Countries such as Saudi Arabia, Israel, Jordan and Syria have shown immense interest in Kenya's coffee over the last four years. However, this region is unique for her preference of low quality coffee such as MH's and ML's.

According to International Coffee Organization (ICO), Kenya is ranked in position 5 in Africa in terms of production and 17 in terms of world coffee export.

Major world coffee exporting countries in '000' 60kg bags



The following are considered as the major constraints hindering realization of full export potential of the subsector:

- i) Low value addition activities in coffee
- ii) Inadequate participation of farmers in marketing their own coffee.
- iii) Low coffee production and productivity as a result of low investment in coffee farms.
- iv) Fluctuating global coffee prices
- v) Overreliance on traditional export markets, especially Europe which imports over 60% of Kenya coffee
- vi) Market logistics

v) **Fibres**

Sisal is a drought resistant crop which does well in arid and semi-arid areas (ASAL) with minimal investments. This area comprises 80% of our Country and is so under-utilized. More over the large scale farmers who control 85% of Kenyan sisal have exhausted their land for expansion so the only avenue is for the Government to open up ASAL areas for production as well encourage small scale farmers to embrace sisal farming.

Sisal and sisal products are the main export fibres for Kenya. Over 85% of sisal fibre produced in Kenya is exported. By end of 2013, exports from Kenya reached 25,252.00 MT valued at Ksh. 2.821 billion.

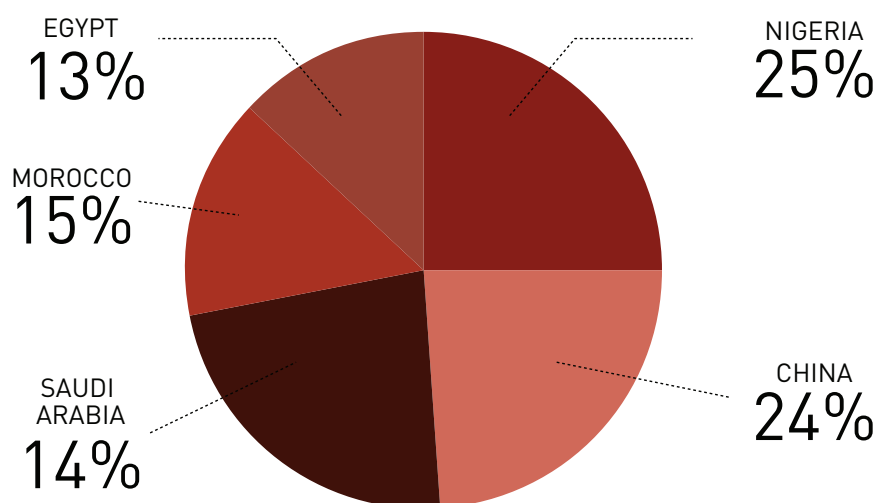
Local and global trends for Fibres

Currently world demand for sisal fibre stands at 400,000 metric tonnes (MT) compared to production of 300,000 metric tonnes of sisal fiber annually. This up-surge in the demand has been occasioned by strong global consciousness of the serious negative effects of synthetic fibre on the environment as well as emergence of many uses of sisal. Emerging uses of sisal fibre include use in Geotextiles; Stabilization of soil blocks; Reinforcement of plastic; Pulp for paper manufacturing; Reinforcement of concrete; plaster and other composite materials; and Motor vehicle parts.

Kenya is the third largest producer of sisal fibre in the world after Brazil and Tanzania. The main export markets for Kenya sisal fibre include Saudi Arabia, China, Morocco Nigeria, Spain, and Philippines. Currently, Egypt is the fifth largest importer of Kenyan sisal after Nigeria, China, Saudi Arabia and Morocco.

The average price per ton of sisal in the five-year period (2009 to 2013) increased from US\$745 in 2008 to US\$1196 in 2013 and currently stands at US\$1870 per ton.

Sisal Export Markets for Kenya



However, Kenya has not taken advantage of this increased demand of sisal in the world by increasing local production. Kenya has not embraced the emerging uses of sisal fibre other than the conventional cordage industry. This explains why Kenya exports raw fibre instead of using it locally to add value, hence creating wealth and employment. This technology is available in Egypt as well as in other African countries including Nigeria and only calls for a more proactive approach to product development.

vi) Nuts

The main export Nuts from Kenya are Macadamia and cashew nut. Currently, there are 27 registered macadamia and cashew nut processing companies and three other companies under construction. Despite this growth in the number of companies, most of the companies have not set measures to increase productivity. Therefore, the processing capacity is increasing while the production remains constant or increases at a slow rate. This has led to struggle for the nuts from the farmers resulting in immature harvesting.

More than 90% of Kenya's macadamia is exported. However, the local consumption of the nuts is expected to increase as some companies have set up value addition of the nuts within. Eureka Nuts EPZ is constructing an extension for the local markets. Apart from making cashew nuts an all local market, Equatorial Nuts Limited increased local market production for macadamia. The company is also supplying Kenya Airways with value added nuts. Kenya Nut Company Limited has

a number of brands of value added macadamia that trade locally. However, value addition in some countries is more developed than in Kenya. In China, the nuts are blended with chocolate during value addition.

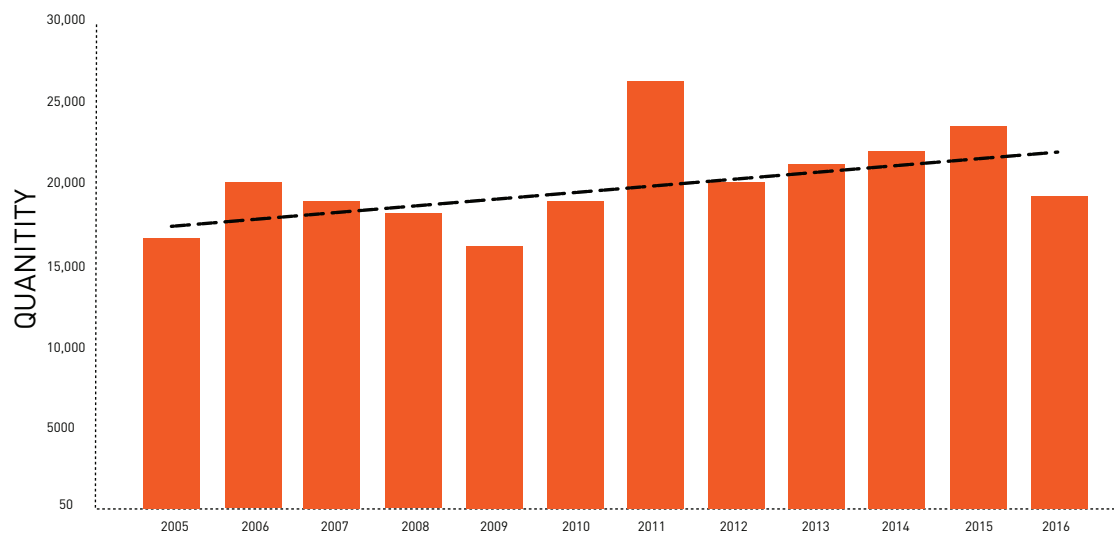
Local and global trends for Nuts

Key export markets for Kenya Macadamia Nuts include: China; United Kingdom; Malaysia; Rwanda; Vietnam; Israel; Uganda; Japan; Hong Kong; Taiwan; Saudi Arabia; United States of America; Australia; Thailand; Germany; Netherlands; India; South Africa; Iran; Tanzania; Nigeria; and Canada.

There has been an increase in the exportation of macadamia nuts from Kenya since 1992. This has been followed by a continuous increase in macadamia processing companies from Kenya Nuts Processors Limited to about 27 companies today. The farm gate prices have also increased from KSh 30 to an average of KSh 115. This has necessitated an increase in macadamia production hence an increase in exportation. Since 2012, the exports for Macadamia Nuts have been growing at a constant rate despite increase in production. This is attributed to increasing incidences for smuggling of immature and in-shell nuts.



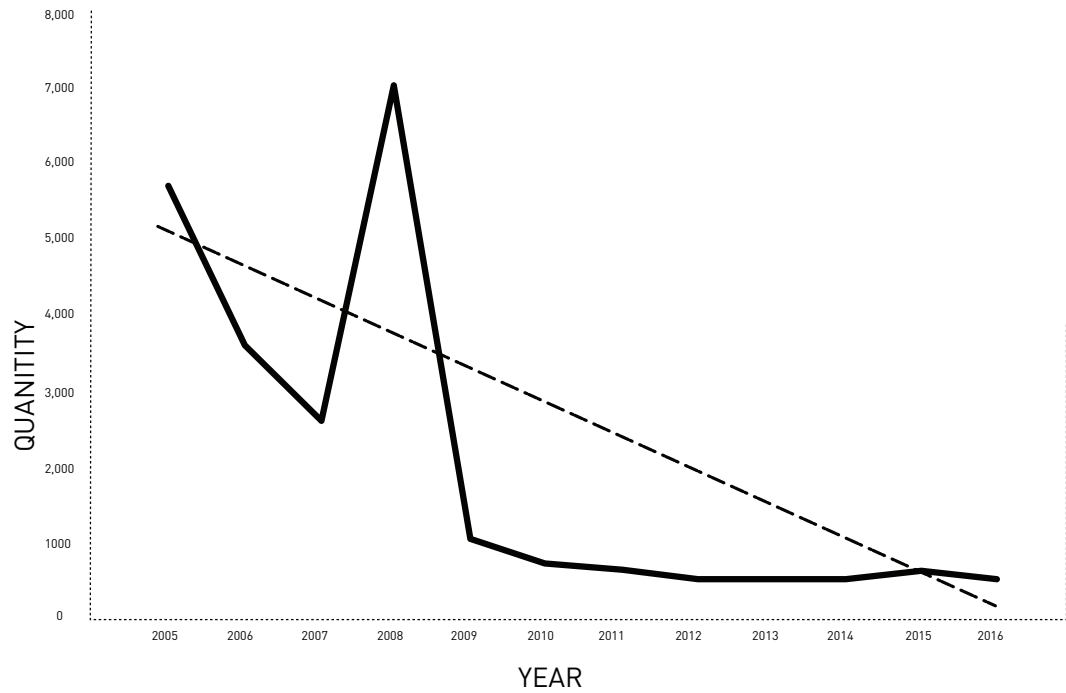
Macadamia Nuts Trends



The main market destinations for Cashew nuts include Canada, Nigeria, Somalia, South Sudan, and United Kingdom.

Since 2008, Cashew nuts annual exports have declined gradually from 7000 Metric tonnes to about 700 Metric tonnes. Cashew nuts exports have been dropping due to lower production occasioned by aging trees, pests and diseases and low producer prices which has seen farmers cut down their trees.

Cashew nuts trends



vii) Miraa/Khat

Miraa (*Catha edulis*) is a flowering evergreen tree that is internationally known as Khat. The succulent young tender twigs, leaves and shoots of the tree are consumed raw. It has numerous uses including but not limited to economic, medicinal, social, and environmental value. The tree and its products are identified by the presence of cathine and cathinone.

Globally, Miraa is grown on commercial basis in Ethiopia, Yemen, Kenya and Eritrea. In Kenya, the crop grows naturally in many parts of the country and is cultivated in large quantities in Meru, Tharaka Nithi and Embu Counties. In Meru County Miraa has been grown since the early 19th century with most plantations concentrated in the Nyambene hills. In the Mbeere region of Embu County majority of farmers have embraced Miraa production as a diversification strategy to boost their income as well as mitigate the production risks inherent in food crop production. Miraa is not subject to international control. However, emphasis on conflicting health effects and social harms on consumers without scientific evidence has contributed to the low penetration of Miraa in the international market and systematic shrinking of the market.

Miraa has been known for hundreds of years and its traditional use is widespread in the Horn of Africa and Western Asia. However, the exact number of regular Khat users on a worldwide scale does not exist but it is estimated that 20 million people in the world use Miraa on a daily basis. The most common mode of consumption is chewing but it is occasionally taken as a 'tea'. The succulent young tender leaves and shoots of the tree are consumed for both functional and recreational purposes. The use causes mild euphoria and handas (a common Kenyan word for Miraa effect), which help the user remain alert at work, or to be loquacious in social settings.

In parts of Ethiopia, Kenya, Somalia and Yemen, Miraa has been chewed for centuries for the mildly stimulating properties and is to many a regular part of social life. Miraa is consumed in its raw form and this denies the farmer the benefit of other extractable products. There are no processed products in the market. However, there are isolated cases of entrepreneurs who have developed products including Miraa flavoured wine and juice, and dry Miraa sachets consumed like tea but these ventures have not been commercialized.

Local and global trends for Miraa/Khat

Europe was the second largest export market of Miraa after Somalia prior to the bans in the Netherlands in 2012 and the UK in 2014. The two countries banned the commodity on the following premises:

- In the case of the Netherlands, the need to protect a minority community and to prevent the Netherlands from becoming the distribution hub in continental Europe.
- For the UK, the need to protect vulnerable members of society; and to send a clear message to the UK's international partners and Khat smugglers that the UK was serious about illegal trafficking of Khat.

There are multiple other challenges that affect the development of the Industry. The challenges relating to markets have a greater impact on farmers and traders. While the export market is shrinking, the domestic market is threatened by unfavorable business environment. The produce is subjected to multiple levies. There are levies charged at source, in transit and at destination markets. Other challenges include:

- Existence of cartels perpetuating unfair trade practices.
- Unfavorable relations between and law enforcement officials in the counties.
- Price fluctuation and wastage in the rainy season.
- Lack of designated markets and market sheds.
- Informal trade practices.
- Lack of standard unit of measure and standard grading system.
- Lack of appropriate preservation technologies of the highly perishable produce.
- Deterioration or lack of access roads resulting to high transport costs.
- Negative branding arising from perception of Miraa as a substance of abuse.
- The lack of traceability along the value chain.

The recovery of lost markets, penetration of new markets and retention of the existing ones require intervention by the Government, individual county governments and Miraa Traders Association. The Government should:

- a) Use scientific findings by KEMRI to engage the European Union and governments that have banned Miraa in their jurisdiction for lifting of the ban and lobby the EU for financial support to facilitate development of standards to enable Miraa farmers to overcome technical barriers to trade.
- b) Request the UN for an interpretation/advisory opinion on the Convention on Psychotropic Substances (1971) and the Convention against Illicit Traffic in Narcotics Drugs and Psychotropic Substances (1988) as regards the active ingredients in Miraa.
- c) Ensure that Miraa is included in the Common External Tariff (CET).
- d) Use diplomacy, bilateral negotiations and lobbying through regional trade blocks in the recovery of the lost markets and promotion in potential markets.
- e) Refer a trade dispute to the WTO dispute resolution mechanism.
- f) Establish a development and marketing agency to regulate and oversee the rebranding, packaging and preservation of the commodity.
- g) Facilitate promotion of Miraa and its products in international trade fairs.
- h) Maintain and improve the rural/access roads in Miraa growing areas.
- i) Develop a harmonized national framework to guide on imposition of taxes, fees and charges on Miraa Industry
- j) Facilitate the development of designated markets with decent sheds and facilities in Miraa growing areas and urban centres.
- k) Finance the purchase of land and construction of a collection and distribution centre in Nairobi.
- l) Sensitize the law enforcement officers on the status of Miraa and the legitimacy of trade in the produce.
- m) Support farmers to form producer organizations to enhance their bargaining power.
- n) Facilitate farmers' education on appropriate business practices including the need for formal contracts of sale.
- o) Facilitate the development of a Code of Practice for the Miraa value chain.

- p) Facilitate promotion of Miraa to rebrand the commodity for acceptance in the society as a mild stimulant like tea, coffee, cola nut or cocoa.
- q) Facilitate registration of farmers and other stakeholders in the supply chain.

NB: Annex IV contains the export products identification (analysis of national circumstances) for the Agriculture sector while Annex V contains the Sector and County Consultative Plans for the Agriculture sector

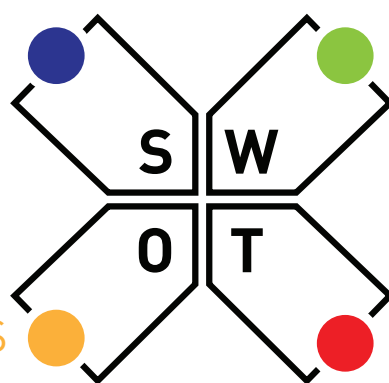
Kenya Agricultural Export Scenario: SWOT Analysis

STRENGTHS

- Rich Bio-diversity
- Arable Land
- Good Climate and Geographical Location
- Availability of the Produce throughout the Year
- Uniqueness of Kenyan Produce-quality
- Skilled Labour

WEAKNESSES

- Low Production and Productivity
- Narrow Export Market Base
- Narrow Export Products Base
- Exports in Semi-processed Form
- Low Branding of Kenyan Produce
- Limited Awareness of Kenyan Produce Amongst the Consumers
- Lack of Cohesive Approaches to Promotion and Marketing
- Shipping Logistics in Accessing Certain Potential Markets
- Inadequate Market Intelligence
- Low Capacities of the SMEs to Participate in the Export Trade



OPPORTUNITIES

- Acceptance of Kenyan Produce in Most Countries
- Untapped Potential Markets.
- Joint Ventures with Key Importers of Kenyan Products
- Bilateral Agreements with Several Countries
- Branding of Kenyan Export Products
- Development of the Cottage Industries

THREATS

- Stringent Consumer Market Requirements
- Impact of Macro-economic Variables in Consumer Markets
- Low Quality Cheaper Imports into the Consumer Markets
- Emerging Trading Blocks
- Tariff and Non-tariff Barriers to Trade
- Sale of the Produce in Raw and Unprocessed Form
- Subsidy Support by Developed Countries

Annex III (d): Presentation of the Handicraft SWG

1. Introduction

According to United Nations Educational, Scientific and Cultural Organization (UNESCO), handicrafts are ‘products produced by artisans, completely by hand or with the help of hand-tools and even mechanical means, as long as the direct manual contribution of the artisan remains the most substantial component of the finished product. Their special nature derives from their distinctive features, which can be utilitarian, aesthetic, artistic, creative, culturally attached, decorative, functional, traditional, and religiously and socially symbolic and significant. They are made of sustainably produced raw materials and there is no particular restriction in terms of production quantity. Even when artisans make quantities of the same design, no two pieces are ever exactly alike’.

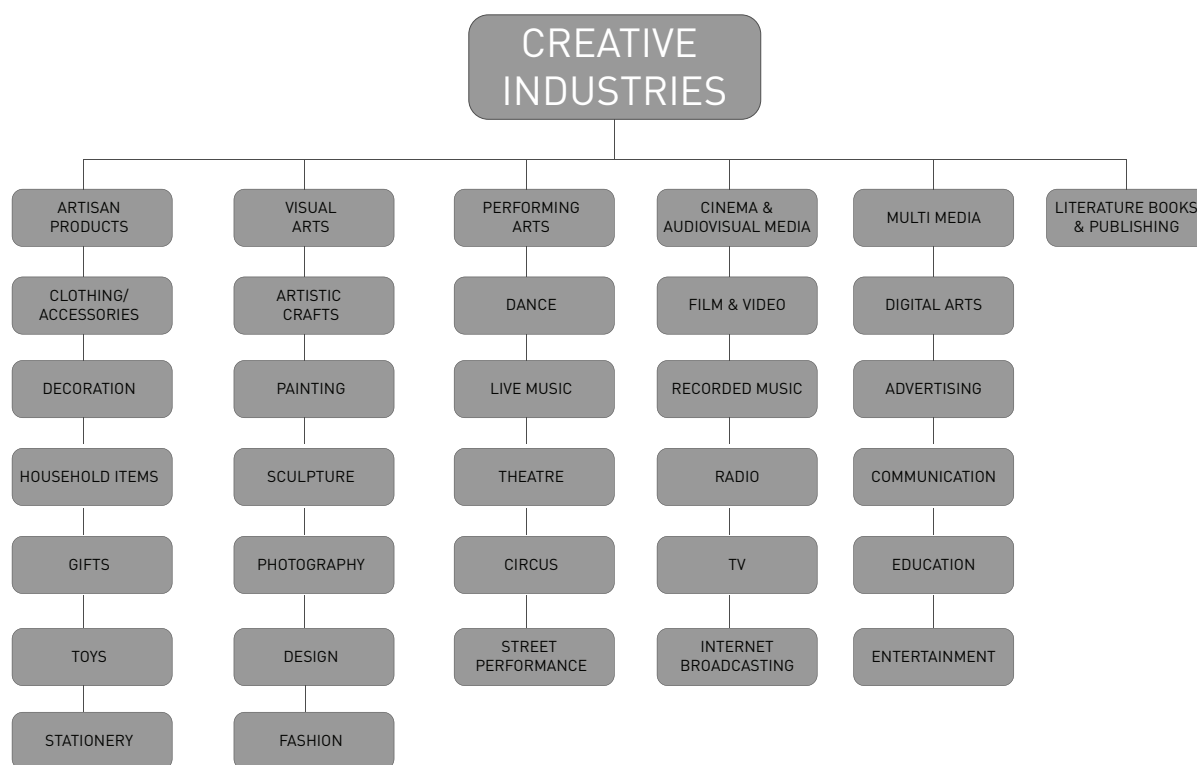
Kenya being the East Africa gateway and business hub, handicraft production is a major form of employment and constitutes a significant part of the national export economy. It has been suggested that there is an increasing number of small businesses turning to handicraft production and that this trend is unlikely to change significantly in the future. More specifically, artisans have been identified as the second largest sector of rural employment after agriculture in Kenya. Artisan production has thrived because handcrafted products offer distinct advantages: minimal start-up capital, flexible work hours, the ability to work at home, and freedom to manage one’s own business. Unlike many other forms of labour, artisan production can also enable a degree of labour autonomy for those who have limited access to the cash economy. As a means of livelihood, handicrafts provide an ideal avenue for creative and independent entrepreneurs.

Regionally, turn around capacity is about 100 million USD, Kenya stands at 15 million USD. These products are sold in world markets such as the USA and Europe, arguably because of the challenge in satisfying quality standards demanded in those markets. Other challenges facing export of Kenyan handicrafts include high packaging and shipping costs, tariffs, lack of patent laws and certifications. Moreover, there is limited documented evidence on the contribution of commercial craft sector including the producers, exporters, raw materials, value and volume of exports on a product-by-product basis.

In the bid to address the challenges faced by the handicraft export trade and promote the handicraft industry as a whole, the strategic inter-ministerial committee has identified areas of focus to be addressed in part through qualified consultants/firms.

Creative Industries encompass the following segments i) Artisanal Products, ii) Visual Arts, iii) Performing Arts, iv) Cinema and Audiovisual Media, v) Multimedia, and vi) Literature, Books and Publishing. (See Fig 1 below)¹

Fig 1: Creative industries segmentation



The handicraft market is segmented into the following:

- Clothing and accessories
- Decoration-interior and exterior
- Household items
- Gifts
- Toys
- Stationery

Consumer behaviour to these segments is largely influenced by their distinctive features, which can be utilitarian, aesthetic, creative, and cultural.

2. National Circumstances and the Implications to the Handicraft Sector

Border-in issues are internal (in-country and enterprise level) and cross cutting issues that need redress. Kenya's handicraft sector development is severely inhibited by supply side (production) and marketing constraints summed up as follows: -

i) Production

- a) Competitiveness (quality, branding, labelling, certification, packaging, fair trade, creativity and innovation etc.)
- b) Limited access to, and inadequate supply system of, raw materials
- c) Fragmented, unstructured and individualized production systems
- d) Low level equipment application
- e) Low production levels
- f) Nil or minimal access to capital
- g) Lack of specialization
- h) Inconsistent product standardization
- i) Low design and quality
- j) Inadequate design skills
- k) Inadequate production, vocational and business development training
- l) Inadequate model incubator projects along organized production systems

ii) Organization and Marketing

- a) Absence of a National Handicraft Sector Development strategy
- b) Lack of vibrant National Exporters Association
- c) Insufficient market information and dissemination
- d) Lack of appreciation of market preferences and requirements
- e) Inadequate support for marketing and promotion
- f) Poor transportation infrastructure
- g) Poor or no packaging
- h) High freight charges compared to other regional sources
- i) Nil or Inadequate export financing

- j) Lack of organized county, regional and National Handicrafts exhibitions to facilitate County or even regional specialization
- k) Lack of sector supportive and adaptive policy
- l) Lack of cooperation and programme coordination among handicraft business support organizations

Border issues cover international transaction costs e.g. customs documentation, handling and transport.

Border-out issues relate to the export market parameters and competitiveness.

- Distribution channels
- Certification and labeling
- Customer preferences
- Customs requirements

Development issues primarily focus on the need to, and the implications of mainstreaming exports in the development agenda of the country.

- Lack of a policy for the sector
- Lack of a strong association to advocate for the needs of the sector
- Lack of a dedicated fund for the sector
- Need for a Centre for Product Design and Development (CPDD)

iii) **Documentations for Baseline Analysis**

Existing national policies for economic development to provide a discernible strategy for micro and macro level policy redress to impact on the handicraft exports sector.

- MSE Act
- Sessional Paper No. 2 of 2005 on development of micro and small enterprises for wealth and employment creation for Poverty reduction
- Sustainable Development Goals (SDGs)
- Kenya Industrial Transformation Programme
- Vision 2030
- EPC's Strategic Plan 2012-2017

- MSEA's Strategic Plan 2013-2017
- National Export Strategy 2002-2007

iv) Sector Consultative Plans

- a) National Supply capacity survey (deliverable - database of existing producers and exporters of handicrafts)
- b) Analysis of growth oriented categories within the handicraft sector (advised by global trends)
- c) Identification of possible constraints and strategic interventions
- d) Stakeholder consultative forum at inception to ensure that the strategy is owned by the stakeholders themselves. They will be fully involved and participate in developing it.
- e) Consolidation and programming of the handicraft sector development strategy
- f) Stakeholder consultative forum for validation

Annex III (e): Presentation of the Manufacturing SWG

1. Objective and Target

Objective: Increase the volume of value added exports

Target: Increase share of manufacturing to GDP by 15 per cent by 2030 and Create 1,000,000 jobs annually.

2. Government Priority under Kenya Industrial Transformation Programme (KITP)

i) Vision 2030 and Kenya Industrial Transformation Programme (KITP)

- a) Tea
- b) Coffee
- c) Agro-processing
- d) Textile and apparel
- e) Leather
- f) Fish processing
- g) Construction materials (Steel and cement)

ii) Kenya Industrial Policy 2012-2030

- a) Agro processing
- b) Wood and wood products
- c) Paper and Paper products
- d) Textile and Clothing
- e) Meat and Dairy Products
- f) Leather and Leather products;
- g) Electrical and Electronics Sector
- h) Green Energy
- i) Biotechnology and Nanotechnology sector
- j) Pharmaceutical industry
- k) Mining and Quarrying
- l) Recycling materials

- m) Packaging industry
- n) Petrochemical industry
- iii) MCI Lions on the Move 2016 Publication (Sectors to watch)
 - a) Food and agro processing
 - b) Construction
 - c) Light manufacturing (SMEs)
- iv) Situation Analysis (Present status of the sectors)
 - a) Share of GDP
 - b) Annual growth
 - c) Exports figures
 - d) Size and share of world market

3. Manufacturing Sector Performance

i) Sector Performance

Manufacturing is important because it creates productive employment and has linkages with almost all sectors of the economy e.g. agriculture, ICT, infrastructure, transport, financial services, wholesale and retail etc.

- The economy grew by 6% on average between 2010 and 2013, manufacturing sector grew by 4.3%. Manufacturing sector expanded by 3.5% in 2015 from 3.2% in 2014 below its envisioned growth of 10% annually by the Vision 2030.
- Some indicators point to ongoing positive structural transformation in the sector. Value added in industry has grown slightly from roughly 29% to 32%. Productivity (Value added to manufacturing wage employment) has also grown at 10 percentage points.
- 40% of manufacturing exports are destined to EAC, 15% to USA and Canada (apparel), 6% to Europe (Vegetables and fruits) and 39% to the rest of the world.
- Manufacturing employment increased by 3.4% in 2013 to 280,300 jobs, in 2014, increase by 2.9% to 287,456 jobs and in 2015, increased 2.9 per cent to 295,400 jobs.

- Kenya remains the dominant economy in East Africa with the largest manufacturing sector in East Africa. However, Uganda is emerging as a manufacturing hub by its share of GDP increasing from 9 per cent in 2010 to 10 per cent in 2014.
- Uganda manufacturing sector grew by 10 per cent in 2014.

ii) Sector's Growth Performance

Over the period 2012 to 2015, sectors performance was as follows:

Figure 2: Sectors Growth Performance

| No | Sector | Percentage growth change | | |
|----|---------------------------|--------------------------|-----------|-----------|
| | | 2012-2013 | 2013-2014 | 2014-2015 |
| | Pharmaceuticals | 12 | 14 | 24 |
| | Beverages | -3 | -6 | 22 |
| | Apparel | 4 | 5 | 10 |
| | Wood and wood products | 1 | 8 | 9 |
| | Textile | 7 | 3 | 8 |
| | Machinery and equipment | -1 | -15 | 4.4 |
| | Motor vehicles | 3 | 6 | 4 |
| | Chemicals | 2 | 3 | 2 |
| | Total food products | 9 | 4 | 1.1 |
| | Paper and paper products | 6 | 2 | 0.4 |
| | Electrical equipment | -7 | 9 | -0.1 |
| | Basic metals | 17 | 0.1 | -3 |
| | Fabricated metal products | 17 | 14 | -10 |
| | Leather | 0.3 | -5 | -12 |

Source: KNBS

iii) **Export Performance**

- Manufacturing exports have also shed prominence in national exports from 58% in 2006 to 54% in 2015 as result of a loss in competitiveness in regional markets such as EAC by in part, China and India.
- Kenya's EAC (Including Ethiopia) market share dropped from 10% in 2002, to 4% in 2010 and now 3% in 2014. China and India the same period respectively increased from 6%, to 16% to 21% and 6% to 10% to 3%. This is according to UN statistics divisions (COMTRADE)
- 2010 to 2015 exports to Ethiopia grew by 6% and to DRC by 5% despite the countries not implementing the full COMESA FTA. Exports to Asia and Australia are growing at 8% annually

iv) **FDI Performance**

Inflows of FDIs to Kenya and comparator economies in 2014 were as follows in millions USD: Kenya, 989; Ethiopia 1,200 ; Tanzania, 2142, Rwanda, 268; Bangladesh, 1,527 and Vietnam, 9,200.

v) **Areas for Improvement in Sector Performance**

- Manufacturing contributions to GDP:** Between 2006 and 2015, the share manufacturing in GDP has dropped from 14% to 10%. The sector in 2014 constituted 10% share of GDP that improved to 10.3% in 2015.
- Utilization of Installed Capacity:** Nearly 40% of respondents to KAM's manufacturing barometer for 2016 first quarter believe they have excess capacity above any foreseeable demand in the coming 12 months. This implies large segments of industry are not operating optimally.
- Exports growth in Africa:** Exports to Tanzania between 2012 and 2015 dropped by 27% and to Uganda declined by 12% during the same period.

vi) **Fiscal and Non fiscal incentives available for manufacturers**

- Level playing field (EPZ, SEZ).
- Investment Allowances.

vii) Current Challenges

- a) Cost of doing business
- b) High costs of finance
- c) Unreliable energy supply
- d) Quality and standards issues
- e) Legal and regulatory challenges
- f) VAT refunds
- g) Tax administration issues

viii) Target Export Markets

- a) EAC region
- b) COMESA region
- c) SADC region
- d) USA
- e) North America and Latin America
- f) EU
- g) Australia and New Zealand
- h) South, Central and West Africa
- i) Other African nations such as Comoros, Zanzibar, Mauritius, Somaliland and Morocco
- j) Iran, China, Korea, Thailand, India
- k) South East and Far East Asia

ix) Recommendations

- a) Market intelligence
- b) Classify target markets and device specific strategies for each market segment i.e. traditional markets, emerging markets and new/virgin markets (Trade Fairs, expositions, trade missions (buyer/seller), Investments and partnership forums)
- c) Competitiveness vs competitors in other countries.

- d) How difficult it is to export in that Country.
 - e) Cost of transportation and speed.
 - f) Establish exhibition hub, trade centre.
 - g) Commercial Centres or warehouses in Kenya's commercial representation abroad.
 - h) Enhance product development and market awareness services.
 - i) Establishment of cluster centres for specific products for effective order servicing.
 - j) Exports development fund and credit schemes.
 - k) Low cost reliable energy.
 - l) Own exhibitions and expositions e.g. Manufacturing Summit and Expo
 - m) Advocate for adoption of the recommendations of the studies on fiscal incentives and EAC CET review to enhance manufacturing sector competitiveness.
 - n) Enhance market access initiatives in the EAC, COMESA, TFTA and CFTA.
 - o) Enhance support to the SMEs in Exporting through business linkages and subcontracting with large exporters in Kenya.
 - p) Facilitate FDIs in exporting business to enhance partnership with domestic investors.
 - q) Reduction of levy/taxes for packaging materials and industrial inputs
- x) Plan for engagement (Stakeholders analysis and contributions)**
- a) Manufacturers i.e. a selected KAM members and Trade and Tax Committee
 - b) Regulatory Bodies in the sectors (KEBS, KEPHIS, AFA, KENTRADE)
- xi) Work Plan and Budget Estimates**
- The support will be sourced from development partners including TMEA.
- a) Hold meetings with manufacturers through KAM.
 - b) There shall be 10 meetings; 8 sectorial and 2 plenary meetings (1 launch, 1 final)
 - a) **KES 515,000.**

Annex III (f): Presentation of the Livestock SWG

1. Introduction

Sectors selected on the basis of export and rapid growth potential, Vision 2030 priorities under the Economic pillar, and the National Trade Policy (the existing blue prints for economic development).

2. Sectors Prioritized

- i) Professional services
- ii) Health
- iii) Cultural recreational & sporting
- iv) Distribution
- v) Construction
- vi) Education
- vii) Tourism
- viii) Transport
- ix) Communication
- x) logistics and Maritime Services
- xi) Banking and Non- Banking Financial Services
- xii) Information Technology (IT) and IT enabled Services
- xiii) Business process outsourcing (BPO)

3. Situation Analysis

Kenya's participation in international trade has progressed over the years to reach a high level of openness. However, this has been marked by a high degree of imbalances, with a persistent and growing trade deficit. The imbalances are mainly occasioned by merchandise trade, where the value of imports far exceeds that of exports.

UNCTAD statistics show that the value of Kenya's services exports increased five-fold from \$1 billion to \$ 5 billion between 2000 and 2012, and its share in world services exports, from 0.07 per cent to 0.12 per cent of the world services exports totaling

\$4.4 trillion. This share in world trade is 4 times as large as that of merchandise exports of 0.03 per cent, indicating relatively higher competitiveness of Kenya in services than in goods. World Services exports stand at 0.12% compared to 0.03% in goods trade.

Over the period between 2000 and 2012, Kenya's services exports expanded at an average annual rate of 15.3 percent, faster than the world average rate of 10.6 per cent.

Services have therefore become an area of comparative advantage for Kenya and can usefully be exploited to harness its potential to generate spillover benefits for the overall economy. The sector strategy SHALL place emphasis on services that facilitate the growth of other sectors of the economy such as such as agriculture and industry.

4. Regional Position

With respect to regional trade, Kenya occupies a dominant position in services exports in sub-Saharan Africa, although three Northern African countries (Egypt, Morocco and Tunisia) and South Africa outweigh Kenya in value terms. The three largest economies indeed accounted for over half of total African services exports in 2012.

Kenya is ranked in the 5th place with a market share of 5 per cent. Among sub-Saharan African countries, Mauritius, Ghana and Nigeria are among the largest services exporters while Ethiopia, Tanzania and Uganda have also increased their share. In terms of imports, Kenya plays a less prominent role. Nigeria, South Africa and Egypt top the list of largest importers in Africa with Kenya occupying the eleventh position.

Major services exporters in Africa, 2000 and 2012 (US \$million and %)

| YEAR | 2000 | 2012 | 2000 | 2012 |
|-----------------------------|------------|-------------|------------|------------|
| Developing Africa | 33300 | 97400 | 100.0 | 100.0 |
| Egypt | 9803 | 21767 | 29.4 | 22.3 |
| South Africa | 5046 | 15148 | 15.2 | 15.6 |
| Morocco | 3034 | 13516 | 9.1 | 13.9 |
| Tunisia | 2767 | 5237 | 8.3 | 5.4 |
| Kenya | 993 | 5090 | 3.0 | 5.2 |
| Algeria | 910 | 3540 | 2.7 | 3.6 |
| Mauritius | 1070 | 3408 | 3.2 | 3.5 |
| Ghana | 504 | 2971 | 1.5 | 3.1 |
| Nigeria | 1833 | 2930 | 5.5 | 3.0 |
| Ethiopia | 506 | 2776 | 1.5 | 2.8 |
| United Republic of Tanzania | 627 | 2697 | 1.9 | 2.8 |
| Uganda | 213 | 1994 | 0.6 | 2.0 |

Source: UNCTAD stat

While Kenya enjoys relatively large export volumes and continues to expand its services exports at a robust pace, the country increasingly faces important competition. Such competition comes from new and dynamic players in the region particularly Ethiopia, Rwanda and Uganda. There is a real possibility therefore that some of these countries could soon be at par in size with Kenya in the near future.

5. Analysis of National Circumstances

The services sector is driven by the following strengths:

- i) GDP contribution 60%
- ii) **Existence of professional and business associations:** There are organized industry, business and professional associations in the different subsectors.
- iii) **Conducive political environment:** Kenya has a peaceful political environment, which has attracted investments in inter alia, the financial (banking and insurance), telecommunication, education, and health sectors. Threats from Al-Shabaab are less frequent and generally under control.
- iv) **Conducive business and investment climate:** Kenya has created an attractive investment and business climate that has encouraged growth in the services sector. The conducive business environment is evidenced by the improved ranking by the World Bank Ease of Doing Business Index, where Kenya is ranked 92 among 190 economies in the ease of doing business, from 113 in 2015.
- v) **Existence of plans and sector specific policies and regulations:** In addition, there is strong political commitment that supports the development of the services sector as reflected in the various Government policies and plans such as Buy Kenya, Build Kenya, Vision 2030, and the National Trade Policy among others. Existing sector policies are inter alia, ICT Policy (regulated by the Communications Authority of Kenya), Insurance Policy (Insurance Regulatory Authority), Tourism Policy among others. In addition, Kenya has a draft national policy on regional integration, which includes services liberalisation within the EAC region.

Others:

- a) Geographical positioning
- b) Transit Corridor
- c) Regional hub for international institutions

6. Weaknesses

Despite the above strengths that have propelled services trade in Kenya, the sector still has inherent weaknesses as below:

- i) Over reliance on merchandise trade
- ii) **Weak regulatory and institutional frameworks:** Various regulatory and policy shortcomings prevail, which explain some inefficiencies that impede Kenya from fully capitalizing on its services sector potential.
- iii) **Lack of Knowledge on opportunities:** One of the factors that constrain most service providers in Kenya from exporting is a widespread lack of knowledge about exporting opportunities, markets, and processes, and a lack of awareness as to how to acquire such knowledge.
- iv) **Market access barriers:** Another issue worth addressing is the difficulty in penetrating foreign markets. Partially this is due to the trade and domestic regulatory restrictions faced by Kenyan firms in both local and foreign markets.
- v) **Inadequate awareness of existing laws and regulations:** There is low level of awareness by the public of laws and regulations, such as protection of intellectual property.
- vi) **Low levels of Skills and Professionalism:** There is a low level of skilled labour in some sub sectors due to limited availability of specialized technical skills training and capacity building institutions and lack of continuous on-the-job training aimed at building professionalism in specific areas.
- vii) **High Cost of Doing Business:** Even though there are some improvements in the general trade infrastructure, Kenya is faced with a high cost of doing business emanating from high cost of transport and energy, among others.
- viii) **Limited Statistics on Services Trade:** The mechanism for capturing the relevant services trade statistics is not comprehensive.

7. Opportunities

- i) Trainable Population and growing levels and standards of education: Kenya's labour force is characterized by
- ii) Expanding Regional and Global Markets: Integration into the global and regional markets provides more opportunities for Kenya's services exports.

8. Threats

- i) **High Competition due to Services Liberalization:** The domestic services suppliers face high competition from larger and more efficient foreign services and service suppliers.
- ii) **Emerging Global Threats:** The services sector is also threatened by epidemics, terrorism, climate change, economic and financial crisis, which affect labour output and services trade.
- iii) **Skilled labour migration:** With liberalization of labour mobility in the country, the country has been deprived of her highly trained and experienced personnel, which are not easy to replace.
- iv) Non recognition of professional qualifications.
- v) Work permit and visa restrictions

9. Documentation for Baseline Studies

- i) Vision 2030
- ii) Trade Policy
- iii) Sectoral laws and regulations
- iv) Sectoral policies
- v) Relevant Sessional Papers
- vi) Previous NES
- vii) UNCTAD and WTO databases

10. Intervention Measures

- i) Identify and promote strategic services sectors to drive economic growth
- ii) Improve Export Market Access (Identify markets for export potential, including existing market access barriers)
- iii) Establish and enforce appropriate laws and regulations in the identified services sectors (and ensure that the laws/ regulations are enabling and not prohibitive)
- iv) Build human and institutional capacity of the regulatory Agencies
- v) Develop measures and incentives for service providers to exploit market opportunities

Annex III (g): Presentation of the Cross Cutting SWG

1. Introduction

What are Cross Cutting Issues? These are factors that affect the general competitiveness of countries.

2. Classification

- a) **Internal** – experienced within the borders (supply side)
- b) **Facilitation issues** – experienced at the border.
- c) **External** – experienced beyond the borders (demand side).

3. Internal – experienced within the borders (supply side)

- a) Infrastructure
- b) Innovation and technology
- c) Export finance
- d) Standards and quality assurance
- e) Policy harmonization
- f) Institutional and legal framework
- g) Export incentives
- h) Value addition export product diversification
- i) Cost of doing business
- j) Export readiness

4. Border Facilitation issues

- a) Border infrastructure (cold rooms, handling services)
- b) Non-Tariff & Tariff barriers (SPP,TBT)
- c) Harmonization of border procedures

5. External (Demand side)

- a) Trade information (export market, policy, standards, export procedures)
- b) Infrastructure (Warehousing)
- c) Mutual Recognition Agreements (MRAs)
- d) Market access (Quota, NTB, TBTs & SPS)
- e) Security (High seas).

6. Situational Analysis

The Sessional paper number 10 of 1965 which focused on “African Socialism & its application to planning in Kenya” set the Agenda on trade policy in Kenya. It stressed on rapid economic growth & social progress to all Kenyans. Promotion of domestic industry for at least for the first decade of independence.

The second phase of trade policy came with the SAPs of 1980s where the Sessional paper number 1 of 1986 on “economic management for renewed growth”

Suggested a change from overreliance on imports; promoted protectionism policy to enhance manufacturing & exports.

Kenya was one of the first countries to sign the SAPs loans with the World Bank & spent much of the 1980s & 1990s liberalizing the economy.

Significant changes were thus made in trade policy; replacing post-colonial import substitution policies with export substitution.

7. Specific cross cutting issues

- a) **Internal** – experienced behind the borders (supply side)
 - i) **Infrastructure** – Physical infrastructure e.g. roads, rails, & storage facilities continues to impede export trade.
 - ii) **Innovation and technology** – Innovation & technology backbone of productivity. High capital requirements still remain a challenge.
 - iii) **Export finance** - Limited availability of affordable trade finance (insurance).
 - iv) **Standards and quality assurance** – Lack of adherence to international standards e.g. EurepGAP measures continues to create a barrier to export

- v) **Policy harmonization** – Incoherent policies both at National and international level continues to impede international export trade.
- vi) **Institutional and legal framework** - Delay in gazettelement of some past Bilateral trade agreements create barriers to trade.
- vii) **Export incentives** – Incentives spur growth.
- viii) **Value addition, product differentiation & diversification** - Limited capacity for diversification and low value addition in production++
- ix) **Export readiness** - Limited negotiation capacity and uncoordinated negotiation processes.
- x) **Incentives** – Limited input and export subsidies among farmers, exporting firms has made our products non-competitive both at international & domestic markets.

b) **Border Facilitation issues**

- i) **Border infrastructure (cold rooms, handling services)** – The challenges at the border have over the years impeded negatively on trade.
- ii) **Non-Tariff barriers (SPS,TBT)** - Increased use of non-tariff barriers in export markets.
- iii) **Harmonization of border procedures** - Lack of harmonization of policy procedures in various export destination markets.
- iv) **Mutual Recognition Agreement (MRAs)**- Poor adherence to MRAs has negatively hindered exports and cost loses to exporters.

c) **External (Demand Side)**

- i) **Trade information** - Information asymmetry is a major barrier to international trade. A majority of Kenya's exporters lack information on markets, exporting requirements and procedures, standards and quality, financing and insurance opportunities.
- ii) **Infrastructure** – Impedes the continuous flow of goods from Kenya to the destination markets. Inadequate warehouse facilities in key markets implies delay of goods reaching the destination market.

d) Specific cross cutting issues

- i) Mutual Recognition Agreement (MRA)** – Failure to conclude the MRAs has hindered the recognition and acceptance of Kenya’s professional services.
- ii) Market Access** – The Tariff Barriers, Non-Tariff Barriers, and Technical Barriers to Trade (TBT) hinder market access.
- iii) Insecurity** – Insecurity particularly in high seas where pirates hijack the ship is perhaps a risk to export trade. Additionally, political risk in various countries (case of Burundi, DR Congo) have significant impacts on export trade. Preference erosion – Has tremendously reduced the export potential of Kenya.

Annex IV (h): Presentations of the Fisheries SWG

1. Introduction

New act which has created the KFS

Demand for fish is 800000MT with Kenya having potential to produce 2.8 million MT of fish valued at 910 billion

2. Marine sector

a) **Area:** 640kmsq EEZ 200NM

b) Production

- i) potential 150,000MT
- ii) Artisanal fishers 9,000MT – small pelagics
- iii) Semi industrial territorial waters – Prawns/lobsters/squids 1000MT
- iv) Semi industrial Live exports – live lobsters and crabs – 24tonnes/yr
- v) Sea weed
- vi) Non-traditional exports- sea cucumbers
- vii) Marine protected areas – tourism

c) Effort data

- i) 12900 fishers
- ii) 2900 canoes

d) Contribution of the sector to the economy

e) Challenges in subsector

- i) Inefficient and uncompetitive bunkering services
- ii) Lack of cold storage facilities
- iii) IUU
- iv) International competition
- v) Lack of fishing fleet - Insufficient raw materials
- vi) Infrastructure for fish processing

f) Opportunities

- i) EEZ
- ii) Fisheries Partnership Agreement
- iii) Adequate fisheries law
- iv) Proposed Lamu port – provision for a fish port
- v) Sea weed farming
- vi) Mariculture
- vii) Cage culture

3. Aquarium (Marine/Fresh water)

- a) **Production** - 325000 pieces (Fin fish, invertebrate and live rocks)/ USD160,000 farm gate
- b) **Effort data**
 - i) CPU effort 24-33 fish/fisher par day with
 - ii) 10 established factories
 - iii) 145 licensed aquarium fishers
- c) **Contribution of the sector to the economy**
- d) **Challenges in subsector**
 - i) Fishing equipment
 - ii) Unregistered fishers
 - iii) High mortalities
 - iv) Lack of specialized skills
 - v) Infrastructure (High investment holding facility)
 - vi) Traceability-biodiversity loss
 - vii) Climate change – coral bleaching
 - viii) Access to credit
 - ix) Streamlined marketing
 - x) Upgrading existing infrastructure

e) Opportunities

- i) Finalize aquarium fisheries management plan
- ii) Large market opportunities
- iii) Need for diversification of markets

4. Inland (L.Victoria/L.Turkana)

a) Production - 128,000MT (L. Victoria), 4,166 MT (L. Turkana)

b) Effort data

- i) 40,000 fishers (L. Victoria), fishing craft 13,400
- ii) 7000 fishers (L. Turkana), fishing craft 1650

c) Contribution of the sector to the economy**d) Challenges in subsector**

- i) Open access to harvesting of resource coupled with lack of proper management structures
- ii) Depletion of fish
- iii) Infestation of lake by aquatic weeds
- iv) Over fishing
- v) Habitat degradation
- vi) Increase in fishing effort
- vii) Lack of appropriate fish handling facilities – post harvest losses
- viii) Weak and unfavorable fish marketing systems along the fish landing sites

e) Opportunities

- i) Cage farming
- ii) Well established fish market domestic, regional and international
- iii) Industrial processing of Omena/fresh water shrimps for the feed industry

5. Aquaculture (Feed/Fish)**a) Production**

- i) **Mariculture** – sea weed, prawns, sea cucumbers, milk fish, sea bream ???
- ii) **Land based** - Kenya has 1.4 million hectares potential land for aquaculture

which has potential to produce 750,000MT valued at 250 billion KES out of which only 2 % is utilised.

b) Effort data – 20,000 fish farmers in Kenya

c) Contribution of the sector to the economy

d) Challenges in subsector

- i) Inadequate production of certified feed and seed
- ii) Lack of comprehensive aquaculture policy
- iii) Inadequate and Poor extension services
- iv) Lack of robust need based research
- v) Lack of Storage facilities
- vi) Traceability

e) Opportunities

- i) Seed and feed supply
- ii) Listing in the EU for farmed fish
- iii) Domestic/regional market
- iv) Employment creation

6. Fish marketing

- a) Lack of fish marketing infrastructure
- b) Fragmented supply chain (Disconnect between fish farmers and markets)
- c) Post-harvest losses
- d) Traceability/SPS
- e) Supply constrains domestic/export
- f) Uncertainties in Economic Partnership Agreements
- g) Unregistered traders

7. Fish contribution to other subsectors

- a) Contribution to animal feed industry
- b) Employment opportunities SMEs
- c) Growth of input suppliers industry in the fisheries sector
- d) Food and nutrition

Annex III (i): Presentation of the County Consultative Forums SWG

1. Background

The Constitution of Kenya, 2010 confers the function and powers of trade development and regulation function to the county governments. However, trade development policy and international trade matters were retained as functions and powers of the National government. Both levels of government have roles to play in the enhancement of trade development in the country.

Trade, including international, intra and inter-county trade plays a key role in the country's socio-economic development. Among other benefits, enhanced trade development contributes in employment creation; wealth creation; contribution to GDP; and a favorable Balance of Payment. However, trade development at the county level faces a number of challenges. More emphasis is given to trade regulation and the trade sector is viewed as a revenue collection tool rather than as a development agent. The sector is therefore not allocated adequate resources in the budgetary allocation. Other challenges include inadequate infrastructure e.g. the supply chain/markets/weak producer business groups/bulking centers that result in massive post-harvest losses.

2. Justification for County Consultative Forums

Production and processing is basically done at the counties and the consultations will seek to among other objectives, involve the counties in establishing their potentials and constraints in export development.

There is no clear framework that integrates international trade from the county to the national level. Therefore NES will integrate national and county efforts in promoting exports development.

The consultations are a requirement of Kenya's constitution. The Constitution while providing that the governments at the national and county levels are distinct and inter-dependent, also requires consultation, cooperation, assistance, support and liaison as a basis for conducting mutual relations between the two levels of government (Articles 6 [2] and 189 [1] [2]).

The constitution under the values and principles of public service requires the involvement of the people in the policy making process (Art. 232). Furthermore, while expounding on the sovereignty of the people and supremacy of the

constitution, the national values and principles of governance bind all public officers and persons to practice inclusiveness and participation of the people while making or implementing public policy decisions (Art. 10).

3. County Consultative Forums Process

The process is estimated to take 51 days lying between 25th April to 30th June, 2017. The following activities are necessary towards holding all-inclusive consultative forums with the county stakeholders on National Export Development Strategy.

- a) Meet the COG technical committee on trade, industry and investment in their offices for purposes of building partnership, consensus and ownership of the proposed county consultative forums
- b) The COG technical committee on trade, industry and investment briefs the COG executive committee members in charge of trade, industry and investment on the planned consultative forums
- c) Hold one-day 3 Regional County consultative forums (May 2017)
 - i) Coast; N-Eastern; Eastern
 - ii) Central; North Rift (NOREB); Nairobi
 - iii) South Rift; Western; Nyanza;
- d) Prepare reports of the county consultative forums and submit the same for evaluation

4. Participants/ Who to Meet/ Consult With

The three one-day regional consultative forums will have participants comprising of five (5) county government officials drawn from all the forty seven (47) counties. The county

government officials will be from the county government administration and departmental officials i.e. County Executive, Committee Members/Chief Officers/Directors of trade/export related departments.

The forums will be facilitated by officials from the State Department for Trade on the National government i.e. Department of Internal Trade; Department of External Trade; and the Export Promotion Council.

5. Counties to be Covered

All forty seven (47) counties will be covered. Later, a retreat for analyses, consolidation and report writing will be held. All the counties will be grouped into three (3) clusters and the consultative forums held as indicated below:

| Cluster No. | Cluster Regions | Counties | Venue |
|-------------|---|---|---------|
| 1 | Coast; N-Eastern; Eastern | Mombasa; Kwale; Kilifi; Tana River; Lamu; Taita/Taveta; Garissa; Wajir; Mandera; Marsabit; Isiolo; Meru; Tharaka-Nithi; Embu; Kitui; Machakos; Makueni (17) | Mombasa |
| 2 | Central; North Rift (NOREB); Nairobi | Nyandarua; Nyeri; Kirinyaga; Murang'a; Kiambu; Turkana; West Pokot; Samburu; Trans Nzoia; Uasin Gishu; Elgeyo/Marakwet; Nandi; Baringo; Nairobi (14) | Nakuru |
| 3 | South Rift; Western; Nyanza | Laikipia; Nakuru; Narok; Kajiado; Kericho; Bomet; Kakamega; Vihiga; Bungoma; Busia; Siaya; Kisumu; Homa Bay; Migori; Kisii; Nyamira (16) | Kisumu |

6. Objectives (What to do/Achieve)

- i) Engagement with the county government
- ii) Inquiry into the county business systems
- iii) Align the county regulatory regimes to those that apply at the national level.
- iv) Harmonization of regulatory structures and regimes for export (system).

7. Methodology (How to Do It)

- i) Engagement with the County government administration
- ii) Discuss with the County administration the realities of integrating the county Export Development agenda in their priorities
- iii) Educate and buy the support of the Counties towards integration into the national export System.
- iv) Define the County, priority, programmes and agreed future role of exports
- v) County Structures for Promotion of Export and administration
- vi) Chronicle the legal and administrative regimes on trade and exports

8. Possible Challenges

The possible challenges that may be face in undertaking the County consultative forums include:

| | Challenge | Mitigation Measures |
|----|--|--|
| 1. | Availability of Governors | Involve the COG at the initial stage to get a buy-in |
| 2. | Short timeline | Timely release of funds |
| 3. | Availability of officers from the MDAs | Send invitation letters early and follow up with respective MDAs |
| 4. | Workshop coordination & logistics | Involve the COG at the initial stage to get a buy-in |
| 5. | Misconception on the intentions of the consultative forums | Early and proper sensitization of the COG on the intentions of the consultative forums |

9. Expected Output/Outcome

The consultative forums are expected to produce a report which will contain:

- a) Aligned regulatory regimes at county & national levels
- b) A chronicle of county business systems

The outcome of the forums is expected to be the ownership of and commitment to the consultative forums process by the county governments. This will make it easier for the Sector Working Groups county consultative forums which will also include consulting with other economic players in the respective identified sectors.

Annex VI contains the proposed programme for county consultative forums for the national export strategy – 2017

Annex IV: Export products identification (Analysis of National Circumstances) for the Agriculture sector

| Agricultural Product | Brief | National coverage | Export Markets |
|----------------------|---|---|--|
| Fruits | | | |
| Avocado | The Kenyan avocado produce are of high quality standard. This is due to adherence of international regulations on food safety and social accountability in the production of the produce. The popular varieties for the Export are Fuerte and Hass although preference is changing towards Hass. | Coastal areas, Kakamega, Kiambu, Trans Nzoia, Thika, Muranga, Meru, Machakos, Embu, Nyeri, Makueni, Kirinyaga, Kisii and Nyamira. | France, Holland, U.K and South Africa, and Middle East |
| Mango | Kenya produces variety quality mangoes for both export and local consumption. The Kenyan mangoes produced are of high quality standards. This is due to adherence of international regulations on food safety and social accountability in the production of the produce. The popular varieties for the Middle East Market are Apple Mango and Ngowe while European markets prefer Tommy Atkins, Kent, Keitt, Haden and Van Dyke. | Coastal areas, Lake Victoria Region, Muranga, Thika, Kajia-do, Meru, Isiolo, Taveta, Embu, Machakos, Kitui, Mbeere, Meru, Makueni and Kerio Valley. | Middle East and EU |

| Agricultural Product | Brief | National coverage | Export Markets |
|----------------------|---|--|--|
| Passion | Passion fruit is often used as a fresh fruit or processed into juice. Apart from a few large scale processing companies, juice making is limited to informal small scale processors. Due to lack of processing facilities, about 80% of passion fruit produced in Kenya is exported fresh to Uganda for juice processing and to Europe and the Middle East. Due to high perishability rate, passion fruit marketing requires very good distribution networks and effective utilization of cold storage. | Kwale, Embu, Migori, Meru, Mt. Elgon, Bungoma, Kisii, Uasin Gishu, Makueni, Embu, Muranga and Transmara areas | Uganda, France, Denmark and the United Kingdom. |
| Cut-Flowers | Kenya produces about forty-five varieties of flowers, the most common being roses, carnations, cut foliage, carthamus, solidaster, and chrysanthemums. Over 90% of the total cut flower production is meant for export market. Cut-flowers is a key foreign exchange earner after diaspora remittances and tea. The cut-flower exports is valued at K.sh 70.8 Billion in foreign exchange. Export tonnage has increased to about 133,658. To enhance production, the Ministry of water and irrigation ready to lease out more land through PPPs initiative. The Ministry is targeting to lease irrigated land in Galana-Kulalu. The initiative will work well for the investors willing to export cut-flowers from Galana-Kulalu as Isiolo Airport has been upgraded to international status. | Open field-particularly summer flowers (1200 acres), and Green houses in Nairobi, Naivasha, Eastern, North Rift, South Rift, Trans Nzoia, and Mt. Kenya. | Kenya exports flower to over 60 destination globally, Main market is the EU where Kenya commands a 38% market share. Kenya is also the number one exporter of red roses to Japan. Others key markets include United States, Japan, the Middle East and Russia while emerging markets include the CIS |

| Agricultural Product | Brief | National coverage | Export Markets |
|----------------------|--|-----------------------------------|---|
| Vegetables | | | |
| French beans | French beans, is one of Kenya's most important export vegetable crop. Kenya produces a variety of quality French Beans for both export and local consumption. The key concern in French beans is that consumers are becoming more and more particular about the quality, safety and reliability of the fresh products they buy. There is increasing number of interceptions in the EU market due to the presence of harmful organisms (Residue levels) and inaccurate produce documentation. There is therefore need to create more awareness on Good Agricultural Practices (GAP) and Traceability to Kenyan farmers as this is key to the export market access. However, there is a lot of potential to grow the exports to existing and emerging markets. | Mt. Kenya, North Rift, South Rift | Major market is EU, other markets include middle East and Japan |

| Agricultural Product | Brief | National coverage | Export Markets |
|----------------------|--|-----------------------------------|---|
| Peas | Kenya produces a variety of quality Snow Peas for both export and local consumption. To enhance market access, Snow peas should adhere to international regulations on food safety and social accountability in the production of the produce. There is increasing number of interceptions in the EU market due to the presence of harmful organisms (Residue levels) and inaccurate produce documentation. There is therefore need to create more awareness on Good Agricultural Practices (GAP) and Traceability to Kenyan farmers as this is key to the export market access. However, there is a lot of potential to grow the exports to existing and emerging markets. | Mt. Kenya, North Rift, South Rift | Major market is EU, other markets include middle East and Japan |
| Asian Vegetables | Kenya produces quality Asian vegetables for both export and local consumption. To enhance market access, Asian vegetables should adhere to international regulations on food safety and social accountability in the production of the produce. There is increasing number of interceptions in the EU market due to the presence of harmful organisms (Residue levels) and inaccurate produce documentation. There is therefore need to create more awareness on Good Agricultural Practices (GAP) and Traceability to Kenyan farmers as this is key to the export market access. However, there is a lot of potential to grow the exports to existing and emerging markets. | Mt. Kenya, North Rift, South Rift | Major market is EU, other markets include middle East and Japan |

| Agricultural Product | Brief | National coverage | Export Markets |
|----------------------|---|--|--------------------|
| Chilies | <p>Kenya produces quality chilies for both export and local consumption. Chillies are dried and quality controlled to meet food safety standards. The final product is sorted and packed according to customer requirements prior to export. To enhance market access, chilies should adhere to international regulations on food safety and social accountability in the production and processing of the produce. The main buying countries require the implementation of GAPs and GMPs. There is therefore need to create more awareness on Good Agricultural and Manufacturing Practices as well as Traceability to Kenyan farmers as this is key to the export market access. However, there is a lot of potential to grow the exports to existing and emerging markets.</p> | Coastal, Eastern, and Western region | EU and USA |
| Pulses | <p>Focus on traditional raw commodities. The export markets have continuously become more stringent on issues of traceability, safety, sanitary and phytosanitary standards and maximum residue limits. Local and regional markets potential has however not been fully exploited.</p> <p>Value addition, has the potential of providing producers with better income generating opportunities. Linkages between production, value addition and markets have remained weak. The business and investment environment is also not fully conducive for value addition.</p> | North and South Rift, Western, Nyanza, Eastern and Mt. Kenya regions | Narrow market base |

| Agricultural Product | Brief | National coverage | Export Markets |
|--------------------------------|---|---|--|
| Nuts (Macadamia & Cashew nuts) | <p>Local consumption is minimal as most of the processed macadamia kernels leave the country for overseas markets. According to the regulations, Nuts should be exported in cracked form. The shells are used for other purposes such as briquette manufacturing.</p> <p>International regulations on food safety and social accountability in the production of fresh produce are becoming more and more stringent. Consumers are becoming more and more particular about the quality, safety and reliability of the fresh products that they buy. The main buying countries require the implementation of GAPs and GMPs. There is therefore need to create more awareness on Good Agricultural and Manufacturing Practices as well as Traceability to Kenyan farmers as this is key to the export market access. However, there is a lot of potential to grow the exports to existing and emerging markets.</p> | Kiambu, Embu, Tharaka Nithi; Muranga, Meru, Nyeri, Makueni, Taita Taveta, Trans Nzoia, Uasin Gishu, Bungoma, Busia, Nakuru, Nandi, Kericho, Elgeyo Marakwet | EU, US, East African region, Rest of Africa and Asia |

| Agricultural Product | Brief | National coverage | Export Markets |
|------------------------|--|-------------------------------|--|
| Sisal | | | |
| Fibre | An average of 25,000 MT of sisal fibre is exported per annum valued at Ksh 3 billion | Semi-Arid Areas | Markets for sisal fibre include: Saudi Arabia, Nigeria, China, Morocco are the traditional markets, Emerging markets are Israel, KAZAKHSTAN, Iraq, Dubai |
| Sisal baskets -cyondos | Exports for sisal baskets-cyondos is about 10 MT per annum valued at Ksh 20 million. Ease of US market access due to their classification under AGOA Category 9 products | Value addition of sisal fibre | USA, Canada, Europe, Japan. Emerging markets include |

| Agricultural Product | Brief | National coverage | Export Markets |
|----------------------|---|---|--|
| Pyrethrum | Pyrethrins extracted from the pyrethrum flower is a highly effective insecticide that kills a wide range of insect pests found in domestic environments e.g cockroaches, mosquitoes, bedbugs and many pests affecting agricultural crops and animal health. It has low toxicity to mammals and is environmentally friendly due to rapid degradation in sunlight. Pyrethrum thus is an insecticide that is an ideal in the increasingly environmentally conscious climate and has been in use for centuries. In the years between 1980s and 90s, it was a major foreign exchange earner for the country realizing an annual revenue of between K.sh 1-2 billion. Export volumes have been on a decline due to production challenges. | Eastern (Meru – Maua and Timau); Central (Nyandarua, Kiambu, and Nyeri); Central Rift (Naivasha, Nakuru, Molo, Kuresoi, Koi-batek, Laikipia); South Rift (Narok, Bomet, Transmara); Nyanza (Kisii, Nyamira, Kenyena), North Rift (Uasin Gishu, Keiyo, Marakwet, Pokot, Trans Nzoia); and Western (Mt. Elgon). | North America, Europe, Asia, Australia and the rest of Africa. |
| Khat-Miraa | Miraa has recently been categorized as Class C drug in the EU classification. This classification led to its Ban into certain markets in EU. Following this development, a Taskforce has been formed to look into alternative markets for Miraa. | Meru and Embu regions | |
| Moringa | Emerging herbal product which is of high value. Traditionally is it medicinal and is widely used for manufacture of medicinal products | | China, UK |

| Agricultural Product | Brief | National coverage | Export Markets |
|----------------------|---|--|----------------|
| Bixa | Bixa is used as a raw material for making shoe polish. Bixa industries factory was once opened in Kwale. Bixa currently enjoys limited regulation through an order given in 2009 prohibiting the exportation of raw Bixa seed which was further entrenched by the Statute Law (Miscellaneous amendments Act), 2016. Bixa has not yet been listed as a scheduled crop. | Unique to the coastal region particularly in Kwale | |
| Stevia | Stevia extracts are used in a wide range of industrial food, beverage, confectionary and pharmaceutical flavoring. The Japanese market was the earliest adopter of stevia sweeteners on a commercial level since the 1980's. In Kenya stevia is a key emerging used as a sweetener. | Kericho, Bungoma, Bomet, Uasin Gishu, Narok, Nakuru, and Nandi Counties. Successful trials have been done in the greater Meru, Embu, and Kirinyaga Counties. Stevia can grow in most parts of the country. | EU, USA, China |

| Agricultural Product | Brief | National coverage | Export Markets |
|----------------------|--|--|--|
| Tea | Leading foreign exchange crop. Exported to over 60 destinations world-wide. Opportunities exists to enhance export earnings through value addition, product diversification and market diversification | Kericho; Bomet; Trans-Nzoia; Kakamega; Nandi; Nyamira; Kisii; Nakuru; Kiambu; Muranga; Meru Tharaka – Nithi; Nyeri; Kirinyaga; and Embu | Traditional Markets include (Egypt, Pakistan, Afghanistan, UK and Sudan). Emerging markets include U,A.E, Western and North Western Africa, Central Africa, Middle East and Asia |

| Agricultural Product | Brief | National coverage | Export Markets |
|----------------------|--|--|--|
| Coffee | <p>The Coffee industry is an important sector in Kenya's economy due to its significant contribution in form of foreign exchange earnings, employment opportunities and income to farmers. Coffee is ranked third most important export crop after tea and horticulture.</p> <p>Opportunities exists to enhance export earnings through value addition, product diversification and market diversification</p> | <p>Kiambu; Nyeri; Kirinyaga; Muranga; Embu; Bungoma; Meru; Kericho; Machakos; Kisii ; Makueni; Tharaka-Nithi ; Nyamira; Trans Nzoia; Nakuru; Nandi; Uasin Gishu; Migori; Homa Bay; Bomet; Baringo; West Pokot; Elgeyo Marakwet; Laikipia; Narok; Kisumu; Kakamega; Kajiado; Busia; Taita; and Vihiga</p> | <p>The main markets for Kenyan coffee are Federal Republic of Germany, Scandinavian countries (Sweden, Norway, and Denmark) and the United States of America at 20%. There are other emerging markets, especially in Asia, with China, Japan, and Iran coming up strongly. Others are Russia and the Middle East. In the Arab countries, most people prefer the Robusta coffee whose production has not been adequately promoted in Kenya.</p> |

ANNEX V: Export Products Identification (Documentation for Baseline Analyses) for the Agriculture sector

| Agricultural Product | Available Documentation | Highlights |
|----------------------|---|--|
| Avocado | Vision 2030, AFA Act, Crops Act (Chapter 6-1), AFA strategic Plan (2016-2022) and Crop specific strategy, Ministry of Agriculture Livestock and Fisheries Policies, Kenya Industrial transformation strategy, National Trade Policy (Presented as a bill awaiting enactment), Avocado export commodity plan, developed by HCD, FPEAK, EPC, ITC, SEZs Act-Inclusion as a virtual Economic Zone, Value addition policy, National Agricultural Policy | Has enabled farmers to export avocados to middle east and attained global gap certification to EU. Market exposure to trade fairs in middle East and Germany |
| Mango | Vision 2030, AFA Act, Crops Act (Chapter 6-1), AFA strategic Plan (2016-2022) and Crop specific strategy, Ministry of Agriculture Livestock and Fisheries Policies, Kenya Industrial transformation strategy, National Trade Policy, SEZs Act-Inclusion as a virtual Economic Zone, Value addition policy, National Agricultural Policy | |
| Passion | Vision 2030, AFA Act, Crops Act (Chapter 6-1), AFA strategic Plan (2016-2022) and Crop specific strategy, Ministry of Agriculture Livestock and Fisheries Policies, Kenya Industrial transformation strategy, National Trade Policy (Presented as a bill awaiting enactment), SEZs Act-Inclusion as a virtual Economic Zone, , Value addition policy, National Agricultural Policy | |
| Flowers | Vision 2030, AFA Act, Crops Act (Chapter 6-1), AFA strategic Plan (2016-2022) and Crop specific strategy, Ministry of Agriculture Livestock and Fisheries Policies, Kenya Industrial transformation strategy, National Trade Policy (Presented as a bill awaiting enactment), National Environmental Management Act (NEMA) ban on the use of plastic bags, SEZs Act-Inclusion as a virtual Economic Zone, , Value addition policy, National Agricultural Policy | |

| Agricultural Product | Available Documentation | Highlights |
|----------------------|--|------------|
| French beans | Vision 2030, AFA Act, Crops Act (Chapter 6-1), AFA strategic Plan (2016-2022) and Crop specific strategy, Ministry of Agriculture Livestock and Fisheries Policies, Kenya Industrial transformation strategy, National Trade Policy (Presented as a bill awaiting enactment), SEZs Act-Inclusion as a virtual Economic Zone, Value addition policy, National Agricultural Policy | |
| Peas | Vision 2030, AFA Act, Crops Act (Chapter 6-1), AFA strategic Plan (2016-2022) and Crop specific strategy, Ministry of Agriculture Livestock and Fisheries Policies, Kenya Industrial transformation strategy, National Trade Policy, SEZs Act-Inclusion as a virtual Economic Zone, , Value addition policy, National Agricultural Policy | |
| Asian Vegetables | Vision 2030, AFA Act, Crops Act (Chapter 6-1), AFA strategic Plan (2016-2022) and Crop specific strategy, Ministry of Agriculture Livestock and Fisheries Policies, Kenya Industrial transformation strategy, National Trade Policy (Presented as a bill awaiting enactment), SEZs Act-Inclusion as a virtual Economic Zone, Value addition policy, National Agricultural Policy | |
| Chilies | Vision 2030, AFA Act, Crops Act (Chapter 6-1), AFA strategic Plan (2016-2022) and Crop specific strategy, Ministry of Agriculture Livestock and Fisheries Policies, Kenya Industrial transformation strategy, National Trade Policy (Presented as a bill awaiting enactment), SEZs Act-Inclusion as a virtual Economic Zone, , Value addition policy, National Agricultural Policy | |

| Agricultural Product | Available Documentation | Highlights |
|------------------------|--|------------|
| Pulses | Vision 2030, AFA Act, Crops Act (Chapter 6-1), AFA strategic Plan (2016-2022) and Crop specific strategy, Ministry of Agriculture Livestock and Fisheries Policies, Kenya Industrial transformation strategy, National Trade Policy, SEZs Act-Inclusion as a virtual Economic Zone, Value addition policy, National Agricultural Policy | |
| Macadamia | Vision 2030, AFA Act, Crops Act (Chapter 6-1), AFA strategic Plan (2016-2022) and Crop specific strategy, Ministry of Agriculture Livestock and Fisheries Policies, Kenya Industrial transformation strategy, National Trade Policy (Presented as a bill awaiting enactment), SEZs Act-Inclusion as a virtual Economic Zone, Value addition policy, National Agricultural Policy | |
| Cashew nuts | Vision 2030, AFA Act, Crops Act (Chapter 6-1), AFA strategic Plan (2016-2022) and Crop specific strategy, Ministry of Agriculture Livestock and Fisheries Policies, Kenya Industrial transformation strategy, National Trade Policy, SEZs Act-Inclusion as a virtual Economic Zone, National Agricultural Policy | |
| Sisal- Fibre | Vision 2030, AFA Act, Crops Act (Chapter 6-1), AFA strategic Plan (2016-2022) and Crop specific strategy, Ministry of Agriculture Livestock and Fisheries Policies, Kenya Industrial transformation strategy, National Trade Policy (Presented as a bill awaiting enactment), SEZs Act-Inclusion as a virtual Economic Zone, Value addition policy, National Agricultural Policy | |
| Sisal baskets –cyondos | Vision 2030, AFA Act, Crops Act (Chapter 6-1), AFA strategic Plan (2016-2022) and Crop specific strategy, Ministry of Agriculture Livestock and Fisheries Policies, Kenya Industrial transformation strategy, National Trade Policy (Presented as a bill awaiting enactment), SEZs Act-Inclusion as a virtual Economic Zone, Value addition policy, National Agricultural Policy | |

| Agricultural Product | Available Documentation | Highlights |
|----------------------|--|------------|
| Pyrethrum | Vision 2030, AFA Act, Crops Act (Chapter 6-1), AFA strategic Plan (2016-2022) and Crop specific strategy, Ministry of Agriculture Livestock and Fisheries Policies, Kenya Industrial transformation strategy, National Trade Policy (Presented as a bill awaiting enactment), SEZs Act-Inclusion as a virtual Economic Zone, Value addition policy, National Agricultural Policy | |
| Khat-Miraa | Vision 2030, AFA Act, Crops Act (Chapter 6-1), AFA strategic Plan (2016-2022) and Crop specific strategy, Ministry of Agriculture Livestock and Fisheries Policies, Kenya Industrial transformation strategy, National Trade Policy (Presented as a bill awaiting enactment), Miraa Taskforce, Value addition policy, National Agricultural Policy | |
| Moringa | Vision 2030, AFA Act, Crops Act (Chapter 6-1), AFA strategic Plan (2016-2022) and Crop specific strategy, Ministry of Agriculture Livestock and Fisheries Policies, Kenya Industrial transformation strategy, National Trade Policy (Presented as a bill awaiting enactment) , Value addition policy, , National Agricultural Policy | |
| Bixa | Vision 2030, AFA Act, Crops Act (Chapter 6-1), AFA strategic Plan (2016-2022) and Crop specific strategy, Ministry of Agriculture Livestock and Fisheries Policies, Kenya Industrial transformation strategy, National Trade Policy (Presented as a bill awaiting enactment) , Value addition policy, National Agricultural Policy | |

| Agricultural Product | Available Documentation | Highlights |
|----------------------|---|------------|
| Stevia | Vision 2030, AFA Act, Crops Act (Chapter 6-1), AFA strategic Plan (2016-2022) and Crop specific strategy, Ministry of Agriculture Livestock and Fisheries Policies, Kenya Industrial transformation strategy, National Trade Policy (Presented as a bill awaiting enactment) , Value addition policy, National Agricultural Policy | |
| Tea | Vision 2030, AFA Act, Crops Act (Chapter 6-1), AFA strategic Plan (2016-2022) and Crop specific strategy, Ministry of Agriculture Livestock and Fisheries Policies, Kenya Industrial transformation strategy, National Trade Policy (Presented as a bill awaiting enactment), Tea Taskforce, SEZs Act-Inclusion as a virtual Economic Zone, Value addition policy, National Agricultural Policy | |
| Coffee | Vision 2030, AFA Act, Crops Act (Chapter 6-1), AFA strategic Plan (2016-2022) and Crop specific strategy, Coffee Taskforce Report, Ministry of Agriculture Livestock and Fisheries Policies, Kenya Industrial transformation strategy, National Trade Policy (Presented as a bill awaiting enactment), Coffee Act, SEZs Act-Inclusion as a virtual Economic Zone, Value addition policy, National Agricultural Policy | |

ANNEX VI: Sector and County Consultative Plans for the Agriculture sector

| Agricultural Product | Stakeholder Mapping | Approach/Issues | Timelines |
|---|--|--|-------------------|
| Fruits (Avocado, Mango, Passion), Vegetables (French beans, Peas, Asian Vegetables, Chillies) and Flowers | Ministry of Agriculture, Livestock and Fisheries, AFA-HCD, KALRO, Ministry of environment, Ministry of Water and irrigation, KEBS, KEPHIS, PCPB, AAA, FPEAK, Kenya Horticultural Council, Kenya Flower Council, County Governments (CECs in charge of Agriculture and Trade dockets), CoG-heads of Agriculture and Trade Committees, KAAA NEMA, EPC, Ministry of Trade, Treasury, Ministry of Labour and EAC Affairs, FKE, AEA, Ministry of Energy, Branding | Develop, Amend or abolish policies Policies on Phytosanitary, MRLs, Cess, Taxes, irrigated land, water quality, Sanitation, water storage, Wage increases, Green Energy, Increased export promotion, Branding | April – June 2017 |
| Pulses | Ministry of Agriculture, Livestock and Fisheries, AFA-Food Crops, KALRO, National Cereals and Produce Board, EPC, EA-GGA, KAAA, Brand Kenya | Increased volumes, varieties for focused markets like India, Sensitization, Branding | April – June 2017 |
| Nuts (Macadamia and Cashew nuts) | Ministry of Agriculture, Livestock and Fisheries, AFA-Nuts and Oil Crops, KALRO, Nut processors, Brand Kenya, Macadamia Growers Association, | Increased volumes, Exportation of raw Nuts, Branding | April – June 2017 |

| Agricultural Product | Stakeholder Mapping | Approach/Issues | Timelines |
|------------------------------------|--|---|-------------------|
| Sisal (Fibre and baskets -cyondos) | Ministry of Agriculture, Livestock and Fisheries, KALRO, AFA-Fibre Crops, Brand Kenya, Kenya Sisal employers and growers association; association lower; Eastern sisal stakeholders forum Nyanza south; sisal stakeholders association; Coast sisal development stakeholders forum | Increased volumes, revival of plantations, Branding, Licensing regime, integrating smallholder farmers into the global chain, new and emerging uses of sisal fibres | April – June 2017 |
| Khat-Miraa and Pyrethrum | KEMRI, KALRO, EU, Ministry of Agriculture, Livestock and Fisheries, Ministry of Trade, UN, KEBS, KEPHIS, Brand Kenya, Miraa Taskforce, Pyrethrum Taskforce, County Governments of Meru and Embu, Pyrethrum growing counties, AFA-POICD | Recovery of lost markets, capturing of new markets, Lack of export statistics, Ban of Miraa in Europe, Advocacy on development of standards, Delisting of Miraa as harmful, WTO dispute resolution mechanism, Branding and marketing of miraa, Code of practice and regulations, Branding | April – June 2017 |

| Agricultural Product | Stakeholder Mapping | Approach/Issues | Timelines |
|----------------------------------|---|--|-------------------|
| Moringa and Stevia | KEMRI, KALRO, EU, Ministry of Agriculture, Livestock and Fisheries, Ministry of Trade, KEBS, KEPHIS, Brand Kenya, County Governments | Regulatory authorities, Processing, Extraction of other products, branding | April – June 2017 |
| Bixa- Viability to be done first | | | April – June 2017 |
| Tea | Ministry of Agriculture, Livestock and Fisheries, AFA-Tea Directorate, KALRO, Ministry of Trade, KEBS, KEPHIS, Brand Kenya, County Governments | Value addition, product diversification, market diversification, branding. Geographical indications. | |
| Coffee | Ministry of Agriculture, Livestock and Fisheries, AFA-Coffee Directorate, KALRO, Ministry of Trade, KEBS, KEPHIS, Brand Kenya, County Governments | Value addition, product diversification, market diversification, branding and Geographical indications | April – June 2017 |

Annex VI: Proposed Programme For County Consultative Forums For The National Export Strategy – 2017

| TIME | SESSION | FACILITATOR(S) |
|----------------------------|--|----------------------------------|
| DAY 1: TRAVEL | | |
| 08.00am – 05.00 pm | Travelling to the respective venue | Team Leader & Other Team Members |
| DAY 2: CONSULTATIVE FORUM | | |
| 08.30 am – 09.30 am | Preliminaries – Registration; Welcoming & Opening Remarks | Secretariat; host county; SDT |
| 09.30 am – 10.15 am | Situational Analysis of National Trade Regime | DIT |
| 10.15 am – 11.00 am | Objectives of National Export Strategy | EPC |
| 11.00 am – 11.30 am | TEA / HEALTH BREAK | |
| 11.30 am – 12.15 pm | Legal and Administrative Regimes on Trade and Exports | DIT |
| 12.15 pm – 01.00 pm | County Structures for Promotion of Export and administration | Host Chief Officer for Trade |

| TIME | SESSION | FACILITATOR(S) |
|----------------------------|--|------------------|
| 01.00 pm – 02.00 pm | LUNCH / HEALTH BREAK | |
| 02.00 pm – 03.50 pm | Intergrating Export Development in County Priorities and into The National Export System | DET |
| 03.50 pm – 04.30 pm | Way Forward | Secretariat; EPC |
| 04.30 pm – 05.00 pm | Closing Remarks | Team Leader |
| 05.00 pm | TEA / HEALTH BREAK | |
| DAY 2: DEPARTURE | | |

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NATIONAL EXPORT STRATEGY – RETREAT
MAANZONI LODGE

ATTENDANCE SHEET

11TH APRIL, 2017

| No. | Name/Designation | Company Name | Mobile Number | Email | Signature |
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| 1. | BETH WAGUDE | KENYA FISH PROCESSORS & EXP. ASS. (AFIPK) | 0722687971 | beth.wagude@afipk.org | [Signature] |
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ATTENDANCE SHEET

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MAANZONI LODGE

ATTENDANCE SHEET

11TH APRIL, 2017

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NATIONAL EXPORT STRATEGY – RETREAT
MAANZONI LODGE

ATTENDANCE SHEET

11TH APRIL, 2017

| No. | Name/Designation | Company Name | Mobile Number | Email | Signature |
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