

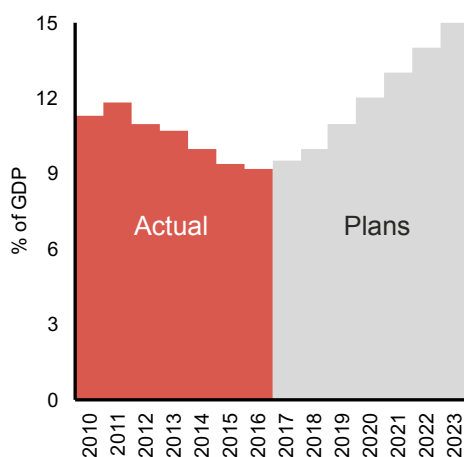
Ten policy priorities for transforming manufacturing and creating jobs in Kenya

The manufacturing sector can play a crucial role in Kenya's economic growth by absorbing large numbers of workers, including by creating many jobs indirectly through forward and backward linkages to agriculture, raising exports and transforming the economy through technological innovation. Doubling Kenya's manufacturing output and creating 300,000 jobs by 2022 will require strong leadership from government and effective collaboration between the public and private sectors, but it is certainly attainable.

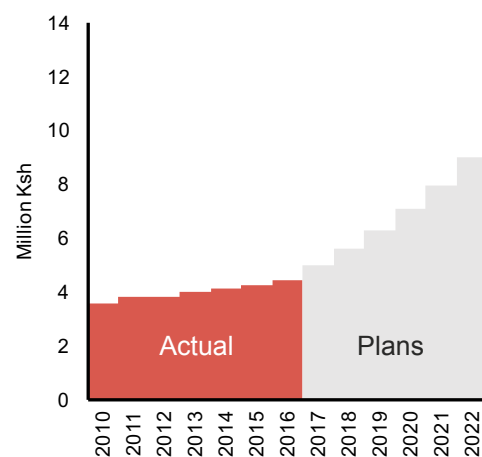
This 10-point plan, offering policies for inclusive, sustainable growth in Kenya and improving livelihoods, is a collaborative effort by the Supporting Economic Transformation (SET) programme at the Overseas Development Institute in London and the Kenya Association of Manufacturers. For a full copy of the booklet, prepared by Dirk Willem te Velde, Anzette Were and Gituro Wainaina, visit set.odi.org.

Setting ambitious plans to kick-start manufacturing production

Share of manufacturing in gross domestic product



Manufacturing gross domestic product (mn Ksh, in constant 2009 prices)



Source: Kenya Economic Survey, Kenya National Bureau of Statistics: http://www.knbs.or.ke/index.php?option=com_phocadownload&view=category&id=107

Note: Planned increases from 2017 onwards.



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01

Create a business environment that is conducive to manufacturing investment

How? Enact laws and regulations to attract and retain investment for all firms (including SMEs), allowing firms to focus on construction permits, paying taxes and registering property

02

Enforce a fiscal regime that supports manufacturing

How? Improve government payment systems and introduce discipline to revenue collection

03

Make land ownership more affordable and accessible

How? Secure land for development of special economic zones and industrial parks before prices increase, as per KITP and Vision 2030

04

Secure affordable, reliable and sustainable energy

How? Lower the cost of energy by removing all levies on power costs and apply appropriate tariffs for industrial usage

05

Expand access to long-term finance for all types of manufacturing firms

How? Increase the availability of public funds to manufacturing and to SMEs in particular, solve private sector credit supply issues, and actively promote foreign direct investment

06

Create an export push for manufactured products

How? Undertake co-ordinated action to promote exports and secure market access for Kenyan goods and services, put more efforts into facilitating trade by streamlining customs and building trade-related infrastructure, and improve access to locally-produced inputs

07

Develop worker skills and support innovation for increased labour productivity

How? Develop a private-sector led programme of incentives for skill development and strengthen links between industry and educational institutes

08

Create a fit-for-purpose public service

How? Establish an industrial policy implementation unit that can co-ordinate inter-ministerial activity on industrialisation and address issues of corruption decisively and comprehensively

09

Develop a coordinated value chain approach

How? Facilitate collaboration between formal and informal manufacturers along value chains

10

Build trust and reciprocity for effective coordination and partnerships

How? Find a consensus among formal private-sector associations and government on key issues in manufacturing