

Manufacturing Africa is a regional programme that aims to reduce poverty in Africa by attracting £1.2 billion of foreign direct investment into manufacturing and creating 90,000 jobs over 7 years (2019-2026). The programme is funded by the UK government through the Foreign, Commonwealth & Development Office (FCDO).

Quarterly newsletter – Kenya – September 2020



SNAPSHOT OF OUR WORK

Welcome to Manufacturing Africa (MA) Kenya newsletter.

MA aims to increase foreign direct investment in manufacturing through deals in high-potential manufacturing sectors in Kenya – including pharmaceuticals, consumer electronics assembly, circular economy and agro-processing. We also support transactions across the wider manufacturing sector regardless of sub-sector if they generate high development impact.

MA provides transaction facilitation (TF) services to investors, manufacturers and technical assistance (TA) to government agencies, investment promotion agencies and other public institutions to help close deals and attract anchor investments. MA works with the Kenya Investment Authority (KenInvest), Kenya Association of Manufacturers (KAM), Ministry of Industry, Trade and Cooperatives (MolTED) and other important stakeholders in the manufacturing ecosystem.

From April to August 2020, MA approved fourteen investment transactions that have the potential to contribute to £125 million in FDI and create or protect 2,000 direct jobs. We have finalised support for 9 out of 14 approved TF deals.

Recognising the threat that the COVID-19 crisis poses to the social and economic well-being of the people of Kenya and investors, we are supporting COVID-19-related, e.g. manufacturers producing personal protective equipment (PPE) and sanitation products. We also support investment deals that are COVID-19-resilient.

Highlights of our recent work:

Supporting a waste management company raise capital to expand operations to create jobs, improve sanitation, provide waste management services and boost smallholder farmers' productivity. Job creation is particularly important during the COVID-19 pandemic when many jobs have become vulnerable. Sanergy has long-term plans to manage 1 million tons of waste a year by launching operations in Rwanda, Uganda and Tanzania and expanding to five cities in Kenya. The company's products have a positive environmental impact and help to reduce the use of non-renewable energy sources.



Source: Sanergy

The company also provides organic fertilisers to more than 1,000 smallholder farmers and will supply many more through the proposed expansion. The fertiliser typically increases farmer yields by 30 percent, boosting productivity and income and ultimately strengthening food security.

“The team helped us think/rethink our value proposition to the investment community, how to reframe our business as an agricultural player and structure our thinking around the business and prospects for growth by providing more fact-based solutions,” David Auerbach Co-Founder of Sanergy.

Supporting a chemical company find working capital funding to expand its production of key products to combat COVID-19. Since the outbreak of COVID-19, orders for products from existing customers, government, counties and new customers have increased substantially. We helped the company think through innovative funding solutions to increase sustainable production of COVID-19-related products and help bridge the supply gap in critical hygiene products, attract FDI and save/create jobs.



Source Orbit Chemicals

“I have been greatly pleased by the proactive nature and professionalism of your support to us, and bringing forward the various options, through the Manufacturing Africa Initiative, that Orbit should be considering. Your advice to my team and ongoing support and truly creative inputs and support in this time have proved invaluable to myself and my team. We remain hopeful that the ongoing discussions with the 2 parties you have brought forward lead to fruition, but also look forward to other suggestions you can bring forward,” Vaishal Shah, Director of Orbit Chemicals.

Our transaction facilitation services to manufacturers and investors in Kenya include:

- Offering neutral investment advisory services to reduce the risk, cost and deal time of manufacturing transactions
- Identifying potential strategic partners and providing market linkage support to investment plans
- Conducting technical, commercial and financial due diligence to strengthen existing business cases

If you are planning a new manufacturing investment in Kenya or expanding your current operations, please reach out to us for transaction facilitation support (contact information at the bottom of the newsletter)

Supporting the Government of Kenya's economic response to COVID-19

In the wake of the COVID-19 pandemic, Kenya's manufacturing sector is experiencing major challenges. MA is supporting MoTED Business Situation Room (BSR), a think tank mandated to support decision-making on the government's economic response to the crisis.

Our team has supported the BSR accelerate fact-based decision-making at Cabinet level and develop a prioritisation tool to assist the Post-COVID-19 Recovery Committee to make informed decisions.



We worked with the government to develop standard operating procedures (SOPs) to provide clear guidelines on how businesses in different sub-sectors can operate in a safer environment under COVID-19.

“The proposals became components of the national stimulus package for MSMEs and businesses. We developed guidelines for counties and businesses to operate safely. The businesses are very happy, and they are saying “the place to go is the Ministry of Industry and Trade,” Patricia Aruwa, Co-chair, BSR.

We continue to support BSR in its ongoing response to COVID-19 and beyond to:



Reimagine manufacturing in Kenya: Look at high-potential opportunities, promote sustainable manufacturing practices, and understand how to use, e.g., distributed manufacturing



Promote special economic zones: Work with MoTED and the Special Economic Zone Authority (SEZA) to understand and overcome the obstacles to building investment parks and accelerate their development



Support investment promotion: Help KenInvest further its aim to be a best-in-class investment promotion agency to attract and support investors

We are interested in collaborating with other donor partners, organisations and programmes to further advance the TA work outlined above. If you are interested in our work, please reach out to Peter Ngeno for further information.

Useful Information

- **[Guidelines for Business Operations During COVID-19.](#)** If you have questions or feedback, please contact the MoTED BSR through the 24-hour hotline on +254 110 922 066 or at advisorycentre@trade.go.ke
- **[Africa Medical Supplies Platform:](#)** Launched in June 2020, this platform provides immediate access to an African and global base of vetted manufacturers and strategic procurement partners. African Union member states can purchase certified medical equipment such as diagnostic kits, PPE and clinical management devices with increased cost-effectiveness & transparency. The platform serves as an interface enabling volume aggregation, quota management, payment facilitation as well as logistics & transportation to ensure equitable & efficient access to critical supplies for African governments.
- **[Connecting the Dots Initiative:](#)** Launched by the Africa Pharma Platform (APP) as an immediate response to the COVID-19 pandemic. The team is currently onboarding manufacturers or distributors of the products required to combat the crisis.
- **[Reopening and reimagining Africa: How the COVID-19 crisis can catalyse change.](#)** This report proposes a three-step process to reopen economies in a way that safeguards lives and livelihoods: define a tiered set of local response measures from the least to the most restrictive; triage regions by outbreak severity and health system readiness; and continuously monitor progress and adherence.

This programme is funded by UK aid from the UK Government; however, the views expressed do not necessarily reflect the UK government's official policies.

If you have any questions or would like to subscribe to the newsletter, please reach out to:

Manufacturing Africa
Peter Ngeno, Kenya Country Coordinator,
peter.ngeno@manufacturingafrica.org or info@manufacturingafrica.org

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