



MINISTRY OF INVESTMENTS, TRADE AND INDUSTRY

STATE DEPARTMENT FOR INDUSTRY

SPEECH BY THE PRINCIPAL SECRETARY FOR INDUSTRY, DR. JUMA MUKHWANA
DURING THE 3RD KENYA INVESTMENT CONFERENCE AT SAFARI PARK HOTEL ON 31ST
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The PS for Investments Mr. Abubakar Hassan

PS for Cooperatives Madam Susan Mang'eni

Senior Government officials

Distinguished delegates

Ladies and gentlemen

Good afternoon

My name is Juma Mukhwana, the Principal Secretary for industry. From the onset, I wish to take this opportunity to invite and also to say welcome to those of you who are coming to Kenya for the first time. We are happy and excited for the opportunity to host an African Continental Free Trade Area event.

Ladies and Gentlemen

The African continent faces a myriad of challenges, some of which have already been highlighted. These include poverty, unemployment but much more acutely is that we are not trading with each other.

I always use these statistics, if you look at our colleagues in Europe, 70% of all goods traded are made in the European countries. In Asia, nearly 40-45% of goods traded are from the same continent. However, In Africa only about 15% of the goods traded within the continent are locally made. This is a clear display of the kind of challenges and problems that we have.

It is ironical that 75% of the goods that we are trading here are imported from outside Africa. It therefore does not come as a surprise that we are bedeviled with poverty and unemployment.

The second issue that I want to mention is on manufacturing. While the African population makes up 17% of the globe our share of manufacturing is less than 3%. The ideal share of goods from Africa traded globally should be 17%. In essence, we are producing 14% less and as our President said here on Monday, you can see that we have a huge gap of filling up this 14% because we are doing more imports than manufacturing for ourselves.

Further, we as Africans are still doing injustice to each other, just as you have heard what it takes to export goods to Ghana. We are not doing free trade with each other but we are still stuck in more tariff and non-tariff barriers. We are still protecting even what we don't have.

Ladies and Gentlemen

In this continent we spend a lot of energy doing trade negotiations that take very long to sign even when you have nothing to sell at the end. So we have signed very many agreements between ourselves, and after five years when you look at that agreement there is nothing that has been solved. It is time for us as Africans to wake up. Nobody is going to do this for us. We have no option but to trade and help each other.

If we are only doing less than 3% and we are still blocking each other, and as I mentioned earlier, we are talking about trade. We have signed protocol to allow for trade between us but we have not signed the agreement for the free movement of people. This is Africa for you, the pertinent question remains how we are going to trade without free movement from one country to another.

In theory, we have a whole protocol on free movement of people that has been sitting with us, we have not signed it but somehow we expect trade to move. These are the ironies and contradictions we have in Africa. I hope that you will leave this meeting when inspired to know that. It is time for us to do business differently. It is no longer business as usual.

I take note that the Organization of African Unity (OAU) has been with us for 60 years and it has now become an African Union (AU), a union where you are still required to acquire visa to go to another member country.

Ladies and Gentlemen

Let me now come to my presentation on County Industrial Parks. This is a model that we are developing. For those of you who may be new in Kenya, our country is divided into 47 county governments and a national government. We have a working arrangement where the County Governments are independent. They make their budgets and they do get a share of the national revenue and they plan their activities and execute them.

We also have very clear mandate. The County Governments deal with issues to do with health, agriculture, early childhood education and vocational training. There are other functions that are devolved, but we work very closely together.

County Industrial Parks are common manufacturing facilities that we have structured in each of our 47 counties. In terms of funding, the total investment per County is 500 Million with the County Governments providing 250 million and the National Government providing 250 million to create a manufacturing hub.

This is a place where the county has provided land and together we build up manufacturing shades for value chain that are priority for that County. These parks are also provided with infrastructure, roads, three phase electricity, water and effluent management. This will give chance to small people who are not able to buy land and manufacturing equipment to engage in industrial production.

This is a place where people that are not wealthy can come in and manufacture together and this is quite in contrast with our own mode where we talk big manufacturing. What we are thinking is about small manufacturing to add value to products made within our counties.

We are trying to find a place where we can aggregate products even for people who may not want to manufacture there but they can get an aggregation center where one can come and pick raw materials to go and add value in that same area so as to mitigate the issue of fluctuating prices during low and bumper harvest.

As I mentioned before, a County Industrial Park is a common manufacturing area. We did not want each County to design because it becomes very expensive to do civil and architectural design. We are working with the National Co-coordinating team, The Council of Governors and my State Department for Industry under the Ministry of Investments, Trade and Industry to implement this.

We have come up with common designs for all Industrial Parks according to the commodities that we want value added to. We have already advertised construction works in the 14 out of the 47 counties and we are looking at being able to complete this project in the coming two years.

Ladies and Gentlemen

Once the parks have been completed, we are scheduled to have County Investments Forums. Each County will organize a forum of potential investors at home. We have also lined up a number of training and awareness as well as capacity development activities to train young industrialists in the areas of entrepreneurship, record keeping, manufacturing and any other issues that we will find necessary.

We are also going to interlink the county industrial parks through a portal so that manufacturers and visitors within the counties will be able to sell through a common portal so that products will be made available for national and international buyers. If one is looking for simsim or groundnuts you will be able to see what volumes and qualities are available to support this.

We are also working on financing mechanisms. We have two models. We are establishing an industrialization fund which is being developed from an export levy that we have created so if one is importing goods into Kenya, that add value, you are charged an import levy and that levy is being used to develop an industrialization fund which will then be used to loan people who want to buy machinery and invest in these industrial parks. For young people between 18 and 35 we have developed a grand system dubbed "*viwanda mashinani*".

This financial year we have budgeted 600 million to bring 200 young people into manufacturing. They'll be given a grant of between Sh2 and Sh6 million to buy machinery if they need e.g. for avocado oil extraction and this will be a grant for individuals with outstanding interests and experience. We are also exploring a lease equipment model where you don't have to buy your own equipment to put in the industrial park.

In addition, we are looking for a large investor. I can see Afrexim bank here that an industrial park be equipped with machinery and people can just come in and lease and manufacture whatever they want to manufacture. The machine can be used for different purposes. When machines get old we can just replace instead of us hoarding them.

Thank you so much.