

ANNUAL REPORT

AND FINANCIAL STATEMENTS

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ABOUT US



VISION STATEMENT

To be the preferred centre of excellence in industrial relations services, management practises and advocacy of employers' interests.

MISSION STATEMENT

To promote an enabling business environment and sound industrial relations in Kenya through effective representation, advocacy and provision of value added services that strengthens the ability of employers to attain competitiveness.

OUR OBJECTIVES

- To act as a forum for employers
- To promote and defend interest of employers
- To promote good management practices
- To collaborate with employers, inter-governmental and other business organizations
- To develop a sustainable institutional capacity and competence

CORE VALUES

- Uphold the principle of tripartism in the promotion of social policy
- Maintain confidentiality in its dealings with members
- Promote the principles of diversity, transparency and integrity
- Maintain good governance and a national character in representation of its organs and staffing
- Practice professionalism in its service



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Statement by the National Chairman

Dear Members,

I wish to welcome you all to the 54th Annual General Meeting of the Federation of Kenya Employers (FKE). On behalf of the Board, it is my pleasant duty to present to you an overview of the organisation's performance and the operating environment during the year ended 31st December 2012.

The meeting is being held in the backdrop of the just concluded national elections and after the campaigns which characterised most of last year. The year 2012 saw the country grapple with a slow economic growth rate. Though inflation steadily declined, instability in the foreign market, especially the euro zone and high interest rates experienced during the year increased the cost of doing business in the country and further dampened the country's growth prospects. Added to this is that Kenya's public debt grew to a high of KES 1.8 trillion, way above the national budget of KES 1.5 trillion and was equivalent to 46.56 percent of the country's GDP. The high debt was attributed to most borrowed capital going into large infrastructure projects, most of which required imported machinery and material therefore affecting the current account negatively. The Federation's concern is not the absolute figure of the debt in itself but lies in the fact that with slow economic growth, currently estimated at about 4.5 percent and considering that external shocks like the European economic crisis still persist, the debt may become unsustainable. The country needs to go slow on borrowing or growth aggregate demand and stimulate overall growth.

At the international level, Kenya's competitiveness continued to decline compared to its East African counterparts. Kenya's global competitiveness index position on ease of doing business has worsened for the last 5 years dropping from position 94 in 2009 to 98 in 2010 to 106 in 2011, to 109 in 2012 and to 121 in 2013. A new survey from World Bank now ranks Kenya in the third position, behind Uganda and Rwanda. The key issues behind this declining performance include high levels of corporate taxes, the slow process of registering a business, lack of incentives for setting up businesses and bureaucracy levels. For Kenya to continue attracting investments it needs immediate reforms to remove the bottlenecks that hinder business growth and create a conducive business environment. Added to this are low productivity levels with a total factor productivity of less than one. This is as a result of the country's low labour and capital productivity indices estimated at 0.84 and 0.46. This level of productivity is far below the benchmark of at least 5 for global competitiveness. Added to this also is the continued annual review of minimum wage which amounts to



over compensation of labour at the cost of capital and the consumer. The Federation has consistently advocated that this trend is unsustainable and threatens enterprise sustainability.

In the year under review, the Global Competitiveness Report (2012/13) ranked corruption as the leading problematic factor to doing business in Kenya with a significant percentage of 20.8 percent of the respondents indicating this. It means that in regard to global competitiveness, corruption is a serious hindrance to business investment in Kenya. To counter this, the Federation was active in calling for full implementation of the Constitution especially chapter six of the Constitution which was intended to help in curbing corruption in public institutions by enhancing structures and systems of transparency and accountability. The Federation therefore urges its members to support the national efforts to eradicate corruption by adopting responsible business practice principles.

The year also saw positive developments in the Judicial system under the new constitution especially the elevation of the industrial court to the level of the High Court which gave labour and employment matters recognition as priority issues in national development.

The review of the FKE Constitution is at an advanced stage to make it current and responsive to the changing needs of members. We wish to thank all members for their support and contribution to this process which we plan to complete in the

course of the year.

The Federation's Board and its Committee (Executive, Strategy, Development, Resources and Audit Committees) continued to meet regularly and to engage actively with relevant government offices and the Social Partners in pursuit of the Employers Business Agenda. It is also important to report that FKE has outgrown the Nairobi Head Office and that a team of experts has been formed to advice on the best way to expand using the minimal resources available to us.

As a Board, our goal has always been to make the right decisions based on the long-term vision and the collective voice of employers in Kenya. I would like to thank my colleagues on the Management Board for their support and commitment in 2012. As this annual report will testify, 2012 has been a challenging year characterised by uncertainties and challenges in the business climate at many levels. Through it all

FKE has continued to carry out effective advocacy and deliver high quality services to its members. The professionalism passion and commitment of the management staff led by the Executive Director and the calibre and commitment of the Board coupled with the support of members makes FKE an organisation which I am proud and privileged to lead. The Federation will continue to push for macroeconomic stability and continuity in governance reforms and to ensure at all times that the interests of employers throughout this country are safeguarded. I have hope and confidence that with the continued support and commitment of our members, partners and staff. FKE will continue to grow and achieve remarkable results for the growth of our economy and the improvement in the livelihoods of our people.

Eng. Erastus K. Mwongera, FIEK, RCE, CBS.

National Chairman

Statement by the Executive Director

Dear Members,

I am pleased to present to you this overview of the Federation of Kenya Employers (FKE) performance in 2012, a year that saw the country's political climate heat up and election campaigns take centre stage in national affairs. The year under review was for this reason characterised by social, economic and political uncertainties that led the business community to adopt a wait-and-see approach that is usual in every electioneering year. Being aware of the effect Kenya's elections have had on the business climate, FKE took a proactive approach and crafted an appropriate advocacy agenda that focused on the employers role in promoting peace and harmony at workplaces. FKE urged political leaders and aspirants to avoid divisive campaigns and commit to peaceful and credible elections.

The Federation developed and launched the Employers' Manifesto whose contents and ideals were shared with members in Nairobi, Mombasa and Kisumu in events that were well attended by leading politicians and aspirants. We are gratified that the manifestos released by various political parties supported FKE's call for macroeconomic stability, continuity in reforms, infrastructure development, security and human resource skills development as key to creating an environment for enterprises to thrive. FKE also engaged with other business member organisations in the preparation, launch and implementation of the 'Mkenya Daima' campaign which called on all Kenyans to remain patriotic and embrace peaceful coexistence. FKE's focus was on how to use workplaces as a platform for peaceful coexistence and business continuity for the good of all Kenyans during the electioneering period and thereafter.

Amongst the key achievements was the fight against the Labour Institutions (Amendment) Bill, 2011 which was a private member's bill that sought to introduce a parallel structure of minimum pay for the private sector. Efforts by the FKE with the support of members led to the withdrawal of the Bill. The Minister opted to instead set up a Floriculture Wages Council as FKE had advocated. The bill which sought to amend Section 47 of the Labour Institutions Act 2007 would have raised flower workers' wages by an average of 166 percent. The Federation has since submitted its three nominees to the Floriculture Wages Council which is now operational.

In legal and Industrial relations, 2012 saw the decentralization of the Industrial Court away from Nairobi to other towns like Kisumu, Nakuru and Mombasa with resident judges



deployed to man them. This development provided FKE with the opportunity to serve members closer to their regions but also stretched FKE's available human resource. In anticipation of these changes, FKE had embarked on a review of the organisation structure and recruitment of additional staff to strengthen its staff capacity. The Federation is thus in the process of mapping out the demand for our services in the regions to ensure that services are as close to our members as possible especially with the onset of devolution.

Through the training unit, support continues to be offered to members in the areas of labour laws, industrial relations, leadership development, management, occupational safety and health amongst other courses. The accreditation of FKE by the Law Society of Kenya as a training provider now means that any LSK member who attends FKE legal or industrial relations training will earn professional points under LSK's continuous legal education. FKE will continue to seek similar partnerships to enhance its product offerings.

FKE has been in the forefront in addressing the social challenges facing employers through the programmes offered under the projects unit with. The "adopt-a-school" initiative seeks for partnerships to sponsor programmes in deserving schools. Several organizations joined this worthy cause in 2012 and many schools benefitted from support by leading firms. FKE appreciates the support given by our members and

will continue to engage with other like-minded organizations to support these programme that seeks to fight child labour through education.

Going forward, the Federation will continue to work with the incoming leadership including county governments to ensure that the development plans reflect employer's priorities and the desire to make Kenya an attractive investment destination. We will not relent on our efforts to hold the new leadership accountable and true to their election promises. The FKE advocacy agenda developed adopted in the course of 2012 will continue to inform our advocacy work. This is the role FKE must play for the benefit of members and Kenyans at large by ensuring that provision of an enabling environment for business growth and sustainability, and wealth and job creation.

Despite a challenging economic, political and operating environment, 2012 was overall a good year for FKE. We largely met our objectives while at the same time taking actions to ensure the future success of the Federation and its members. The membership base has continued to grow year by year and I attribute this fact to confidence members and corporate institutions have in the FKE and its leadership. The exemplary work that is done by the entire secretariat to deliver services is highly appreciated. The mandate of the Federation as the 'voice of employers in Kenya' is our guiding principle and a commitment we are ever conscious of given.

FKE remains vigilant continued to be on the look out to identify and implement partnership opportunities that add value to the membership. The Federation has continued to effectively

represent in various crucial international forums such as the International Labour Organisation (ILO), the International Organisation of Employers (IOE) and Business Africa. We are grateful for the continued support from these international partners that have helped us benchmark our services with international best practice and model. Arising from these partnerships FKE has managed to come up with many capacity building and business linkage opportunities. A notable example is the Female Future Leadership Development Programme, which was launched in collaboration with Norwegian Enterprise Confederation (NHO) and aims at preparing women to effectively take up top leadership positions in the corporate world, on boards and other spheres of life.

On behalf of Management I wish to sincerely thank the management board for its unwavering support and guidance in the year 2012. I also appreciate the support of FKE members without whom the Federation would not exist. We look forward to serving you and working with you.

Thank you and we remain at your service.

Jacqueline Mugo (Mrs.), OGW
Executive Director

FKE Management Board 2012-2013



Eng. Erastus K. Mwongera, CBS
National Chairman, FKE
Chairman Sameer Africa



Mrs. Jacqueline Mugo, OGW
FKE Executive Director



Dr. Cleopa Mailu
Immediate Past Chairman
CEO, The Nairobi Hospital



Linus Gitahi
Deputy Chairman, FKE
Group CEO, Nation Media Group



Christopher D. Wilson
Deputy Chairman, FKE
Director, Kilifi Plantations



Eng. David Onyango
Chairman, FKE Western Kenya
CEO, Kisumu Water and Sewerage Co. Ltd



Meshack Kipturgo
Chairman, FKE Coast Branch
CEO, Siginon Group



Eng. Patrick Oboth
Eduardo and Associates
Member Executive Committee



Chris Malavu
FKE Trustee
Managing Director, 4M Enterprises



Aram Mbui
FKE Trustee
Managing Director, Rift Valley Machinery



Hirji Shah, OGW
FKE Trustee and Board Member
Managing Director, Mabati Rolling Mills



Habil Olaka
CEO, Kenya Bankers Association



Prof. Freida Brown
Vice Chancellor, USIU-Africa



Mr. Neil Cuthbert
Managing Director, REA Vipingo



John Kipkorir
Chairman, Protective Security Industry
Association



Dr. Nyambura Koigi, MBS
Managing Director, Post Bank



Michael Macharia
CEO, Kenya Association of Hotelkeepers



Wahome Muchiri
Managing Director, Deacons Kenya



Mr. Apollo N. Kiarii
Chairman, Agricultural Employers
Association



Ms. Gilda Odera
Managing Director, Skyweb Technologies

FKE Executive Staff



Jacqueline Mugo, OGW
Executive Director



Linus Kariuki
Manager, Industrial Relations



Karanja Mburu
Manager, Finance



Harrison Okeche
Manager, Legal Services



Felix Otiato
Manager, PR and Communications



Francis Kodhiambo
Manager, Marketing and New Business



Lynette Muganda
Manager, HR and Administration



Nyaboke Oyugi
Manager, Research and Advocacy



Isaac Kiema
Coordinator, Projects



John Muasya
Regional Manager, Western



Robert Muthanga
Regional Manager, Rift Valley



Arbogasti Odera
Manager, ICT



Moses Ombokh
Regional Manager, Coast



Evelyn Atieno
Management Consultant



Augustus Muthoka
Coordinator, Training



Abisai Ambenge
Senior Industrial Relations Officer



Prisca Oluoch
Coordinator, Female Future
Programme



Gladwell Mumia
Legal Officer



Kenneth Mutisya
Finance Officer



Dan Omondi
Industrial Relations Officer



George Ambuche
Industrial Relations Officer



Martin Njiru
Legal Officer



Raimond Molenje
Legal Officer



George Masese
Legal Officer



James Nduna
Legal Officer

Industrial Relations and Legal Services

The Federation provided a wide range of services to employers based on the expert knowledge relating to the emerging issues in labour legislation, Industrial Relations and people management. The year 2012 witnessed fundamental and complex developments in the area of human resources and employee relations management. The workplace disputes and grievances increased not only in number but also in complexity. The 2010 Constitution provisions relating to the establishment of the new Industrial Court with the status of the High Court and its subsequent decentralization countrywide was fully implemented. The demand for realisation of labour rights provided in the 2010 Constitution as right to; strike, fair remuneration, reasonable working conditions and the right to form and join a Trade Union became even more pressing. To meet the changing needs of our members, the Federation embarked on restructuring and the human resource engaged in providing legal and industrial relations services. The Industrial Relations and Legal Services were separated in to two departments, legal officers were appointed in the regions to enhance focus on delivery of services to members.

INDUSTRIAL RELATIONS

The Federation provided assistance to members in resolution of disputes, strikes, grievances, conducting of disciplinary hearings and other industrial relations matters. The members also benefited from professional guidance and input of the Federation's officers during negotiations, conciliations at our offices as well as at the Ministry of Labour and adjudication at the Industrial Court. The officers were also involved in facilitating training to members and development of training materials.

The annual inflation rate dropped from a high of 12.22 percent at the start of the year to a single digit of 3.67 percent at the end of December 2012. The low inflation however did not translate in to a reduced rate of demand for double digit wage increases by workers. This was not made better by the decision of the Government to increase the general minimum wages in May 2012 by 13.1 percent. The year was thus characterised by difficult negotiations driven by the demand for double digit wage increase, strikes and labour unrests in various sectors impacting negatively on economic growth and in particular industrial relations and employment.

Collective Bargaining

The number of concluded Collective Bargaining Agreements (CBAs) in 2012 and registered by the Industrial Court was 285. Out of these the Federation handled 210 or 73 percent of all CBAs concluded in 2012. The wage increases for the CBAs concluded in the year ranged between 8 percent and

12 percent each year. Negotiations were affected by the new statutory Minimum Wages announced by the Minister for Labour on 1st May 2012 and gazetted in July 2012 since many Trade Unions insisted on wage increases above or comparable to the 13.1 percent announced by the Government. Most Trade Union negotiators relied on the Government Order and comparable CBAs in the respective sectors as a basis for compensation as opposed to productivity, economic growth, inflation and changes in the cost of living.

The Salaries and Remuneration Commission directive via their circular No. SRC/CG/VOL.III of 4th July 2012 to adopt a 4 year cycle for Collective Bargaining Agreements as against the current practice of 2 year cycle also affected the CBA negotiations. It met strong resistance from most Trade Unions. The Trade Unions argued that the commission is overstepping its mandate as an advisory body and contravening their right to negotiate freely as provided for under section 41 of the Kenya Constitution and ILO Convention No. 98 on Freedom of Association and the Right to Collective Bargaining.

Strikes

In the year 2012 the public sector accounted for the bulk of the strikes. These included; strikes by nurses for registration of the Nurses Union, the medical doctors, local government workers, the teachers and university lecturers and administrators. The officers of the Federation assisted employers to manage the strikes by negotiating return to work agreements and filed cases in the Industrial Court for injunction relief.

The strikes in the private sector were mainly in the agricultural sector especially in the sugar subsector and floriculture. The strikes reported in the sector involved issues such as delayed CBA negotiations, late payment of arrears and protective clothing.

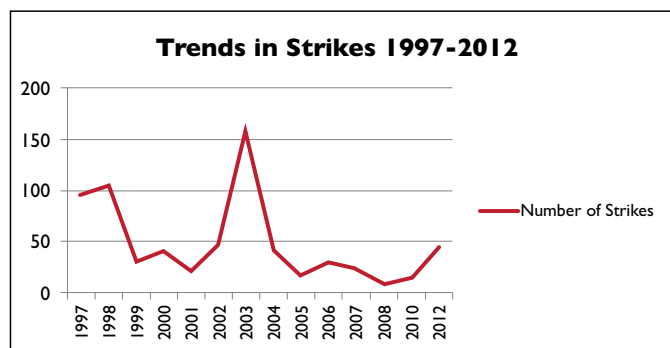
Table 1: The number of strikes per sector in the year 2012:

STRIKES PER SECTOR REPORTED IN 2012	
Sector	No. of Strikes
Agriculture	9
Building & Construction	8
Commercial	4
Education & Research	1
Engineering	1
Health	1
Horticulture	6
Local Authorities	1
Manufacturing Industries	5
Transport	9
TOTAL	45

The Federation raised concerns over the occurrence of strikes in the essential services sector in contravention of clear stipulation under the Labour Relations Act prohibiting such strikes. It petitioned the Government to enforce the law on essential services and to re-evaluate the categorization of industries as essential service to include electricity generation and distribution and port services.

Generally, the common reported causes of strikes included outsourcing of some business functions, refusal to recognize trade unions, dismissal of employees, conversion of long serving 'casuals' to regular terms, redundancies and alleged discrimination of fixed term workers with respect to the terms and conditions of service under the CBA.

Figure 1: The following is the trend of strikes since 1997

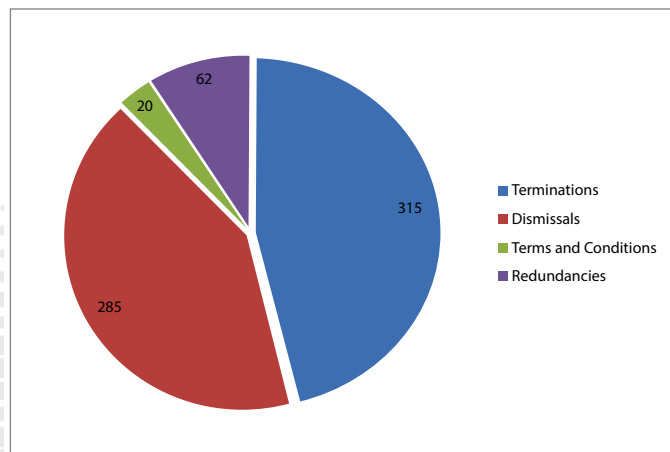


Source: Ministry of Labour

Trade Disputes and Conciliation

The officers of the Federation represented employers in 160 conciliations and trade disputes out of 682 disputes reported to the Minister for Labour in the year 2012. The disputes reported to the Ministry of Labour related to issues of termination of employment, dismissals, payment of terminal dues, redundancies and terms and conditions of service.

Figure 2: The distribution of the disputes in 2012



Source: Ministry of Labour

The disputes on unfair/wrongful dismissals and termination of employment were on account of employers' failure to follow the statutory procedure laid down in the Employment Act, 2007 for termination of employment.

LEGAL REPRESENTATION

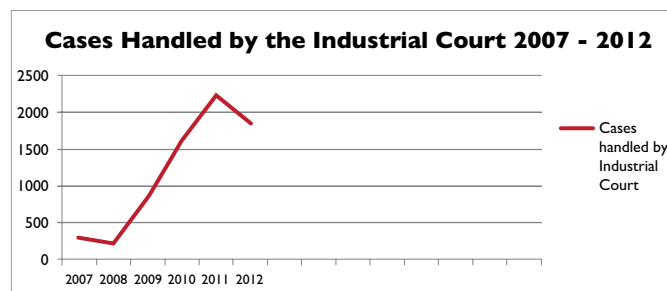
The Federation's members were provided with comprehensive legal services including interpretation of employment legislation, legal opinions, drafting of employment contracts, review of Human Resource Manuals, guidelines on basic employment conditions and best practices in human resource management. The Federation's legal officers also represented members in labour disputes in the Industrial Court, High Court and other courts.

Industrial Court

The Industrial Court recorded a high volume of cases filed in 2012. The total number of cases filed in court during the year was 1,858 as compared to 2240 in 2011 and 1630 in 2010. This is as compared to 851 in 2009, 226 in 2008 and 295 in 2007 referred to the court before the promulgation of the new Constitution in 2010. The Federation's legal team represented the employers in about 20 percent of the cases. The court delivered a total of 653 judgments and rulings during the year 2012. These included judgments and rulings in cases reported to the court in 2011 and previous years.

The Employment and Labour Relations Court as provided in 2010 Constitution was established in 2012. The Judicial Service Commission appointed twelve Judges in July 2012 to the Industrial Court of Kenya. Seven of the Judges were posted to Nairobi, three posted to Kisumu, Nakuru, Nyeri and two to Mombasa. There were noted teething problem with the new court especially in some of its rulings causing uncertainties and lack of appreciation of established industrial relations practice. Further, there were concerns that the Court does not have adequate physical infrastructure to accommodate the Judges' chambers and registry especially in Nairobi. It is commendable that Court cases at the Industrial Court are now being heard expeditiously despite the outlined teething problems.

Figure 3: The number of cases filed in the Industrial Court; 2007 - 2012:



Source: Industrial Court

REVIEW OF STATUTORY MINIMUM WAGES

The Government has been reviewing the statutory minimum wages every year since 2009. In 2011, both the Agricultural and General Wages were increased by 12.5 percent with effect from 1st May 2011. With effect from 1st May 2012 both the Agricultural and General Wages were increased by 13.1 percent. The Agricultural Order and the General Order were published on 2nd July 2012 through Kenya Gazette Supplement No. 68 under Legal Notice No. 70 and 71 respectively.

The Regulation of Wages (Agricultural Industry) (Amendment) Wages Order, 2012

The lowest wage in agricultural sector for unskilled labour is now Kshs. 4,258 while the highest is Kshs. 6,239 for Lorry and car driver.

The Regulation of Wages (General) (Amendment) Wages Order, 2012

The lowest wage under the general order is Kshs. 8,579.80 for cities, Kshs. 6,999 for municipalities and Kshs. 4,047 for all other areas while the highest is Kshs. 19,360.50 for cashier, driver of heavy commercial vehicle and salesman driver. The average minimum wage increase has substantively been higher than the annual inflation and gross domestic product as indicated below:

Table 2: Comparison of minimum wage increase and annual inflation (2009-2012)

YEAR	MINIMUM WAGES INCREASE	ANNUAL INFLATION	GDP GROWTH
2009	18%	9.01%	2.7%
2010	10%	3.79%	5.8%
2011	12.5%	13.98%	4.4%
2012	13.1%	9.64%	4.6%
AVERAGE INCREASE	13.4%	9.1%	4.37%

The Labour Institutions (Building and Construction Industry) (Wages Order, 2012)

Government issued Gazette Supplement No. 20 of 2013 effective from 3rd Jan 2013 giving new terms and conditions of service in the Building and Construction sector.

COTU Education and Training Levy 2012

The Minister for Labour gazetted Legal Notice No. 16739 dated 1st Nov 2012 effective 1st Dec 2012 by virtue of which every employee who is a member of a trade union is deducted Kshs. 20 per month and the same remitted to COTU as education and training levy together with COTU dues.

REGISTRATION OF NEW TRADE UNIONS

A number of new Trade Unions were registered in 2012. These included; Kenya Private Universities Non-Teaching Workers Union (KPUNTWU), Kenya Rift Valley Railway Workers Union was also registered despite objections from (the parent Union) Kenya Railway Workers Union

DIRECTORATE OF OCCUPATIONAL SAFETY AND HEALTH SERVICES

The Directorate of Occupational Safety and Health Services (DOSHS) is a department of the Ministry of Labour responsible for implementation and enforcement of Occupational Safety and Health Act, 2007 and Work Injury Benefits Act, 2007. Its mandate is to promote safety and health of workers and to ensure prompt compensation to employees injured in the course of work. The directorate is also involved in training of employees on safety programs, acting on reported accidents, examination of workers, hazardous industrial equipment and registration of workplaces.

The Federation made concerted efforts to mount joint training programmes with the directorate to increase employer awareness and capacity to managing health and safety at the workplace. The training was in the areas of setting up health and safety committees and safety audits.

NATIONAL HOSPITAL INSURANCE FUND (NHIF)

The Government unilaterally increased the NHIF rates in 2012. The Federation raised concerns about the following issues:

- The capacity of NHIF to manage the enhanced Medical Insurance Scheme;
- Sustainability of providing both out-patient and in-patient services and assurance on quality of the services provided;
- An agreed formula for reviewing the enhanced membership contributions;
- The impact of such a Scheme on health Schemes currently run by employers for their workers
- Following the expiry of the term of the Caretaker Board, a new Board was yet to be fully in place to provide oversight to the Fund and make Policy decisions.

The year ended without clear way forward on the issue.

Research and Advocacy

Through the Research and Advocacy Department the Federation delivers its mandate of promoting an enabling business environment and sound industrial relations. The Federation achieves this through effective representation, advocacy and provision of value added services that strengthens the ability of employers to attain competitiveness. The division collects and analyses information on social and economic indicators for policy, advocacy and bargaining as well as creation of an enabling business environment in general.

Key activities for this department include: conducting research and preparing reports on selected economic and labour related issues; reviewing and analyzing government policies as they affect enterprises; analyzing and disseminating information on labour market, economic indicators and business environment to members and other relevant bodies and representing employers' views on economic and labour issues in various fora. These activities are realised through undertaking continuous research and policy analysis in areas related to minimum wages, skills development, labour and employment, industrial relations, labour laws, fiscal and monetary policy, productivity, social security and consumer price indices.

In addition, the department also undertakes various surveys on areas such as employee satisfaction, work environment, customer satisfaction as well as corruption prevention and eradication.

The Employers' Manifesto

Employers acknowledge that the country's leadership is important for creating an appropriate climate for enterprise growth. For this reason, employers have a role to ensure that the country's leadership remains stable and that the transition from a centralised system of governance to a devolved system does not destabilize enterprise growth. Against this background, the Federation remained proactive in 2012 in its advocacy efforts to influence the political agenda in the country prior to the 2013 elections. In so doing, the Federation prepared and disseminated the Employers Manifesto that called on the next government to prioritise improving the business climate to attract adequate investment for growth and job creation. The Employers manifesto notes the following concerns:

- Africa's underdeveloped economies are largely a result of poor leadership and inappropriate policies;
- Voter education in Kenya is very low, resulting not only to low turnout and participation in the election processes, but also high influence on the electorate by the political class;
- Past poor handling of election processes resulted in destruction of both public and private property. This

brought about huge losses to the investors, loss of employment opportunities and low investor confidence;

- Previously utilised manual system of voting and vote counting was open to malpractices;
- Uncontrolled expenditures by the political class during campaigns resulted in high inflation, distorting prices in both the labour and commodities markets; and
- Past elections have caused real and perceived political insecurity and fear of change of public policies, resulting in low levels of investment and economic growth.

To overcome these challenges that constrained the country from realising its full potential the employers manifesto recommended for:

- Comprehensive civic education on the right to vote, how to vote and the consequences of bad leadership on the country's development.
- Election of visionary leaders both to the national and devolved governments for the country to fully realise the benefits of a devolved government system. The Manifesto notes that the ability of individual counties to attract investment will determine how fast a county develops and creates new jobs opportunities.
- Use of electronic voter registration and voting system to guarantee the electorate free and fair elections. This called for synchronisation of the election process to ensure minimal wastage of public resources.
- Competitive selection and appointment of Cabinet and Principal Secretaries with the technical expertise and competencies needed to oversee effective running of public institutions;
- Optimal merging of Ministries for effective service delivery.
- Competitive determination of salaries to Constitutional office holders.
- Strengthening of the institutional capacities of the Ministry of Labour and the Judiciary.
- Pursuance of low and stable levels of inflation, sustainable levels of public sector debts, a stable exchange rate and low interest rate regimes.
- Establishment of credible institutions of good governance by both the central and country governments to guarantee optimal utilisation of resources.
- Infrastructural development especially in the counties to ensure that enterprises are interconnected through a network of roads, railways, ports, airports, water ways, and telecommunications.
- Strengthening of the education system to meet the ever changing labour requirements of industry.
- Widening of the tax base and reduction of the tax level to

reduce the cost of doing business.

- Continuous utilisation of the workplaces as a platform for peace building.

In disseminating the Manifesto, the Federation organized regional forums in Mombasa, Kisumu and Nakuru. The forums were attended by aspirants for positions of Governors, Senator, Member of Parliament, Women Representative, and Ward Representative. Whilst Employers are committed to playing their role of wealth and employment creation, they expect that the next government will remain committed to comprehensive implementation of Vision 2030 and that the employers will continue to play a crucial role in the planning and implementation of policies and strategies. Good leadership, sound industrial relations, macroeconomic stability, effective human resource, and infrastructure development are crucial to enterprise sustainability, growth and in totality the country's overall development.

Post Budget Analysis

The Budget for FY2012/13 focused on devolution for deepening economic and social prosperity. The Budget amounted to Kshs.1.459 trillion made up of: Kshs. 870.5 billion (Ordinary

Revenues); Kshs. 86.1 billion (other Ordinary Revenues); Kshs.56.2 billion (External grants); Ksh.169.3 (External loans); and Kshs. 277.8 billion (Domestic borrowing) to be expended as follows: Recurrent Expenditure 1,003.2 billion; Development 451.7 billion and Contingence fund 5 billion. The 2012/13 budget focused on strengthening the financial systems by implementing further legislative and institutional reforms, scaling up infrastructure investments as building blocks for achieving sustainable growth and making growth and development more inclusive and equitable across counties by investing in people.

The sectors that received the highest allocation in the 2012/13 budget were energy, infrastructure and ICT with 24 percent allocation, education with 21 percent and public administration and international relations 13 percent. Though the budget for the health sector was increased to 8%, this fell far below the Abuja declaration of 15 percent. Contrary to the government policies on food security and environmental protection these two sectors were allocated a paltry 5 percent each. The details for the other medium-term expenditure are as detailed in the table below.

Table 3: Total Expenditure Estimates by Sector ('000)

MTEF Sector		2011/12	2012/13	Change
		Revised	Estimate	%
S01	Agriculture and Rural Development	52,955	53,257	5
S02	Energy, Infrastructure & ICT	219,002	267,293	24
S03	General Economic, Commercial and Labour Affairs	19,469	21,827	2
S04	Health	72,751	85,029	8
S05	Education	213,877	232,362	21
S06	Governance, Justice, Law and Order	106,133	132,431	12
S07	Public Administration & International Relations	110,531	138,979	13
S08	National security	78,560	83,454	8
S09	Social Protection Culture and Recreation	38,091	38,023	3
S10	Environmental Protection, Water and Housing	47,707	55,206	5
	Total	959,076	1,107,861	100

Source: FKE Research and Advocacy Department

The Federation observed that the 2012/2013 budget was too ambitious taking into account the low absorption capacity of the government especially on the Development budget, KRA ability to realise revenue targets, the slow projected economic growth of 5.2 percent for the year 2012 and the fact that elections were to be conducted during the financial year 2012/13. Nonetheless, the Federation applauded the Government for continued increase in allocation of resources to physical infrastructure as a crucial initiative to reduce the costs of doing business and attract investments.

Online access to information on Minimum Wages and the Labour Laws

During the year 2012, the Federation with financing from the Wage indicator Foundation conducted online and offline surveys on wages in the country across all sectors. The Federation also provided basic information on FAQs on minimum wages, labour laws and career. This information can be accessed through the following two websites maintained by the Federation: www.africapay.org or www.mywage.org. Similar information is also available for 76 countries across the world.

On minimum wages, the salary survey instrument is available in English and Swahili. The goal of the online salary survey is to avail information to employers and workers that can be used to benchmark salaries. All workers are encouraged to fill the online salary survey. Employers and workers can do a salary check through any of the provided links. This serves two purposes: help workers compare their salaries with their colleagues within a sector and across sectors, and also analyse the differences between the salaries paid to either gender.

The labour laws section provides basic information based on the Kenyan labour laws on: Leave, child labour, contracts, health and safety, HIV and AIDS at the workplace, public holidays, pension, redundancy, and sexual harassment, among others. On career, information on what employers expect from those seeking for jobs is provided. These include dressing for interviews and useful tips during interviews-what to do and what to avoid during interviews.

Projects and Capacity Building

2012 started with a transition period in the projects department at FKE with the arrival of a new projects coordinator. The transition was however smooth and efficient and the projects department continued in its strides to implement several activities that provided support to business sustainability, as well as the enhancement of the department's capacity to deliver services to members.

The Department which has been in the forefront in addressing the social issues facing employers as well as promoting social dialogue amongst FKE members had an eventful year where it engaged in several projects that enabled it to meet FKE's mandate as a partner to members in employee wellness and community relations.

Supporting National Action Plan-Child Labour (SNAP)

FKE Child Labour Project again partnered with International Labour Organization (ILO) in fighting child labour in Kenya. The project focuses on protection of older children and young workers who are engaged in some form of work. The project seeks to enlighten young workers and business owners on

addressing safety and health concerns at workplaces in an effort to achieve decent work and enhance youth employment in near future. The programme titled 'Enhancing the role of Employers through promotion of safe work for youth in the Elimination of Child Labour and Support to National Action Plan' is being implemented in Busia, Kitui and Kilifi as from June 2012 and will end on August 2013.

The project partners include: Employers and Trade Unions; Informal Sector members Associations and Business Owners in the sector; Local Authorities; Ministry Of Labour and Human Resources Development (Department Of Safety and Health); Ministry Of Youth And Sports; selected tertiary institutions and village polytechnics in targeted areas; outgrowers in plantations along Kilifi and Busia among others.

Training

The project carried out sensitization trainings on child labour and its elimination among partners and target groups in Kilifi and Busia counties and reached out to the groups indicated in the table below:

Table4: Trainings on Child Labour 2012

	Government	Employers	Workers	Others	TOTAL
Male	4	6	2	29	41
Female	0	6	1	14	21
TOTAL	4	12	3	43	62

Source: FKE Projects Department

Pre-assessment survey

A pre-assessment survey was successfully conducted between 12th and 23rd November 2012 among the project's target audience to reveal the levels of awareness on safety and health concerns, its observance and implementation. The Federation examined selected formal and informal workplaces, interviewed stakeholders on safety and health concerns, sought knowledge on Occupational Safety and Health (OSH) legislations and its application among strategic partners. The same target groups were also asked to provide some information on their engagements in fighting child labour the support they offer in eliminating child labour in this country.

Safe work guides

The project also initiated a process to engage OSH experts within FKE database to domesticate and simplify an ILO developed SafeWork Manual to fit the Kenyan situation so that target beneficiaries could utilize it as a guiding tool. Major stakeholders such as the Ministry of Youth were also consulted

with a view to include topics on health and safety topics in Tertiary and Youth Polytechnic curricula.

Supporting compliance

The project partnered with the Local Authorities in the operation areas of Kitui, Kilifi and Busia to support in surveillance and inspection on compliance with Safety and Health Standards at workplaces, among business establishments and others.

Out of the pre-assessment, a gap on observance on safety and health in workplaces and learning institutions which the project will further embark on. It's expected that after the sensitization trainings, the groups will reach out to other partners and people they interact with on daily basis.

Tackling Child Labour through Education (TACKLE)

'Adopt-a-school' has proven to be one of FKE's successful strategies within the ILO's TACKLE project to facilitate

AIG Kenya

In 2012, FKE and a few of its members expressed interest in supporting schools across the regions. However, worth mentioning is AIG Kenya formally known as Chartis Insurance Kenya. This member successfully participated in 'Adopt-a-school' initiative through construction of two fully furnished classrooms for Miwani secondary school in Machakos County.

The collaborations and engagement talks between FKE, AIG Kenya and the Secondary school management and the community took place between June and August 2012 which led the commitment from AIG to support Miwani Secondary in Machakos County by constructing the two classrooms at cost of Kshs 1.5 Million. Ground breaking was done on 30th August 2012 and was graced by Managing Director AIG Kenya Mr. Japh Olende as the chief guest.

The finished and furnished classrooms were officially handed over to the school on 29th November 2012 during a ceremony attended by the community members, the church/ sponsor, students, Ministry of Education officials, county representatives, provincial administration, AIG Kenya senior staff members and FKE. Mr. Olende pledged to continue supporting the school to make it a centre of excellence in



AIG Kenya Managing Director Japh Olende unveils the plaque during the official handing over the 'Adopt a school' classrooms to Miwani Secondary school in Machakos County on 29th November 2013.

Machakos County. The two classrooms will accommodate 80 students in the school and this will enable more students from the community to access secondary education. Discussions are underway with more members to join and become part of the Adopt a school initiative.

concrete involvement of business in tackling child labour. Since June 2011 the principal idea behind 'Adopt-a-school' has been to involve the private sector to support education programmes and hence improved access of education, equity, and improved transition rates from primary to secondary schools.

Key support areas

The 'Adopt-a-school' initiative is still under progress in targeting the elimination of child labour through education through partnerships with businesses within the auspices of Corporate Social Responsibility (CSR). This initiative calls upon organizations to support schools with infrastructure development, school feeding, income generating activities, bursary schemes and uniforms.

HIV and AIDS

Today, workplace faces great challenges brought about by HIV and AIDS which has far reaching negative effects on workforce in Kenya. Thus lack of information on HIV and AIDS leads to a negative effect on economic and social progress. According to the Economic Survey, a majority of Kenya's active and productive workforce is aged between 18 to 49 years which is the age bracket most vulnerable to the scourge.

FKE project therefore focussed on redefining the HIV and AIDS Strategy for Greater Intervention Impact aimed at supporting and strengthening the sustainability of HIV workplace programs within the private formal and informal

sectors. Project funding for the initiatives came from UNDP, ILO, and GIZ while NACC was an implementing partner.

The FKE HIV and Wellness Resource Pack for Private Sector

The purpose of the Resource Pack is to support private sector players to design and effectively implement sustainable HIV programmes.

The Objectives of the Resource Pack are twofold:

- To scale up Workplace HIV Interventions by integrating HIV and Wellness Programme as well as Promoting dynamic HIV related partnerships and outreach.
- To increase Business Sector HIV Response with the aim of reducing new infections, reducing HIV related deaths and eradicating all forms of Stigma and Discrimination.

The FKE HIV and Wellness Resource Pack for the private sector is a comprehensive guide on the implementation of HIV workplace programmes. In addition to integrating other health issues at the workplace, the resource pack will benefit employers such as SMEs, Large businesses, HIV Programme Coordinators, Owners of business enterprises, Business HIV Programme Support Agencies and Facilitators.

HIV Workplace Sensitization and Peer Education Trainings

The projects department managed to carry out HIV Workplace

Sensitization and Peer Education Trainings for a wide range of FKE members. A total number of 560 staff members from different companies were reached. In addition the project distributed over 1000 ILO Recommendation 200, supplied over 2000 condoms and 6 Condom dispensers upon request to FKE members across the regions.

Informal Sector Programme on HIV and AIDS at the Workplace

FKE in collaboration with NACC supported the private informal sector members on HIV sensitisation and peer education. This initiative was highly praised and appreciated by the informal sector players as there is a great need for HIV interventions in the sector.

The project department developed and led the informal sector into a 'Leaders Testing and Information Forum' which was held at the KICC. The forum attracted over 300 informal sector leaders from public transport (matatus and boda bodas), youth groups, children organizations, jua kali artisans, farmers, fishermen and hawkers. Among the leaders who honored the invitation to attend the event was the Chairman of Matatu Owners Association (MOA) Mr. Simon Kimutai who led the informal sector members in HIV testing to know their HIV status.

Generally the objectives of the initiative were:

- a) To enable the informal sector workers to know their HIV status
- b) To scale-up the uptake of HIV and AIDS treatment, care and support
- c) To create a referral and linkage systems for HIV and AIDS services
- d) To invest in strategic information to guide a more effective response
- e) To advocate for HIV testing within the informal sector

Despite the decline in donor funding which also impacted on FKE HIV project, the Federation still maintained its leading role within the private sector on implementation of HIV and AIDS prevention programmes.

2012 World AIDS day Celebrations

Kenya joined the rest of the world in observing the World AIDS Day under the theme 'Getting to Zero: Zero HIV Infections; Zero Discrimination and Zero AIDS Related Deaths'. The events to mark the day were held in the 47 Counties across Kenya with National celebrations taking place at Afraha Stadium in Nakuru. FKE members supported by the Federation joined hands countrywide to celebrate the World AIDS day in different grounds notably in Mombasa, Nakuru and Eldoret.

The focus of FKE during the celebration was to bring together members of the Clustered HIV Enterprise Partnership (CHEP) Networks to:

- a) Showcase Employers' commitment in fighting HIV,
- b) Identify gaps that must be tackled for eventual victory against HIV and AIDS epidemic,
- c) Create networking linkages with other organizations fighting HIV.

FKE/CHEP members who participated in the World event in Rift Valley region were: Rift Valley Bottlers Ltd., ELDOWAS, Kenya Pipeline, Raiply Wood (K) Ltd, Fantex, Rift Valley Technical Training Institute, Eldoret Polytechnic, Pyramid Packaging, KenKnit and Laminate Tubes. In the Coast region, FKE/CHEP who participated were: Mombasa Sports Club, Spedag Interfreight, Bomu Hospital, Kamyn Industries, Raffia Bags E.A Ltd., Diamond Trust Bank, Abson Motors Ltd., Kenya Revenue Authority (KRA), Mombasa Technical Training Institute, Mbaraki Ports Warehouse, International Center For Reproductive Health (ICRH), and Kenya Ports Authority (KPA) among others. FKE Members gave their contributions in form of T-shirts, cash, vehicles for transport in different regions in order to make the World day celebration a success.

Sectoral HIV and AIDS Monitoring and Evaluation Tool

In the year under review, the projects department and National Aids Control Council (NACC) conducted four Monitoring and Evaluation training workshops in Mombasa, Nairobi, Kisumu and Nakuru. These trainings were aimed at sensitizing members to adopt and utilize the Monitoring and Evaluation Reporting Tool as required by NACC for Private Sector Stakeholders. A total of 150 participants from private sector companies and informal sector were trained on how to carry out HIV Workplace programmes and reporting through the NACC reporting tool.

HIV Peer Education Training and Mobile HIV Testing and Counseling (HTC) Camp for the Deaf Working Community

FKE with financial support from Deutsche Gesellschaft fuer Internationale Zusammenarbeit (GIZ) has been conducting HTC training for hearing impaired persons. This initiative which started in 2011 with a sensitisation workshop on HIV for the deaf society continued in 2012 with a three day peer education training and mobile HTC camp for the deaf working community in Mumias. A total of 25 participants attended the three day training where sixteen of them were counseled and seven participants underwent HIV testing.

SUSBIZ Kenya

SUSBIZ Kenya is a 2-year programme (2011-2013) that facilitates collaboration on sustainable business development

between a limited number of Danish companies and their Kenyan business partners. The Danish-Kenyan partnerships collaborate on implementing sustainable business practices in the Kenyan companies. The programme aims to link strategic Corporate Social Responsibility (CSR) with business development. In addition, the programme demonstrates the link between improved social and environmental conditions and business performance.

The programme focused on established Danish-Kenyan business collaboration that allows for a win-win situation. FKE engaged its members to benefit from internationally recognized CSR standards positively affecting their organization's production, productivity, attrition rates, cost savings and new market opportunities among others.

This focused on a parallel participation from interested companies which may or not have international partners from Denmark to facilitate CSR services and training of members in 2012. It has been done through the 'Global Compact, Strategic CSR and Improved Business Performance' programme run by FKE in collaboration with the SUSBIZ Kenya Programme.

ILO Start Improve Your Business Training-of-Trainers (SIYB)

In collaboration with International Labour Organization (ILO), FKE organized a Start Improve Your Business Training of Trainers for Labour Movement tripartite. A total of 21 participants benefited from the TOT programme. All the participants were from the three actors in the Labour issues, namely Employers Body, Trade Unions and Government (Ministry of Labour) and were drawn from Kenya and Uganda. It also included other actors affiliated to FKE.

This program is under the ILO's Business Development Services (BDS) which seeks to address the needs of young entrepreneurs in the East Africa region. The ILO Youth facility programme's objective for the training was to work closely with trainers from Employer Organizations, Workers Organizations and the Ministries of Labour in Kenya, Tanzania and Uganda in providing the much needed entrepreneurship skills to the youth through business management training, business counseling, mentoring and other forms of business development services.

Training

The Federation of Kenya Employers is committed to creating good relations between employers, employees and unions, thereby enhancing the country's industrial peace and to ensure that our members are well empowered to enhance their capacity to constantly be in compliance with relevant labour legislations.

This work is an important element in fulfilling FKE's strategic objectives of developing a globally competitive workforce as well as developing and delivering customer driven service portfolio that enhances employers' competitiveness. The training department supports these objectives through professionally empowering members with requisite knowledge and skills to enhance their productivity.

The department ensures that members benefit from training programmes are well researched, developed and offered in order to ensure that they suit the needs and training objectives of the members.

In 2012, the department co-ordinated and manage a wide array of open and in-house/in-company training programs in Industrial Relations, Management, Occupational Safety and Health (OSH) and Productivity. In 2012, we trained a total of 1,633 staff as summarised in the table below.

Table 5: Total number of participants trained in 2012.

	Training	Open	In-house	Total
1.	Legal/Industrial Relations	280	559	839
2.	Management Training	53	435	488
3.	OSH	154	152	306
	TOTAL	487	1,146	1,633

Source: FKE Training Department

Legal and Industrial Relations Training

Training in legal and industrial relations sought to empower participants with insights and knowledge to effectively handle industrial relations issues and the legal aspects of labour. The key areas for which specific trainings were conducted in 2012 were: New Labour Laws; Effective Industrial Relations; Discipline Management; Managing Employment Contracts; Negotiations Skills and the Implications of the New Constitution on Industrial Relations.

Management Training

Management training aimed to impart management skills and techniques for better achievement of organisational goals. In

2012, trainings were conducted in the areas of Performance Management; Management/Supervisory Skills Development; Customer Care; Strategic Customer Relationship; Pre-retirement Planning; Training of Trainers and Creating Effective Work Teams.

Occupational Safety and Health (OSH) Training

The objective of OSH training at FKE is to inform and equip participants with vital skill for good occupational safety and Health Practice and management in the business sector and to ensure compliance to the Occupational Safety and Health Act No. 15 of 2007. In 2012, the training department offered and conducted open and in-house trainings in the following areas: OSH Committee Training; OSH Step-by Step; Employee Wellness and Sexual Harassment.

Key Achievements

The following presents a summary of the key achievements of the training department for the year ended 31st December 2012. The department has already put in place necessary mechanism to ensure that it builds on these achievements as it looks into the future so as to ensure that FKE members achieve full value and are properly empowered to meet the challenges of their times.

Participants

In 2012, the number of participants trained stood at 1,633, representing 11 percent increase compared to the 1,474 that were trained in 2011.

Pre-retirement Planning

Due to an increased number of organisations undertaking redundancy or early retirement exercises, there was an increased uptake of this training compared to any of the recent years. In 2012, we trained a total of 258 staff who were exiting employment, mainly from Parastatals. This trend is likely to continue in subsequent years.

Accreditation by Law Society of Kenya

FKE applied and was approved as an accredited training provider by the Law Society of Kenya (LSK). This means that members of LSK who attend our legal/industrial relations trainings will earn professional points under the LSK's Continuous Legal Education (CLE).

Consulting

The consulting unit at FKE exists to provide long term solutions to the problems that employers face in terms of handling and managing workplace issues such as policies, systems and structures. The unit's mandate is therefore to support employers by providing management solutions to enhance their business competitiveness.

In 2012, the unit continued in its tradition of being in the forefront as a premier provider of expert advice and consultancy to members in order to help them to pro-actively diagnose and correctly address the variables that occur therein as a result of the ever changing workplace dynamics. Through organizational and structural reviews, institutional development, executive search and selection, policy development and review, the unit ensures that organizations place great emphasis on human resource being the most prized business capital and one that cannot be replicated.

Compliance to new labour laws

2012 saw many organizations still grappling to comply with the recently enacted labour laws with most investing more energy to ensure that they fully understood both the legal and the technical aspects of the changes that were occasioned by the enactment of these laws. The unit was therefore actively engaged with members by helping them to review their policies to respond to the changes in the labour environment.

Workplace surveys

The year under review also saw many organizations undertake various projects to assess their workplaces. Among the highly sought projects for which the unit was involved in were: employee satisfaction surveys; work environment surveys; customer satisfaction surveys; drug and substance abuse surveys and corruption perception surveys among others.

Executive Search and Selection

2012 presented an opportunity for some companies/ organizations to fill vacant and new posts. The unit was instrumental in supporting members to obtain strong curriculum vita from our dynamic databank. Members also utilized our expertise in executive search and selection to fill their top management posts.

Job Evaluations and Remuneration Reviews

2012 also saw an increased uptake of job analysis, evaluation, structural review and staff development planning services. This can be attributed to the establishment of the Salaries and Remunerations Commission (SRC) and its subsequent activities which required public organizations to conduct reviews. The unit was called upon by several institutions in both public and private sectors to offer proposals and eventually conduct job evaluations.

Productivity

Owing to the recent developments in the labour industry, several institutions undertook to internally review utilization of resources and how their efficiencies affected their bottom lines. In 2012, FKE continued to offer solutions to employers to increase and improve productivity at their workplaces using tried and tested tools. The unit was actively involved with some members in developing and implementing in-house productivity initiatives geared towards increasing productivity and creating value whose gains can be shared with employees.

Key Clients

We thank all our members for support, and recognize the following organizations that engaged with the unit and utilized our services in the year 2012: Catholic Relief Services (Kenya); Care Kenya; Kenindia Insurance; National Oil Corporation; Kenya Railway Corporation; Tusker Mattresses Ltd.; Institute of Policy Analysis and Research (IPAR); Ukulima Sacco; LAPTRUST; Sameer Africa and Kenya Union of Savings Credit Cooperatives (KUSCCO).

Branches

WESTERN KENYA

The Western Kenya Branch was the second Branch to be established after the Coast Branch, having been inaugurated in Kisumu on 23rd October 1979. The Branch started with a small membership drawn from the former Nyanza and Western Province. The representation was spread all the way to Nakuru and Eldoret towns in the Rift Valley until the formation of the Rift Valley Branch.

General Committee

The General Committee of the Western Kenya Branch during the year under review was under the able Chairmanship of Eng. David Onyango, Managing Director, Kisumu Water and Sewerage Company Ltd.; Vice Chairman Mr. Vinod Patel, Managing Director Skylark Ltd; and the Regional Manager Mr. John Muasya. Members of the General Committee were Mr. J. N. Brooks, Chairman, Homalime Company Ltd.; Mr. D. R. Raicha (Max) Director, Raicha Electro Services; Dr. M. Oloo, Managing Director St. Lukes Hospital Center; V. H. L. Opanga, Managing Director, Kisii Bottlers; Ruth Odinga, CEO Spectre International; Eng. Rosemary Odour, Kenya Power; Eng. P. Kabok, Managing Director, Lake Basin Development Authority and Mr. Paul Odola, Managing Director, Sony Sugar Company Ltd.

The Branch was very active in the year. The General Committee held 11 meetings during the year with two meetings being held at the member's premises. The meetings are held on every Wednesday of the third week of the month. In the year the region experienced nine wild-cat strikes compared to a total of nineteen strikes reported the previous year. This represented 90 percent decrease in the loss of man-hours in industry from 223,061 in the previous year to 21,070. It was noted that the strikes took a short time to resolve when they happened.

Agenda

The committee dealt with reports on Industrial relations and other regional matters affecting members. Infrastructure and road conditions in the region were a major concern to members. Poor roads were slowing down business in the region. However, the committee was proud to note that most of the major roads in Nyanza and Western which they had discussed with the Minister for Roads had been tarmacked. These roads were Katitu-Kendu Bay-Homa Bay, Homa Bay-Rongo Road, Homa Bay-Mbita road and many others that are still under construction.

Issues on the general agriculture were discussed as well; the sugar industry, power supply, water supply, security situation,

private sector investment and other social economic issues which affect members. Members also raised their concern on lack of skills in the country. It was noted that employers were forced to employ outsiders who possess specialized skills which could be trained locally.

RIFT VALLEY

The Rift Valley Branch covers areas in the geographical boundaries of the former Rift Valley province except Kajiado District. In 2012, the branch was led by the Regional Chairman the late Paul Matelong assisted by the Vice Chairman Dr. Thomas Serrem and the Regional Manager Mr. Robert Muthanga.

The Branch General Committee continued to hold its monthly meeting and discussed the state of industrial relations in the region, state of the economy and political developments, reports from the management board and other problems and issues affecting employers namely: State of infrastructure (roads, water and power supply); Security and HIV/AIDS campaign programmes among others matters affecting business performance in the region.

In 2012 the Branch experienced four strikes in the course of the year. A total number of 1,600 employees were involved resulting to 16,000 man-hours being lost compared to 10,850 man-hours lost in the previous year. The strikes mainly affected the agricultural sector. The strikes were wild cat as they were convened by shop stewards without the knowledge of their union leaders.

During the year under review our members referred to the Branch 32 collective agreements out of which 24 were successfully concluded and registered by the Industrial Court. Five new members were recruited for the Federation during the year under review bringing the total Branch membership to 254 in 2012 as compared to 251 in the previous year.

COAST

In 2012 FKE Coast branch continued to serve members drawn from the larger Coast region under guidance of the General Committee led by Regional Chairman Meshack Kipturgo and the Branch Regional Manager Moses Ombokh. Other members of the committee included Regional Vice Chairman Mr. Zulfikar Harunani, Mr. Abbas Nasser, Mr. Daniel Tanui, Mr. Hudson Kere, Mr. Robert Clarke, Mr. Issa Muslim, Mr. Ivan Fernandez, Mr. Panjan Baskar and Mr. Salim Chingabwi.

The committee dealt with issues on Industrial relations

and other regional matters affecting members such as infrastructure, garbage collection, congestion by hawkers and tuk-tuks especially in Mombasa CBD, supply of fresh drinking water, security and disaster preparedness.

On industrial relations scene, the region recorded nine strikes in 2012 over issues related to terms and conditions of employment.

During the year under review, 33 CBA's were negotiated at the branch office with a general wage increase ranging from 6 percent to 11 percent. The year also saw 22 members join the Federation while two resigned from the federation due

to financial difficulties that made them unable to pay annual subscription fees. This growth was an indication that the region has a high potential of growth to continue serving employers on industrial relations and legal, management and advocacy issues.

The branch also actively participated in 11 workshops during the year. The theme of these workshops centered on industrial relations and labor laws training, trainer of trainers, interactive sessions. These also aimed at enhancing the branch team's capacity and visibility at the region as a key player in the tripartite partnership.

Regional and Global Partnerships

Over the year 2012 FKE was involved in a number of international/regional forums and meetings aimed building the capacity of both the membership and the Secretariat as well as ensuring the presence of FKE is actively felt around the globe as the voice of Kenyan employers.

101ST SESSION OF THE INTERNATIONAL LABOUR CONFERENCE (ILC)

The 2012 International Labour Conference was the last for the current Director-General Juan Somavia. On 28 May 2012, elections were held to appoint a new Director-General who assumed office on 1 October 2012. It was therefore something of a transition Conference.

The Conference addressed three important political and social topics: Youth Employment, Social Protection; and Fundamental Principles and Rights at Work. The year's Agenda was both timely and relevant as it focused on objectives employers have been pursuing for many years and which guide their work. The Committee on the Application of Standards was stood out as the usual list of cases was not discussed due to the stand taken by Employers on the role of the Committee of Experts.

From the discussions, further steps were to be taken at the Governing Body to be held in November 2012, to reform the International Labour Conference (ILC). Following on from the reform of the Governing Body, examination was also needed of the ILC's content, working methods and length, in order to secure its relevance to Constituents and to the communities they serve.

Committee on the Application of Standards

The work of the Committee on the Application of Standards is usually divided into two main parts: a general discussion, based on the Annual Report and the General Survey published by the Committee of Experts on the Application of Conventions and Recommendations, and a discussion of some 25 individual country cases (generally cases of failure to comply with the ILO Conventions) as well as a Special Sitting concerning Myanmar (Convention No. 29).

However, in 2012, the Committee was unable to undertake a discussion of individual cases because workers and employers were unable to agree on a list.

The discussion focussed rather on the General Survey which this year dealt with the eight Fundamental Conventions, namely: Freedom of Association and Protection of the Right to Organize Convention 1948 (No. 87), the Right to Organise and Collective Bargaining Convention, 1949 (No. 98), the

Forced Labour Convention, 1930 (No. 29), the Abolition of Forced Labour Convention, 1957 (No. 105), the Minimum Age Convention, 1973 (No. 138), the Worst Forms of Child Labour Convention, 1999 (No. 182), the Equal Remuneration Convention, 1951 (No. 100), the Discrimination (Employment and Occupation) Convention, 1958 (No. 111).

There was a stalemate over 'right to strike' on this occasion as the Employers reiterated their concerns with reference to Convention No. 87 and its inappropriate interpretation developed over time by the Committee of Experts on the Application of Conventions and Recommendations (the Experts). Employers have long objected to the Experts interpreting International Labour Standards. The Experts, as per their 1926 mandate, are entitled to express a view on the application of standards by ILO Member States, but they have no judicial capacity, nor competence to give interpretations of the provisions of a Convention or to decide in favour of one interpretation rather than of another. The objection was heightened by the fact that, in the 2012 General Survey, the Experts expressed their views with regard to the interpretation of Convention No. 87, according which its provisions embrace a 'right to strike'. This interpretation gave the Experts the opportunity to elaborate specific rules on the modalities of the exercise of a right to strike.

After objecting to this interpretation on many occasions in the past, and given the importance of this year's General Survey, the Employers were not able to agree on a list of individual cases that included violations of the 'right to strike'. The Employers instead highlighted that this issue needed to be officially clarified, as did the Experts' mandate and the sole competence of the tripartite International Labour Conference to adopt International Labour Standards.

The issue was therefore referred to the ILO Director-General and the Governing Body to be dealt with as a matter of urgency and to be followed up through informal tripartite consultations.

Elaboration of an Autonomous Recommendation of the Social Protection Floor (Single Discussion)

To deliver on the conclusions of the recurrent discussion of social protection (social security) adopted by the International Labour Conference (2011) at its 100th Session, an autonomous Recommendation complementing the existing standards was elaborated from the draft texts in the Report IV(2B): Social protection floors for social justice and a fair globalization which was presented to the Conference.

The Recommendation provided guidance to member States to put in place four basic elements of social protection floors, comprising:

- Access to essential healthcare
- Basic security for children
- Basic income security for persons working age who are unable to earn sufficient income and,
- Basic income security for persons in old age

It specified that social security systems should be based on certain principles, the main one being that its scope, funding, resources, and extension strategies should be defined at national level. Employer organizations should participate in the development, monitoring and evaluation processes.

The Youth Employment Crisis (General Discussion)

This was a very timely matter for the ILC to consider and took place in the context of:

- Significant and protracted youth unemployment in many countries
- Young people being three times more likely to be unemployed than adults globally.
- Over 75 million young people worldwide looking for work.

The 2012 conclusions reiterated the approaches agreed in 2005 and recommended new and updated initiatives to governments and social partners across the following areas:

- Employment and economic policies
- Employability, education, training, skills and the school-to-work transition.
- Labour market policies.
- Youth entrepreneurship and self employment
- Rights for young people.

For employers, positive elements of these 2012 conclusions included:

- Greater emphasis on specific policy options for governments and social partners at the national level.
- Recognition of the importance of an enabling environment for investment and job creation.
- Clear acceptance of the role of youth entrepreneurship in reversing youth unemployment.
- Specific proposals to improve employability and reduce skills mismatches
- Focus on the particular risks of informal employment.
- Recognition of the importance of dialogue with employers for sound policy and implementation, and support for integrated, strategic approaches at the national level.
- A renewed emphasis on improving, monitoring, evaluation and reporting, and using this for ongoing policy dialogue and continuous improvement.
- Recognition of the role employers' and workers' organizations can play in supporting youth employment.

In other areas, the outcome was more disappointing, including a mixed, but ultimately negative, approach to non-traditional and flexible forms of employment (including temporary, part time, casual or agency work) and their contribution to youth employment; an undue emphasis on rights for young people fortunate enough to already have a job, on comparative levels of pay and benefits; an unwillingness to accept the limited role and competence of the ILO across the range of macroeconomic policies needed to deliver a return to economic growth; an undue emphasis on public sector programmes and investments, at the expense of a proper focus on the private sector as an engine of job creation and an unduly complicated approach to youth entrepreneurship, in which too much attention is paid to cooperatives, social entrepreneurship and public sector work.

Recurrent Discussion on the Strategic Objective Of Fundamental Principles and Rights at Work

For the first time, this recurrent item discussion combined the follow-up to the 1998 ILO Declaration on Fundamental Principles and Rights at Work and the 2008 ILO Declaration on Social Justice for a Fair Globalization.

The framework for Action has five parts;

First, the pace of universal realisation of the fundamental principles and rights should accelerate through ILO awareness-raising campaigns, development of user-friendly information, and technical cooperation at the national level. Ratification without implementation is not an end in itself.

Second, the principles and rights should be accessible to all with particular attention to workers in the informal economy. The conclusions ask the Office to undertake research, support national studies and organize experts' meetings on the fundamental principles and rights in the informal economy and, separately, on the positive and negative impacts of non-standard work.

Third, taking fully into account the views of employer and worker organizations, the existence of effective and independent enforcement mechanisms, including an independent judiciary, national courts, labour inspectorates and administrative processes and procedures are essential pre-conditions to full implementation of the fundamental principles and rights at the national level.

Fourth, ILO action should be coordinated and coherent. Adequate resources should be allocated to promote all four categories of fundamental principles and rights at work. Particularly important to the Employers' Group is that the ILO carry out an in-depth and detailed evaluation of ILO action for all fundamental principles and rights at work to be completed by the end of 2015 in keeping with the expectations of the 2008 Declaration.

The fifth section in the Framework for Action recognizes that the fundamental principles and rights at work are being increasingly integrated into a wide-range of initiatives outside the ILO. The conclusions stress that the ILO should assert its unique and specialised role as the organization that is competent to set and deal with international labour standards and that the ILO should encourage policy coherence, international coordination and collaboration across the multilateral system with particular focus on human rights, development assistance frameworks and in economic, financial and development agendas. In the context of trade, the ILO is encouraged to strengthen its analytical and research work and, upon request, provide assistance to Members who wish to promote strategic objectives jointly within the framework of bilateral or multilateral agreements, subject to their compatibility with the 1998 and 2008 Declarations.

ILO GOVERNING BODY MAY – JUNE 2012

314th Session

Election of a new ILO Director-General

On Monday, 28 May 2012, the ILO Governing Body elected Mr. Guy Ryder (United Kingdom) as the tenth Director-General of the International Labour Organization. Mr. Ryder took Office on 1st October 2012 for a period of five years.

315th Session

Election of the Officers of the ILO Governing Body for 2012 – 2013

The Governing Body elected Mr. Gilles de Robien (France) as Chairperson of the ILO Governing Body and re-elected Messrs Daniel Funes de Rioja (Argentina) and Luc Cortebeeck (Belgium) as Employer and Worker Vice-Chairperson respectively.

Training of Employers' Organizations on the Enabling Environment for Sustainable Enterprises (ESEE) Toolkit – Johannesburg, 1 – 3 October, 2012

The ILO Office in Pretoria together with the ILO – Bureau for Employers Activities (ACT/EMP) and the Regional Office for Africa organized a Regional Workshop for top level representatives of Employers' Organizations in English speaking Africa on "Training employers organizations on the ACT/EMP ESEE TOOLKIT to enhance capacity to influence policies towards sustainable enterprises".

The toolkit which was developed by ACTEMP in collaboration with EMP/SEE is a resource for Employers' Organizations wishing to assess the environment in which businesses is done. It has been designed to guide and support Employers' Organizations in their efforts to better understand the ESEE and to enhance their contribution to government reform efforts through advocacy and dialogue. The Toolkit is premised on the conclusions of the 2007 International Labour Conference (ILC) discussions on the promotion of sustainable

enterprise which concluded that sustainable enterprise is a principal source of growth, wealth creation, employment and decent work.

The toolkit will help Employer Organizations identify constraints in the development of sustainable enterprises and formulate advocacy and proposals for reform that can be used to make dialogue with government and other stakeholders more effective.

316th Session of the ILO Governing Body 1- 16 November, 2012

This was the first Governing Body (GB) Session held under the leadership of the new Director General of the ILO, Mr. Guy Ryder. This period of transition as expected included further restructuring and re-organization of reporting and responsibilities and a review of the Programme and Budget for 2014/2015.

The Director General indicated that he is working on an office wide reform plan around the following themes: Technical excellence and quality policy advice; Efficiency, transparency and fairness; Quality Service Delivery; Increased influence in the multilateral system and Improved internal communication

Other key Agenda items included Strategies to follow-up on the 2012 International Labour Conference conclusions; How ILO should approach Global discussion on what should replace the Millennium Development Goals (MDG's) and Discussions on Labour Migration, the employment of persons with disability and green jobs.

INTERNATIONAL ORGANIZATION OF EMPLOYERS (IOE)

The IOE President Dato Azman Shah announced to the IOE General Council (AGM) held on 31st May 2012, the appointment of Mr. Brent Wilton as the new Secretary-General of the IOE. Brent succeeded Mr. Antonio Penalosa who retired after 13 years at the helm of IOE. The General Council heard tributes from member federations and colleagues around the world for the accomplishments of Mr. Penalosa on behalf of the global business community.

Brent joined the Secretariat in 1999 as a Senior Adviser, bringing with him experience of representing employers' interests at the Employers' and Manufacturers' Association (EMA) Northern New Zealand. He had previously practised law in the private sector had served as the Deputy Secretary-General of the IOE since 2003.

IOE Management Board (9th-10th November, 2012)

The IOE Management Board met on 9th & 10th November 2012 and the Agenda items considered were Reports of the President, Executive Vice-President and Secretary General

and Financial & Budgetary matters (Report of the Finance Committee, Operating Budget for 2013, Report of the Working Group on the IOE subscription scale and additional income generation).

Other Administrative matters included 2012 work-plan review; 2013 work-plan and Membership matters where Somalia Employers Federation (SEF) was admitted as an Associate Member based on an official request presented to the IOE Secretary General.

THE CONFEDERATION OF NORWEGIAN ENTERPRISE (NHO)

A study visit to NHO in Oslo Norway (3rd -7th September 2012) funded by the NHO.

FKE has had a partnership arrangement with Confederation of Norwegian Enterprise (NHO) from Norway and Chinese Enterprise Confederation (CEC) from China through a project named China Africa. The project aims at inducting Chinese investors into Kenya's workplace, culture and also into the membership of FKE.

Due to the success of the first phase of the China Africa project in which the two main Chinese Associations, China Chamber and Kenya Overseas Chinese Association have started engaging FKE in workplace issues, NHO and FKE have been exploring ways of engaging in more activities through partnerships. It is for this reason that NHO sponsored a delegation of FKE on a study visit. "Female Future", a new programme to be introduced by FKE with NHO's assistance, has ranked high up in the areas of collaboration.

Objectives of the Study Tour:

- To discuss the framework of developing a new programme (Female Future) aimed at moving the career women from middle-level management position to the boardroom.
- To negotiate for the escalation of the partnership with NHO from activity based to programme based.
- To learn from NHO how they manage their Industrial Relations, Membership billing, recruitment and retention.
- To be brief of the reporting requirements by the Norwegian Agency for Development (NORAD).

From the visit, NHO agreed to look into the possibility of escalating the partnership to the programme level which will give the secretariat staff opportunities for capacity building and

infrastructure support. The Norwegian Business School also agreed to consider giving the programme accreditation for the Female Future Programme. NHO also agreed to sponsor training of trainers for Female Future programme beginning early 2013 and offer support for the programme coordinator as well as to offer learning opportunities on membership retention, billing and management of Industrial Relations.

EAST AFRICAN EMPLOYERS ASSOCIATION (EAEO)

Executive Committee Meeting (28th January, 2013)

A meeting of the Executive Committee was held on 28th January, 2013 in Kigali Rwanda which was attended by 5 Executive Directors of the Employer organizations from Kenya, Uganda, Tanzania, Rwanda and Zanzibar. Burundi was represented by a nominee of the CEO. The meeting considered the following issues.

- Logo: The meeting ratified the logo and the process of branding of the organisation approved.
- Subscription fees: It was agreed that the subscription fees to be paid will be USD 1250 per annum. The meeting approved payment of EAEO subscription to EABC of USD 1000 for 2012. The members will no longer be required to pay subscription to EABC.
- Secretary General's Forum: EAEO will participate in Regional Secretary Generals Forum which will be held in Kampala on 27th February 2013. The EAEO representative will present the position paper on work permits.
- Social Charter: Employers will formulate their own Charter to address priority issues in the region and to counter the one already prepared by Trade Unions.
- Survey on Work Permits. The Consultant presented the Final Draft to the Executive Committee and the report was approved. However the consultant was requested to prepare a Questionnaire to be circulated to selected companies engaged in cross border business to enrich the report.
- The Policy Paper on Harmonisation of Work Permits was approved and agreed that it should form the basis for advocacy at regional and national level. The final report will be printed and distributed to members.
- The Executive Committee agreed to pay a courtesy call on the EAC Secretary General when it next meets in April 2013.

REGIONAL & INTERNATIONAL MEETINGS ATTENDED IN 2012

EVENT	VENUE AND DATE	ATTENDEES
EAO STRATEGIC PLANNING SESSION	ARUSHA, TANZANIA - 12TH TO 13TH JANUARY 2012	J. MUGO SALIM MWAWAZA
ILO NETWORK MEETING TOT NEGOTIATION SKILLS EAST AFRICA	ARUSHA, TANZANIA - 14TH TO 15TH FEBRUARY, 2012	AUGUSTUS MUTHOKA SALIM MWAWAZA LINUS KARIUKI
ASSOCIATION OF TANZANIA EMPLOYERS, WAGE INDICATOR STAKEHOLDERS SEMINAR	DAR ES SALAAM, TANZANIA - 27TH TO 28TH FEBRUARY, 2012	NYABOKE OYUGI
LAW GROWTH NEXUS II PROJECT LAUNCH	LUSAKA, ZAMBIA 15TH MARCH 2012	LINUS KARIUKI
313TH SESSION OF THE INTERNATIONAL LABOUR ORGANIZATION GOVERNING BODY	GENEVA, SWITZERLAND - 13TH TO 31ST MARCH 2012	J. MUGO
EAST AFRICAN EMPLOYERS ORGANIZATION LAUNCH	ARUSHA, TANZANIA - 26TH TO 27TH APRIL 2012	NYABOKE OYUGI
SUSBIZ JOINT WORKSHOP	COPENHAGEN, DENMARK - 23RD TO 28TH APRIL 2012	EVELYN ATIENO
COMMITTEE ON FREEDOM OF ASSOCIATION	GENEVA, SWITZERLAND - 24TH TO 25TH MAY, 2012	J. MUGO
101ST INTERNATIONAL LABOUR CONFERENCE	GENEVA, SWITZERLAND 30TH MAY TO 14TH JUNE, 2012	J. MUGO
314TH SESSION OF THE INTERNATIONAL LABOUR ORGANIZATION GOVERNING BODY	GENEVA, SWITZERLAND - 15TH MAY, 2012	J. MUGO
	OSLO, NORWAY - 19TH TO 25TH MAY 2012	FRANCIS KODHIAMBO
EAST AFRICAN EMPLOYERS ORGANIZATION TECHNICAL COMMITTEE TO DESIGN LOGO AND TOR FOR A STUDY ON FREE MOVEMENT OF LABOUR UNDER THE EAST AFRICAN MARKET PROTOCOL	ARUSHA, TANZANIA - 16TH TO 17TH AUGUST, 2012	NYABOKE OYUGI
STUDY VISIT TO THE CONFEDERATION OF NORWEGIAN ENTREPRISE (NHO)	OSLO, NORWAY - 1ST TO 7TH SEPTEMBER, 2012	J. MUGO FRANCIS KODHIAMBO
EVALUATION CLINIC OF THE YOUTH EMPLOYMENT NETWORK ON YOUTH ENTREPRENEURSHIP IN EAST AFRICA	DAR ES SALAM, TANZANIA - 24TH TO 27TH SEPTEMBER, 2012	ISAAC KIEMA
REGIONAL WORKSHOP - EEO TOOLKIT TRAINING FOR EMPLOYERS ORGANIZATION	JOHANNESBURG, SOUTH AFRICA - 1ST TO 3RD OCTOBER, 2012	J. MUGO
315TH SESSION OF THE INTERNATIONAL ORGANIZATION GOVERNING BODY	GENEVA, SWITZERLAND - 31ST OCTOBER TO 16TH NOVEMBER, 2012	J. MUGO
REGIONAL WORKSHOP ON WOMEN IN BUSINESS MANAGEMENT	JOHANNESBURG, SOUTH AFRICA - 7TH TO 8TH NOVEMBER, 2012	NYABOKE OYUGI
HOW TO REINVENT ONESELF IN THE WORLD OF TOMORROW: THE NEW CHALLENGE FOR EMPLOYERS ORGANIZATION	PORT LOUIS, MAURITIUS - 26TH TO 28TH NOVEMBER, 2012	J. MUGO
STAKEHOLDERS WORKSHOP ON THE ROLE OF PRIVATE SECTOR IN CIVIL SOCIETY IN THE IMPLEMENTATION OF THE COMMON MARKET PROTOCOL	DAR ES SALAM, TANZANIA - 9TH TO 12TH DECEMBER, 2012	NYABOKE OYUGI

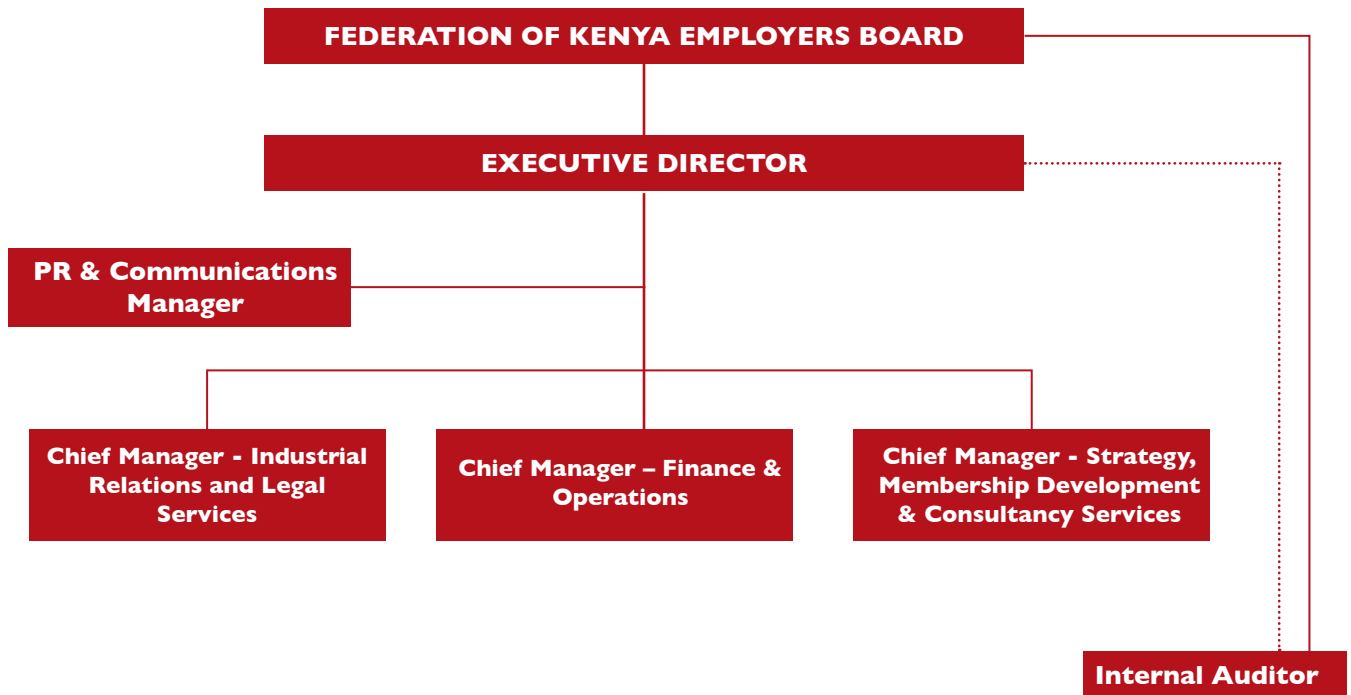
FKE REPRESENTATION AT VARIOUS BOARDS

	COMMITTEE/ BOARD	FKE REPRESENTATIVE(S)
1	NATIONAL LABOUR BOARD	Mr. C. Malavu Mrs. J. Mugo Mr. Harrison Okeche
2	AGRICULTURAL WAGES COUNCIL	Mr. A. Kiarie Mr. R. Muthanga Mr. W. Siele
3	GENERAL WAGES COUNCIL	Eng. D. Onyango Mr. H. Okeche Mr. L. Kariuki
4	NATIONAL SOCIAL SECURITY FUND BOARD OF TRUSTEES	Dr. C. Mailu Mrs. J. Mugo
5	NATIONAL HOSPITAL INSURANCE FUND BOARD OF MANAGEMENT	Mrs. Gilda Odera
6	NATIONAL INDUSTRIAL TRAINING AUTHORITY	Mr. H. Shah Mrs. J. Mugo Mr. A. Mbui
7	THE NATIONAL ADVISORY COMMITTEE ON OCCUPATIONAL SAFETY AND HEALTH	Mr. P. Obath Mr. A. Muthoka (Alternate)
8	NATIONAL AIDS CONTROL COUNCIL	Eng. E. Mwongera Mr. I. Kiema (Alternate)
9	KENYA POWER & LIGHTING COMPANY	Mr. P. Obath (through NSSF Board of Trustees)
10	PRODUCTIVITY CENTRE OF KENYA	Mr. H. Shah Mrs. J. Mugo
11	EAST AFRICAN BUSINESS COUNCIL	Mr. P. Obath
12	HIGHER EDUCATION LOANS BOARD	Mrs. J. Mugo
13	SPORTS STADIA MANAGEMENT BOARD	Eng. D. Onyango Alternate: Mrs. J. Mugo
14	KEPSA	Dr C. Mailu Mr. C. D. Wilson
15	KASNEB	Dr. N. Koigi

Human Resource and Administration

The management of the Federation carried out a Job Evaluation which has seen a new structure in place with staff strength of 65. The structure developed three main strategic divisions namely; Industrial Relations and Legal Services, Finance and Operations & Strategy, Membership development and Consultancy Services. All other positions will fall in these key divisions. The management structure is as below;

ORGANIZATIONAL STRUCTURE FOR THE FEDERATION EXECUTIVE POSITIONS



Other structures developed through the process include Salary and Grading structures for all the positions. Job Descriptions were developed; these have clearly defined roles per position. Job titles were also reviewed and harmonized. The Federation also reviewed the Standing Rules and further developed a Human Resource Manual to guide the management of the HR function.

The Federation of Kenya Employers (FKE), in partnership with
Centre for the Norwegian Enterprise Confederation (NHO) is proud to present THE
FEMALE FUTURE LEADERSHIP DEVELOPMENT PROGRAMME



THE FEMALE FUTURE

The Product

The programme is specially designed to build the Capacity of Women in Africa to enable the move up the corporate ladder and remain influential in all spheres: corporate, political, family and social. The programme comprises three modules which contain the following aspects: - leading from the apex; managing organizations effectively, how to identify, develop & implement growth strategies in any organization; leadership skills and gender; how to manage various audiences; and how to speak at short notice.

The Programme:

A. Leadership Development Module

B. Rhetoric Module

C. Board Competence Module

(Certified by Oslo University College (HIOA) and Centre for Corporate Governance (CCG))

The Aim

The program aims at strengthening gender equality in the workplace, meeting the constitutional requirement of gender balance for appointment, training and advancement at all levels.

The Certificate

The NHO-FKE programme is endorsed by the ILO as a premier Leadership Development Programme for women

Benefits for your Organization

- Improve the risk/return ratio for your organisation by applying systematic approaches to leadership.
- Achieving gender equity productively
- Managing for performance; and coaching staff from diverse backgrounds.
- A sizeable number of women at the helm improves risk management.

Benefits for you as a female leader

- Prospects of moving yourself to the top echelon of power in any setup.
- How to exploit your inner potential
- How to run any organisation as a business
- Self confidence as you lead teams
- Unmatched oratory and negotiation skills

Duration

- This course takes 15 days spread over a period of 9 months on selected Fridays and Saturdays.



Contact us at:

The Federation of Kenya Employers

Waajiri House, Argwings Kodhek Road, Milimani (Opp. Nairobi Hospital)

P. O. BOX 48311-00100 NAIROBI, Kenya

Telephone: 27211929/48/49/52 Mobile: 0733333291, 0722203487,

Email: fkehq@fke-kenya.org, Website: www.fke-kenya.org

REPORT OF THE INDEPENDENT AUDITOR TO THE MANAGEMENT BOARD AND MEMBERS OF FOR THE YEAR ENDED 31ST DECEMBER 2012

Report on the financial statements

We have audited the accompanying financial statements of Federation of Kenya Employers as set out on pages 7 to 27 which comprise the balance sheet as at 31 December 2012, statement of comprehensive income, changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management board and executive director's responsibility for the financial statements

The management board and executive director are responsible for the preparation of financial statements that give a true and fair view in accordance with international financial reporting standards and the requirements of the constitution of the federation, and for such internal control as the management board and executive director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an independent opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material

misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the federation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management board and executive director, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, proper books of account have been kept and the financial statements which are in agreement therewith give a true and fair view of the state of the federation's financial affairs at 31 December 2012 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the constitution of the federation.

Mazars

Certified Public Accountants (K)
Nairobi
26th April 2013

STATEMENT OF COMPREHENSIVE INCOME AS AT 31 DECEMBER 2012

	2012 Kshs	2011 Kshs
Revenue		
Income	162,880,623	145,709,425
Other income	17,711,780	6,105,763
	180,592,403	151,815,188
Expenditure		
Staff costs	106,749,863	79,545,084
Administration	40,494,150	42,674,802
Other charges	15,555,366	10,410,434
	162,799,379	132,630,320
Surplus before tax	17,793,024	19,184,868
Tax expense	(5,774,812)	(11,507,951)
Surplus for the year	12,018,212	7,676,917

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	2012 Kshs	2011 Kshs
Assets		
Reserves and liabilities		
Reserves		
Accumulated reserve	67,974,239	55,204,178
Revaluation reserve	18,463,919	18,463,919
Other reserves	506,250	506,250
	86,944,408	74,174,347
Non-current liabilities		
Deferred tax	3,766,233	5,143,116
	90,710,641	79,317,463
Non-current assets		
Property and equipment	30,371,981	33,441,328
Prepaid operating lease rentals	449,949	470,949
	30,821,930	33,912,277
Current assets		
Trade and other receivables	9,361,730	8,652,807
Tax recoverable	1,411,972	1,609,845
Cash and cash equivalents	93,660,260	56,402,242
	104,433,962	66,664,894
Current liabilities		
Bank overdraft	134,500	3,206,565
Trade and other payables	44,410,751	18,053,143
	44,545,251	21,259,708
Net current assets	59,888,711	45,405,186
	90,710,641	79,317,463

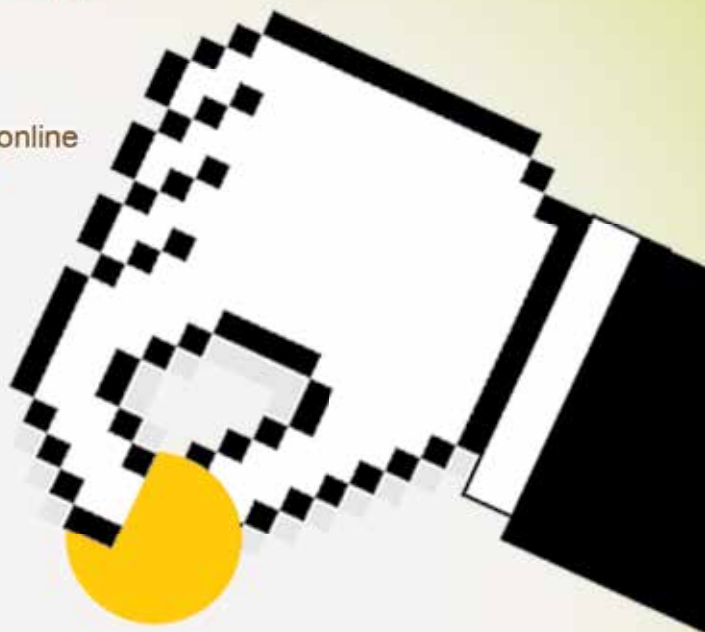
The financial statements were approved by the Management Board on 19th April 2013 and signed on its behalf by:

Eng. Erastus Mwongera
National Chairman

Jacqueline Mugo (Mrs.)
Executive Director

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You can now register as an NSSF member online simply visit www.nssf.or.ke and click on the 'Register as a Member' button.



LIST OF NEW MEMBERS 2012

1. WOOD OAK ENTERPRISES LTD.
2. MADE KENYA LTD.
3. AFRICA POLYSACK LTD.
4. RADIO AFRICA GROUP
5. KALZMAT SECURITY PRINT LTD.
6. TANDU ALARM SYSTEMS LTD.
7. NAIROBI SOUTH NURSERY,PRY & SEC. SCHOOL
8. FIVE FORTY AVIATION LTD.
9. TROCAIRE
10. CALLKEY (E.A) LTD.
11. SIMPLY PERFECT LTD.
12. EMBU WATER & SANITATION COMPANY LTD.
13. LANGATA HOSPITAL LTD.
14. DOMINION OUTDOOR ADVERTISING (2006) LTD.
15. KNIGHT FRANK KENYA LTD.
16. NAS PLASTICS LTD.
17. TROPICAL FARM MANAGEMENT KENYA
18. MARK MANAGEMENT LTD.
19. NAKUMATT HOLDINGS LTD.
20. HEINEKEN EAST AFRICA IMPORT COMP. LTD.
21. CROWN AGENTS KENYA LTD.
22. CHRYSAL AFRICA LTD.
23. RAILIT TOTAL TRANSP. PHARMA K. LTD.
24. EURO PACKAGING LTD.
25. METROPOLITAN HOSPITAL LTD.
26. INTERCONSUMER PRODUCTS
27. KERUSSU LTD.
28. CLAYWORKS LTD.
29. KENYA KAZI SERVICES LTD.
30. COPTIC HOSPITAL
31. LAPFUND
32. KENYA UNION OF SMALL SCALE TEA GROWERS
33. MUSONI KENYA LTD.
34. NYERI CO-OPERATIVE UNION LTD
35. TUSKER MATTRESSES LTD.
36. FRESH SQUEEZE LTD.
37. HEALTHY U 2000 LTD
38. THIKA WATER & SEWERAGE COMPANY LTD.
39. ATHI RIVER TANNERIES LTD.
40. OMEGA RISK MANAGEMENT LTD.
41. TEARFUND
42. HEIFER PROJECT INTERNATIONAL
43. PARA PRINT LTD.
44. STARTIMES MEDIA (K)
45. BIBA LTD.
46. FOOTPLUS LTD.
47. TAMFEEDS LTD.
48. CHARDUST LTD.
49. REDR UK
50. ODEX CHEMICALS LTD.
51. GULF AFRICAN BANK
52. RTI INTERNATIONAL
53. THE RESEARCH TRIANGLE INSTITUTE
54. CHINA CHAMBER
55. OLYMPIC DRYCLEANERS LTD.
56. DAWA LIMITED
57. GREEN BELT MOVEMENT
58. EVERGREEN CROPS LTD
59. KEN BOOKMAKERS (2002) LTD
60. CACTIC CEMENT (KENYA) EPZ LIMITED
61. SPANCO RAPS KENYA LIMITED
62. KENYA SCHOOL OF GOVERNMENT
63. VECTOR INTERNATIONAL LTD
64. NAIROBI FLOUR MILLS LTD
65. BRIGHT VISION MEDIA LTD
66. VEER FIBRES LTD
67. RAFIKI ENGINEERING WORKS LTD.
68. MEGA PACK (K) LTD.
69. MIDLAND HOTEL
70. SUNSHINE ENGINEERING LTD.
71. KAPSILE MATTRESSES LTD.
72. KAPSILE WHOLESALERS LTD.
73. EDEN SPRINGS COMPANY LTD.
74. GREEN PARK WATER SERVICES LTD.
75. SUNSHINE PUB & RESTAURANT
76. HOTEL WATERBUCK LTD
77. PIMBI LTD
78. GILGIL SAIDIA CHILDRENS HOME
79. JALARAM HOSPITAL
80. NERA ELECTRICALS & HARDWARE LTD.
81. SUKARI INDUSTRIES LTD.
82. ST.JAMES ACADEMY
83. SASAH GENERAL MERCHANTS LTD.
84. DUABA HAULIERS LTD.
85. NZOIA WATER SERVICES COMP. LTD.
86. KHASOKO HIGH SCHOOL
87. AL-NOOR CAFETERIA
88. PEP INTERMEDIUS HOLDINGS LTD
89. LEGAL SYNERGY EA LIMITED
90. SHANKAR ELECTRONICS LTD.
91. KYOGA HAULIERS KENYA LTD.
92. BLUE CAT PORT SERVICES LTD.
93. ITA MARINE SERVICES LTD.
94. EXPRESS SHIPPING & LOGISTICS (E.A) LTD.
95. VTTI KENYA LTD.
96. ROYAL COURT HOTEL
97. HYDERY (P) LTD
98. MALINDI WATER & SEWARAGE CO. LTD.
99. NYALI BEACH HOLIDAY RESORTS
100. UNITED (EA) WAREHOUSES LTD
101. SCARCE COMMODITIES LTD
102. AUTOMARINE SERVICES LTD.
103. MANUFACTURING SOFTWARE SUPPORT LTD
104. JAMES FINLAY MOMBASA LTD
105. ALLTECH INDUSTRIES LTD
106. RONFER TEAS KENYA LTD
107. RAFFIA BAGS (E.A) LTD

Defining the Kenya private sector Business Response to HIV and AIDS

DID YOU KNOW?

The Federation of Kenya Employers has championed the fight against the HIV and AIDS pandemic since 1988 when it issued its first Guideline on HIV and AIDS at the workplace.

WE DO:

- Senior Management training
- Peer Education training
- Workplace Policy Development
- Promotional Activities
- Company HIV Surveys
- And more!

Contact us more information on HIV Workplace programs!

Demonstrating HIV Business Solutions

Fighting Stigma and Discrimination

Building HIV and AIDS Response Capacities

Promoting Private Sector Leadership

NEWS! NEWS!
NEWS! NEWS! NEWS!
NEWS! NEWS!

FKE has just developed a new product !!!!!!!



Federation of Kenya Employers (FKE)

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Tom Diyu Owuor

The Board, Executive Director, Management and Staff of the Federation of Kenya Employers pay tribute to the Late Mr. Tom Diyu Owuor who passed away on October 24, 2012 at the Nairobi Hospital. In the passing Mr. Owuor, the private sector in Kenya indeed lost one of its most remarkable sons.

Mr. Tom Owuor was an accomplished professional who spent the better part of his life building FKE and Labour Relations in the World. He served FKE as the Executive Director from 1976 to 2004, President of the IOE General Council, an employer member of the ILO Governing Body & deputy member from 1978 to 1984, IOE Regional Vice-President for Africa, chair of the IOE General Council from 1992 to 1993 and board member of many corporate organisations in Kenya, as well as a founding member of the Pan African Employers' Confederation (PEC). In 1986 he became PEC's first Secretary General.

The foundation stones he laid in the development of labour relations dot many parts of Africa from Cairo to Cape Town and from Dakar Senegal to the Horn of Africa. At FKE we have just made better the foundation stone he laid and moulded for over a quarter a century; he did this with great passion, dedication and humility.

May rest in eternal peace.



Paul K. Matelong

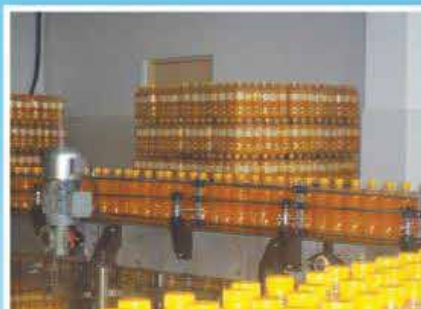
The Board, Executive Director, Management and Staff of the Federation of Kenya Employers pays tribute to the Late Paul K. Matelong who passed away 2nd January, 2013 at the Nairobi Hospital.

Paul was a long serving member of the General Committee of Federation of Kenya Employers Rift Valley Branch. He joined the General Committee in the year 2002 as a committee member representing the interests of the Bottling Industry. In 2004, he was elected as Chairman of Rift Valley Branch and served diligently until his death. He was also an Ex-Officio Vice Chairman of the FKE Management Board.

During his tenure, Paul was dedicated to promoting both industrial peace and investment growth nationally. Through his able leadership and sound advice, the Rift Valley Branch continued to grow and serve its members effectively.

May his soul rest in eternal peace.





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53RD AGM PICTORIAL



Attorney General Prof. Githu Muigai (centre) joins the outgoing Chairman Dr. Cleopa Mailu (left), Executive Director Jacqueline Mugo (right), Western Kenya Branch Chairman Eng. David Onyango (2nd left) and Board Member Jane Ngige (2nd right) for a photo during the 53rd AGM.



Chief Guest Attorney General Prof. Githu Muigai addresses FKE members during the 53rd Annual General Meeting. The event was themed 'Employers Manifesto: 2012 and Beyond'.



Incoming FKE National Chairman Eng. Erastus Mwongera (standing) addresses members at the AGM as FKE Trustee Aram Mbui (left) and Executive Director Jacqueline Mugo (right) look on.



Outgoing FKE National Chairman Dr. Cleopa Mailu addresses FKE members during the 53rd Annual General Meeting held in 2012.



FKE Trustee Hirji Shah from the Comcraft Group raises a point during the plenary of the 53rd AGM.



FKE Members exchanging views during the members cocktail that was held after the 2012 53rd AGM.



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HOW TO BECOME A MEMBER OF FKE



Membership of the Federation is open to trade associations and individual employers engaging any number of employees both in private and public sectors, including the local authorities and state corporations but excluding civil service and armed forces.

How to get application forms?

The applications are available from:

- Waajiri House and Branch offices in Mombasa, Nakuru and Kisumu.
- FKE website: <http://www.fke-kenya.org>
- Email request to: fkehq@fke-kenya.org
- Telephone call to any of FKE Offices

How do I return the filled forms?

Filled in membership application forms should be returned to any of the FKE offices. They should be accompanied by:

- Cheque payment in favour of Federation of Kenya Employers
- Copies of the Certificate of incorporation.

Nairobi Office

Waajiri House, Argwings Kodhek Road,
Milimani, Nairobi

Tel: +254-20-272 1929/48/49/52,
272 0242/62

Cell: +254-733-333 291, 722-203 487

Email: fkehq@fke-kenya.org

Western Kenya Branch Office

Re-Insurance Plaza,
Oginga Odinga Rd. Kisumu

Tel: +254 51 2216744/690

Email: fkeksm@fke-kenya.org

Rift Valley Branch Office

Nakuru Press Building
Printing House Road, Nakuru

Tel: +254 51 2216744/690

Email: fkenkr@fke-kenya.org

Coast Branch Office

Ralli House, Nyerere Avenue, Mombasa

Tel: +254 41 2311112

Email: fkemsa@fke-kenya.org

