



## **COMMUNICATION ON ENGAGEMENT FOR THE YEAR 2015**

### **1. Introduction**

KAM is Kenya's leading business association representing the manufacturing sector. Established in 1959, KAM's main purpose is to advocate for the creation for an enabling environment that supports Kenya's industrialization and to offer services to support the entrepreneurs in the sector. KAM is a key member of the Global Compact Network Kenya and is fully committed to its principles.

### **2. Hosting Secretariat of the Global Compact Network Kenya**

#### **2.1 Re-launch of the Secretariat**

The Kenya Network of the Global Compact was first launched in 2005 by UNDP who also hosted it. It was re-launched in 2007, with leading private businesses through Kenya Association of Manufacturers (KAM), Kenya Private Sector Alliance (KEPSA) & Federation of Kenya Employers (FKE) playing a pivotal role. After this re-launch the Secretariat was moved from the UNDP to the Kenya Association of Manufacturers where it is until now.

#### **2.2 Membership Mobilization/Recruitment**

KAM is a leading and vibrant business membership organization with over 850 members. The GCNK's positioning within KAM has seen it tap into KAM's strong membership and catapulted a steady growth of GCNK's membership from an initial 12 to the present 94 making it one of the most vibrant, with the highest number of business participants and the highest member retention rates in the Africa and MENA regions. KAM's unwavering commitment to the network has also been seen in:

- The support to launch a local code of ethics for business which has so far been signed by 57 companies;
- Facilitation of a number of multi-stakeholder dialogue forums and partnerships with regulators like the Ethics and Anticorruption Commission (EACC), the Public Procurement Oversight Authority (PPOA), the Kenya Revenue Authority (KRA), the Kenya Bureau of Standards (KEBs), the Kenya Ports Authority (KPA), among others. These have been aimed at fostering greater collaboration in the fight against corruption.
- KAM's edible oils sub-sector has provided a platform for the network to spearhead the compacts 10th principle call to action.

### **2.3 Hosting 1st Global Compact Network Meeting for transitioning to an interim steering committee**

The meeting brought together 106 UN Global Compact signatories in Kenya drawn from the Business and Non-Business sector to communicate and discuss the network's action plan to revamp its governance, value proposition and funding model with the aim of unlocking its potential for growth and development. Since its launch in Kenya in 2005, the Global Compact Network has grown steadily and is set to strengthen its position as a leading private sector platform of choice to advance corporate citizenship and sustainability in Kenya. To do this, there is need to refocus it to be a sustainable, independent business-led, but multi-stakeholder driven entity. This therefore calls for the network to establish clearer governance and operational processes to enhance its efficiency and integrity.

### **3. Learning and Dialogue Events**

#### **3.1 1st Salt Sector improving company-community dialogue forums in Marereni**

Facilitated the set-up of this dialogue platform and mediating on the long-standing company-community conflicts. The network is helping companies operating in marginalized communities to increase their social license to operate

#### **3.2 Anti-Bribery and Corruption Forum**

The Global Compact Network Kenya held a half-day learning forum on Anti-Bribery and Corruption that was attended by forty of its business participants on February 25, 2015. The session provided a platform for learning and sharing of experiences on how businesses can establish frameworks to safeguard against bribery and corruption and enhance their company's ethical culture.

The meeting opened recognizing that corruption continues to pose a serious challenge to the global community. Kenya for instance has continuously been rated poorly in various corruption indices with the most commonly cited corruption perception index by Transparency International (TI) ranking the country at 145 out of 175 countries surveyed. Corruption was blamed for the rising the cost of doing business in Kenya, erosion of investor confidence and diverting public resources meant for national development. This forum became the launching pad for the local Network's Anti-Corruption Working Group.

KAM has spearheaded and or participated in a number of other initiatives aimed at strengthening anti-corruption efforts in Kenya. This include:

- a) Anti-corruption Training of Trainers for KAM staff-KAM, in collaboration with the Centre for International Private Enterprise (CIPE), organized a three days Training of Trainers (TOT) for six (6) of its staff members. Under the same programme, the TOTs are supposed to organize a series of trainings to members of GCNK and KAM in 2016.
- b) Anti-corruption policy for KAM
- c) Redrafted procurement manual, suppliers code in the pipeline
- d) Procurement Fraud Detection Training-In collaboration with KPMG, KAM organized a training on procurement fraud detection for 9 companies.

- e) At the national level, KAM and the GCNK network coordinator sit in the Kenya Leadership Integrity Forum (KLIF), a multi-stakeholder platform set up by the government to promote integrity in leadership. Through KLIF KAM made submissions to the Task Force on the review of the legal, policy and institutional framework for fighting corruption in Kenya. This task force has proposed a raft of measures that will add momentum to the fight against corruption in Kenya. The KLIF has so far drafted a National Anti-corruption Framework to be adopted by the Government. The private sector is singled out as a key driver of the strategy.
- f) Internally, Ernest and Young (EY) is supporting KAM to draft a comprehensive anti-corruption policy. KAM also undertook a human resources audit exercise that has culminated to a revised human resources manual that is in tandem with domestic labor laws and international standards.

### 3.3 CEO Dialogue forum for UK Companies

Global Compact Network Kenya (GCNK) in collaboration with Safaricom Ltd. and the British High Commission organized for an interactive event which gathered UK Companies with operations in Kenya with the objective of boosting current private sector efforts to fight corruption and promote sustainability in business through learning, dialogue and joint action. The Collaboration intended to build a critical mass of companies committed to ethical conduct and which will go a long way to catalyze the transformation of the business landscape in Kenya and ultimately contribute to improving the country's bribery Index ranking to foster the ease of doing business. Other activities to be performed under this collaboration will specifically contribute to.

- Increase company leadership commitment to integrity and anti-corruption
- Enhance private sector collaboration with key public sector regulators in the fight against corruption
- Fostering peer learning through best practice exchange on corruption prevention
- Increased awareness on the UK Bribery Act

### 3.4 COP Training Sessions

The Global Compact Network Kenya has conducted several COP training sessions within the KAM premises. These sessions' objective is to improve participants' retention by equipping local businesses with knowledge to developing COPs. The businesses were trained on the various levels of COP, the COP Policy and the actual development and submission of a COP with focus on reporting on sustainability highlighting strategies and operations around the four working areas; Human rights, Labor and Anti-corruption

### 3.5 Promotion of Environmental Sustainability

#### 3.5.1 *Promoting Green Growth*

Kenya is a member of the Global Green Growth Forum (3GF), set up by the Danish Government in 2011. 3GF program is designed to be a key catalyst in realizing Sustainable Development Goals cognizant of investment strategies in economic efficiency, low carbon development, ecosystem services and efficient markets to increase profits for manufacturers, save money for consumers, and conserve the environment. As a key partner in the Green Growth and Employment Program, KAM will be driving the green growth agenda in the private sector in Kenya through provision of energy efficiency and renewable technologies and resource audits-water and waste water.

### *3.5.2 Climate Change Mitigation Work*

KAM is playing a crucial role in mitigation and adaptation of climate change risks in the manufacturing sector in Kenya leading to reduction in carbon emissions. KAM was the vice-chair of the Government of Kenya appointed task force that came up with the climate change policy and bill. The Climate change policy was developed to facilitate a coordinated, coherent and effective response to the local, national and global challenges and opportunities that climate change presents. This Policy aims to enhance adaptive capacity and building resilience to climate variability and change, while promoting low carbon development pathways.

The climate change bill seeks to provide the legal and institutional framework for mitigation and adaption to the effects of climate change, to facilitate and enhance response to climate change and to provide guidance and measures for achieving low carbon climate-resilient development.

KAM has also organized sensitization and capacity building forums on climate change and mitigation for the membership of the manufacturing sector. This has enabled KAM to forge strong working alliances with the National Treasury which is spearheading climate finance and budget codes in Kenya as well as with the Ministry of Environment, Natural resources.

KAM, in collaboration with other likeminded organizations, successfully lobbied the Government of Kenya to develop and launch the Climate Change Mitigation Program (supported by DFID) in April 2014. The program seeks to:

- Catalyze private-sector investment in renewable energy by facilitating implementation of the renewable energy projects,
- Support improved policy and regulatory framework conditions in the County Governments, with a goal of enabling and attracting investments in low carbon and climate resilient infrastructure,
- Promote renewable energy technologies and solutions by facilitating industrial and technology cooperation through project demonstration;
- To strengthen business society engagement in climate change mitigation advocacy at all levels of policy authority (National and County).

With the support of DFID, KAM is encouraging private-sector investments in Climate Change Mitigation by conducting pre-feasibility studies. So far, KAM has completed 16 studies for renewable energy projects in Small-Hydro, Solar, Biogas and Biomass. The total project pipeline from this initiative will enable the development of project sizes amounting to 24MW, and \$ 57 Million in Total Investment.

### *3.5.3 Renewable Energy and Energy Efficiency*

KAM is leading efforts to create an enabling environment for private sector investments in renewable energy and energy efficiency through various programs handled under its Centre for Energy Efficiency and Conservation (CEEC). To date, KAM has driven more than 70% of energy efficiency activities targeting industry and commercial enterprises in Kenya, Uganda and Tanzania. This translates to over 550 energy audits supported by market studies to ascertain the impacts of energy audits on implementation of energy efficiency measures in Kenya. The comprehensive Impact Assessment Study on firms that had energy audits in 2009 and 2012 survey covered over 200 firms that were assessed, half of them had implemented 30% or more of the recommended measures. Combined savings achieved was KShs. 283 million after investing KShs. 342 million.

To-date, the following has been achieved under the programme:

- Subsidized Energy Audits – 500+ companies (incl. SMEs)
- Energy Efficiency Trainings - 121 CEMs & 10 CMVP
- Specialized Energy Efficiency/Renewable Energy trainings – 500+ personnel trained.

- 11<sup>th</sup> Energy Management Awards (March 27<sup>th</sup>, 2015). Kshs 4.4 Billion saved equivalent to 25 MW of energy conserved.
- Technology transfer - Exchange visits to over 10 sites of interest
- Resource audits - Water, Waste-water, waste management

Energy and other resources efficiency and conservation provide a great opportunity for the manufacturing sector and other businesses to grow along a low emission pathway. The Kenya Climate Change Action Plan estimates that up to 1.3 MtCO<sub>2</sub>e can be abated through concerted investment in energy efficiency measures within the manufacturing sector alone. To provide assistance on implementation of energy efficiency and renewable energy KAM has partnered with the French Development Bank (AFD) to provide a credit line.

There are still several barriers that continue to hinder private sector investments in renewable energy & energy efficiency and other resource. Major challenge encountered was lack of financial and technical resources. The main support sought by industries from KAM is technical trainings of personnel in energy efficiency.

#### **4. Conclusion-Statement by the Chief Executive**

In line with its commitment to the UNGC principles, in 2016 KAM has prioritized activities that will promote member adoption of ethical and sustainable manufacturing and business practices. It will exploit its robust infrastructure (chapter offices, sectoral groupings and working committees) to achieve this. Awareness forums and trainings will be concentrated in the regional chapter in a bid to devolve the network.