



REPUBLIC OF KENYA
MINISTRY OF INDUSTRIALISATION, TRADE AND ENTERPRISE DEVELOPMENT
STATE DEPARTMENT FOR TRADE AND ENTERPRISE DEVELOPMENT

POLICY BRIEF

KENYA'S NATIONAL AfCFTA IMPLEMENTATION STRATEGY 2022 - 2027



Executive Summary

The signing of the agreement establishing AfCFTA in Kigali, Rwanda, in 21st March, 2018 was a key milestone for Africa's trade Agenda. Kenya is an active participant in regional economic integration initiatives and in promoting Pan-Africanism and its values. Kenya's active participation in the regional agenda is demonstrated by commitment from Kenya's leadership as well as the country's strong

performance in meeting her commitments under the various Pan-African integration frameworks.

AfCFTA is a game changer and a key engine of economic growth and industrialisation for sustainable development. The Agreement enables country specialisation in sectors with comparative advantage, economies of scale, structural

transformation and the creation of a continental single market of over 1.2 billion people and a combined GDP of over US\$ 2.5 trillion.

This Strategy is to leverage deeper integration within the framework of the African Continental Free Trade Area (AfCFTA) to facilitate an expansion of Kenya's trade and investment in Africa, support structural transformation and foster economic growth and sustainable development.

The National AfCFTA Implementation Strategy (2022-2027) was developed to deliver the expected outcomes of AfCFTA. The Strategy is anchored within Kenya's national trade and development frameworks and aspires to contribute towards national development. This will be achieved through securing of markets for goods and services within the African region, promoting value addition and the diversification of products in those markets by leveraging protection of intellectual property rights, creating conditions for increased participation of MSMEs, women, youth and persons with disabilities in trade and investment, and promoting 'safe trade' with mitigating interventions on impact of COVID-19. In so doing, this strategy provides a comprehensive approach to trade and investment opportunities in Africa, Kenya's most important exporting region, which, in the past, has been approached in a fragmented way.

This strategy outlines a broad and inclusive list of prioritised AfCFTA sectors for merchandise goods, services and regional value chains that builds on three sectors identified in Kenya's Integrated National Export Development and Promotion Strategy. In addition, the strategy encompasses a vision and mission as well as seven strategic objectives born out of a robust situational analysis of Kenya's current production systems and trade patterns, Kenya's policy, regulatory and institutional framework, and the instruments provided under the AfCFTA.

The National AfCFTA Implementation Strategy outlines a risk mitigation plan with an identified risk owner and related risk mitigation actions to key risks to strategy implementation. It also provides a communication plan that focuses on undertaking national AfCFTA sensitisation campaigns. The strategy delineates a robust monitoring and evaluation framework to track implementation. On the other hand, the strategy recommends the establishment of an AfCFTA National Implementation Committee that among other things will be responsible for the implementation of this strategy, mainstreaming gender and fostering empowerment of youth and person with disability managing risks and communications, mobilising financing and monitoring and evaluation.





Strategic Objectives

The mission for the National AfCFTA Implementation Strategy is to bolster Kenya's trade and investment with the AfCFTA states parties in order to support inclusive economic growth and sustainable development.

The Strategic objectives of this National AfCFTA Implementation Strategy include: -

- Facilitate safe, secure and effective trade in goods and services within the AfCFTA;
- Enhance Kenya's productive capacity and the competitive advantage of domestic producers and exporters under AfCFTA;
- Build strong institutional and regulatory framework to support effective implementation of AfCFTA Agreement;
- Facilitate inclusiveness (women, youth, persons with disabilities) and the active participation of MSMEs in leveraging opportunities under AfCFTA for sustainable development;
- Develop a comprehensive and efficient common national approach to continental integration and increase awareness around AfCFTA for all stakeholders;
- Ensure adequate and timely financing for strategy implementation; and
- Contribute to sustainable development through mutually supportive trade and environment initiatives

The specific goals of this National AfCFTA implementation strategy over the next five years are as follows:

- Consolidate, diversify and expand Kenya's Exports to Africa; and
- Ensure Kenya's manufacturing sector real value-added increases by 5% per annum

These goals are achievable given the following:

- a. **Rebounding of domestic exports:** Over the period 1st January 2021 to 31st December 2025, Kenya is expected to commence exports of recently discovered crude oil. Moreover, there is expected to be significant levels of tariff liberalisation in non-LDC African countries for products that Kenya already exports to Europe, U.S. and Asia. These products include fresh vegetables, floriculture, coffee, tea, soap, detergents, textiles, and apparel amongst others (see Annex 2 on likely products and African markets). As a result, it is possible for Kenya to significantly improve on its domestic export performance to Africa over the 5-year period 2021-2025 - as compared to the tepid 3.5% per annum increase in domestic exports over the period 2013-2018.
- b. **Strong re-exports:** With Mombasa's port expansion, the operationalisation of SGR's freight and increased efficiencies at border-points, it is possible for Kenya's re-exports to register strong growth over the 5-year period 2021-2025 as compared to the 14.3% per annum increase in re-exports over the period 2013-2018.
- c. **Rebounding service exports:** Kenya being a Partner State of the EAC, has liberalised the five priority sectors through her submitted initial offers to the AfCFTA Secretariat. As such expected that through the requests and offers exchanged with other member states Kenya's service exports to Africa will robustly increase over the period 2021-2025 than the 4.6% per annum increase in service exports over the period 2013-2018.
- d. **Rebounding manufacturing sector:** With tariff liberalisations under the AfCFTA and commensurate government interventions to tackle production and supply constraints and improve export competitiveness, there is scope for increasing Kenya's manufacturing value added significantly over the period 2021-2025 compared to 2.7% and 0.2% growth in 2016 and 2017, respectively.

Identification of Priority Export Products and Markets

Approach

In delineating Kenya's AfCFTA 'priority sectors', an assessment of prioritised sectors for export, industry and investment was conducted. This assessment was complemented by a consultative forum involving public and private sector actors. The result of this assessment and consultative process was the prioritisation of a broad and inclusive list of sectors that builds on the sectors identified in Kenya's INEDPS, reinforces the country's Big 4 Agenda and leverages regional sectoral plans and priorities.

Kenya's Prioritised Sectors for Export

Kenya's export development and promotion efforts are articulated in Kenya's INEDPS, which provides a value-chain approach to expand and diversify Kenya's exports and export markets. The INEDPS strategy identified six sectors of focus for goods and eight (8) sectors of focus for services where Kenya has a relative export advantage and provides potential export markets. Furthermore for each priority subsector, it provides a situational analysis

and outlines requisite strategic interventions. Annex 3 provides mapping of priority sectors with priority countries.

Kenya's industrialisation efforts have been articulated in policy papers and directives. These policy papers, directives and strategies include the following: National Industrialisation Policy (2012), Special Economic Zones Act (2015), Kenya Industrial Transformation Programme (2015) Buy Kenya Build Kenya Strategy (2017) and a Sessional paper No. 1 of 2022 on National Automotive Policy among others. Also, within Kenya's Big 4 Agenda, manufacturing is critical and the following eight priority areas have been identified: textile and apparel; leather; agro-processing; construction materials; oil, mining and gas; iron and steel; ICT and fish processing.

Kenya's drive for increased investments received a boost with the launching of Kenya's Investment Policy in November 2019. This investment policy aims to consolidate government efforts around investment promotion and support the promotion of investment not only for economic growth but for

inclusive growth and sustainable development. In line with Kenya's openness to private investment, investment incentives are open to a broad array of sectors and the Kenya Investment Authority publishes only restricted sectors. However, increasing green investments has been specifically prioritised.

Individual RECs have prioritised industrial and service sectors at the regional level. The EAC, for example, prioritised six (6) sectors for industrialisation: These include agro-processing; fertilizers and agro-chemicals; iron-ore and other mineral processing; pharmaceuticals; petro-chemicals and gas processing; and energy and biofuels. COMESA, on the other hand, identified ten (10) priority sectors for industrialisation, out of which Kenya, a member state of COMESA, has prioritised the following sectors: agro-processing; energy; textiles and garments; leather and leather products; and construction. Table 3.1 outlines the prioritised sectors for export development, industrialisation, and investment at the national-level as well as industrial development and service-trade liberalisation at the regional-level.

Coordination, Communication, Monitoring and Evaluation

AfCFTA National Implementation Committee (NIC)

a) NIC mandate and functions

An AfCFTA National Implementation Committee (NIC) is necessary to ensure effective and coordinated implementation of this National AfCFTA strategy. The AfCFTA NIC will be responsible for overall coordination of the implementation of the AfCFTA strategy. More specifically, the NIC will be responsible for the following:

- Implementing AfCFTA Agreement and Kenya's National AfCFTA implementation strategy;
- Mainstreaming gender and youth in strategy implementation;

- Managing communications and implementing the communication plan;
- Mobilising sufficient financing for the strategy implementation;
- Managing risks associated with strategy implementation;
- Developing annual work plans, budget and periodic progress reports; and
- Monitoring and evaluating the national AfCFTA strategy implementation.

b) Composition of NIC

The NIC will be housed within the Ministry responsible for Trade. The members of NIC will be drawn from the following institutions and/or organisations:

- Line Ministries, Departments and Agencies (MDAs);
- CEO of Council of Governors;
- Private Sector Associations;
- Relevant academic and research institutions; and
- Non-Governmental Organisations (NGOs)

The technical arm of the NIC will be a Secretariat that has Technical Working Groups to oversee implementation of the AfCFTA Agreement and Kenya's National AfCFTA Strategy.

To implement the Strategy it is recommended that, the 'cluster arrangement' proposed under the Boosting Intra-African Trade Action plan be followed. The arrangement includes seven trade working group clusters: Trade Policy; Trade Facilitation; Enhancing Productive Capacity; Trade Related Infrastructure; Trade Information; Trade and Development Finance; and Factor Market Integration.

c) Success Factors

Towards assuring the success of the National AfCFTA governance structure it is vital that lessons learned from implementation of National Trade Facilitation Committees be taken in account. During stakeholder forums conducted, the following 5 factors have been deemed essential for successful implementation of this strategy:

- Gazettement of the Committee and its Technical Working Groups;
- Establishment of a Permanent Secretariat headed by the national focal point of the AfCFTA;
- Implementation of the National AfCFTA Strategy;
- Resource mobilisation for effective implementation of the Strategy; and
- Inclusivity at both the development and implementation stages of the strategy. AfCFTA



Export processing zone, Athi River Kenya
Photo Credit: Getty Images/ Bloomberg

governance is a cross-divisional and cross-sectoral endeavour.

- Periodic training on gender mainstreaming and gender-sensitive implementation and trade policy

Communication Plan

The National AfCFTA Implementation Committee has one of its functions as managing AfCFTA communications and AfCFTA national sensitization campaign. The primary objectives of the National AfCFTA Communication plan are to:

- Create and maintain awareness and understanding about the AfCFTA among all stakeholders;
- Map and segment the different audiences and target them in the rollout of the communication plan;
- Identify AfCFTA champions, sensitise them on the AfCFTA and engage them in rollout of communication plan;
- Organise and implement a mass media campaign on the AfCFTA; and
- Develop relevant content in local languages where possible (videos, fliers, newspaper articles, animations, images Et cetera.) for promotion of AfCFTA Agenda, Kenya's exports in the destination markets and sensitisation of the trade and services value chain on the various media and trade

Communication Plan – Target Groups

National and County-Levels

Government

Government (National and County)

Legislature

Parastatals

Private Sector and the Associations

Large companies

MSMEs (including cross-border traders, small-scale farmers, fishermen, and pastoralists)

Private Sector Associations

Civil Society in Kenya

Women, Youth and PWDs

Academia

Media

Other interest groups

External Players and Parties

Kenyan diplomatic missions abroad

Foreign governments and their missions in Kenya

Foreign country chambers of commerce

Economic operators, business interest groups and commercial operators

Foreign country civil society organisations based in Kenya

Regional, continental and international organisations

a) Government

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_31570

