



**COVID-19 in Africa : experience sharing &
Recommendations for the Private Sector: the
Kenya Experience
9th April 2020**

OUTLINE

- Africa: an Overview
- The situation in Kenya
- Outcomes of FKE's Policy advocacy efforts
- Some Recommendations

Health & Socio-Economic Crisis

- ❑ COVID-19 pandemic is both a health crisis & serious human calamity with huge direct impact on labour market
- ❑ Foreseen massive economic disruption, loss of up to 25m jobs, high unemployment, underemployment & poverty.
- ❑ Africa not as seriously affected as other regions but this can change any time. Least equipped to treat serious infections, huge health system gaps, informal settlements. Covid-19 is an existential threat to Africa.

Foreseen Economic Melt-down

- An initial analysis of COVID-19's economic impact shows that Africa's GDP growth in 2020 could be cut by 3–8 % .

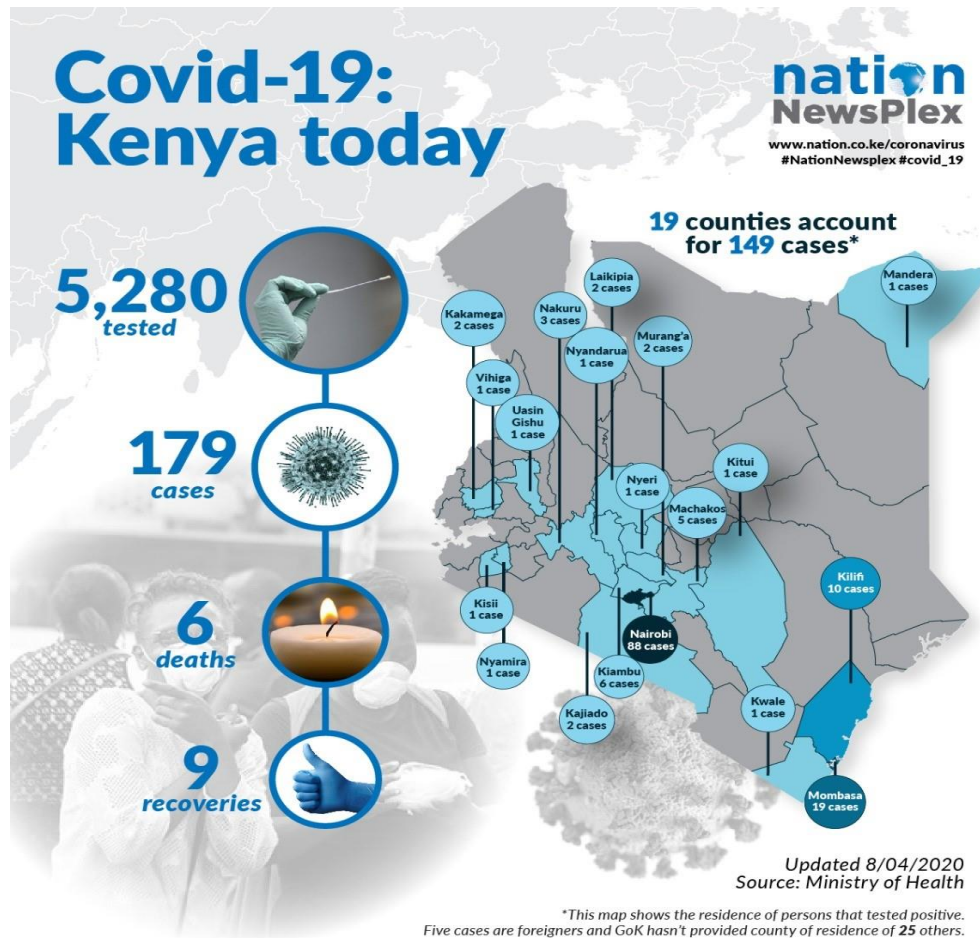
(McKinsey & Co. April 2020 release)

- In Kenya, its expected to cause a reduction in expected GDP growth from 6.2 to 3.4%

(Central Bank of Kenya)

- Businesses operations have been disrupted, some have closed down, Production levels and distribution channels are affected

Covid-19: Kenya today



What has FKE done?

Covid-19 announced in Kenya on 13/3/2020, FKE took immediate action by:

Issuing Guidelines & Protocols to members on:

- Measures to avoid spread of Covid-19 infections in workplaces in line with govt directives
- Allowing employees to work from home
- Reporting suspected cases of infection
- Online Access of the judicial proceedings
- Health and safety at the workplace
- Protection of jobs as much as possible

What has FKE done?

Advocacy Actions:

- ❑ Intensified engagement with govt on employers' proposals to government to cushion industry
- ❑ Intensified media engagement
- ❑ Tripartite Rapid Response Team formed
- ❑ Online services provided to members: webinars, skype calls, emails
- ❑ Survey being conducted to assess immediate impact

FKE proposals to Government:

- ❑ **Supply of basic essentials** - like food, adequate and uninterrupted supply of fuel, medicines & medical supplies, subsidize the cost of fuel etc
- ❑ **Social Protection initiatives** - eg Nyumba Kumi & provincial administration system to sensitize, monitor, gather information & movement of people etc to keep the pandemic at bay
- ❑ **Tax reduction** – zero rating PAYE & VAT, suspending 2% tourism levy & payment of Balance of tax, waiver of taxes on donations & other penalties

Others..

- ❑ **Special Crisis Fund** - to support SMEs , wage subsidies; medical insurance schemes for COVID-19
- ❑ **Policy Intervention** - development of policy to address gaps in the rigid labour laws .
- ❑ **Suspension of Collective Bargaining** - waiver of monetary clauses & other provisions in view of inevitable frustration of existing Employment Contracts

OUTCOMES OF FKE's Advocacy

Many positive outcomes announced by the President, in response to FKE proposals to cushion both employers and workers including:

1. **Various tax reliefs:** 100% tax waiver to those in the low income bracket, reduction of PAYE top rate from 30% to 25% for the rest, reduction of Corporate Tax from 30% to 25%, reduction of Turnover Tax from 3% to 1% for all SMEs, reduction of VAT from 16% to 14%.
2. **Curfew** imposed from 7 pm to 5 am effective March 27. Essential / services exempt from curfew.

OUTCOMES OF FKE's Advocacy

3. Social Protection Interventions

- ❑ **Additional Funds to the vulnerable** - An additional Kes. 10 billion released to support the elderly, orphaned and other vulnerable groups under the cash transfer program through Ministry of Labor and Social Protection
- ❑ **Universal Health Care** - Kes 1 billion from Universal Health Care to be used for additional health workers to support the fight against the spread of COVID-19
- ❑ **Temporary suspension** of listing to CRB on arrears effective April 1 to allow companies to borrow

Recommendations

- ❑ Call for immediate **agile scenario planning** for private sector to respond to this rapidly changing crisis situation at national, regional & continental level.
- ❑ In the immediate term (1 - 3 months):primary interventions by most govts focused on containment of the virus & reducing community transmission/ spread.
- ❑ Key challenge for Africa is the vulnerability of low-income citizens in informal settlements: daily wages

Considerations for Scenario Planning

- ❑ What short-term actions can governments, business, and development institutions take to mitigate the crisis impact
- ❑ What are the short-term, mid-term and long-term potential outcomes for business?
- ❑ What Public-Private and development agencies partnerships are key?
- ❑ What are the national mechanisms being implemented to manage the medical crisis?
- ❑ What are the national responses by governments e.g. Kenya: tax relief, Social Protection etc? – will they positively impact business/
- ❑ How can businesses leverage more on technology now and in future?

Recommendations

- ❑ Short-term Outlook (6 months), hoping a vaccine is found;we expect that govt could start progressively lifting the lockdowns on economies. Important for business to push for the incentives such as tax rebates & soft loans to be are maintained to prop up disposable capital and transactions.
- ❑ to unlock & build value chains in strategic sectors such as tourism, hospitality manufacturing, agriculture given reduced travel.

Recommendations

- ❑ Business considers deployment of **supportive technologies for business continuity.**
e.g. (FKE has deployed MS-teams and other supportive online technologies)
- ❑ Support and encourage role of citizens towards containing the spread. Spreading the word on containment through staff, media and networks.

WHAT MORE CAN WE DO?

- Focus on averting the Health crisis as a priority but its not a choice of health over business. Must address both.
- Constantly collect data and assess the impact; The FKE survey will provide data
- Keep up the advocacy initiatives to cushion enterprises as well as protecting jobs
- Consider alternative ways of doing business; Unusual times calls for unusual measure
- Africa to rethink development strategy, do more together eg Kenya has started making masks, medical apparel given global shortage. Focus on local manufacturing



Thank You
Asante Sana