



KAM STATEMENT ON CONCERTED EFFORTS AGAINST COVID-19

Dear Member,

We find ourselves at a remarkably tenuous point in our history. The unexpected turn of events as a result of the global pandemic (COVID-19) has thrown an unwonted curve ball on our plans for the year, at the start of a new decade no less.

As we navigate this precarious period, I would like to celebrate you, our Members, for your responsiveness, kindness, generosity and solidarity with the Citizens and the Government, to ease the pressure that is certainly going to be felt in the coming weeks. Your in-kind contributions, donations, and financial support to on-going efforts to flatten the curve are truly laudable.



KAM Chair, Mr Sachen Gudka

You have also dedicated a lot of time, long days and late nights to support technical committees working with the Government to find practical immediate solutions to keep our country afloat. Thank you.

GOVERNMENT'S DIRECTIVES

√ Similarly, H.E. the President's pronouncements on Wednesday, 25th March 2020, on providing support to both the *Mwananchi* and Businesses are commendable! As industry, we are appreciative of the measures introduced to support the country during this season, including those specifically targeting the vulnerable of our society and Small and Micro businesses that support our economy. This is a

demonstration that the leadership of this country is strategically building a strong foundation for a swift economic recovery from the pandemic.

√ Government response since the pandemic hit our borders has been encouraging, as all Ministries and agencies have expeditiously engaged their response teams in delivering quick progressive measures to protect all citizens.



President Uhuru Kenyatta

√ In its duty to keep citizens informed, the Government has done a tremendous job to thwart speculation, give accurate daily accounts of progress and assure the country of its vigilance.

√ A noteworthy step is the setting up of a Business Emergency Response Team led by the Ministry of Industrialization, Trade and Enterprise Development. This Team has spearheaded the formulation of measures and emergency policies to steer businesses in this time, cushioning the vulnerable especially the Small and Micro businesses.

√ I also greatly appreciate the policy measures introduced by the Central Bank of Kenya and the Monetary Policy Committee to support the country during this time. These will go a long way into releasing additional liquidity into businesses' lifeline to forestall the effect of COVID-19.

OUR ENGAGEMENTS

√ On our part, thanks to your dedicated effort and contribution, Kenya Association of Manufacturers has successfully engaged the Government on measures specific to industry.

√ To ensure business continuity and contain the spread of the virus, the Association has held fruitful meetings with the Office of the President, the National Treasury, the Ministry of Industrialization, Trade and Enterprise Development and the Ministry of Labour and Social Protection. The following has been realized from these meetings:

KAM proposal	Government response
⇒ Fast-track VAT refunds by providing a one-off budget allocation of Ksh. 22 Billion to clear outstanding VAT Refunds.	⇒ KRA to expedite payment of all verified VAT refund claims amounting to Ksh. 10 Billion within 3 weeks; or allow for offsetting of Withholding VAT.
⇒ The Government to offer free treatment for anybody affected by COVID-19's SARS-CoV-2 virus. In case sick leave is applied, the government should reimburse companies for days lost.	⇒ Ksh. 1 billion has been allocated for the recruitment of more health workers.
⇒ KAM proposed that the government directs Ministries, Departments, Agencies (MDAs) and County Governments pay all suppliers fully, starting with SMEs before paying large corporates and multinationals until the virus is under control.	⇒ Payment of at least of Ksh. 13 Billion of the verified pending bills, within three weeks. ⇒ Private sector is also encouraged to clear all outstanding payments among themselves within three weeks.
⇒ The Association requested that the Repo Rate/Central Bank Rate (CBR) be reduced from the current 8.25% (Kenya) to 5% to	⇒ On 23 rd March 2020, the Central Bank of Kenya (CBK) Monetary Policy Committee (MPC) reduced CBR from 8.25% to 7.25%.

<p>benefit struggling lenders especially the SMEs.</p> <p>⇒ Commercial banks should reduce their lending rates with equal margins.</p>	
<p>⇒ Cut the Cash Reserve Ratio (CRR) from 5.25% to 2% to ensure banks release cash into the economy.</p>	<p>⇒ The MPC also reduced CRR from 5.25% to 4.25% to release an additional Ksh. 35.2 billion into the market.</p>
<p>⇒ 6 months' Moratorium for Non-Performing Loans: Besides the foreseeable negative effects of COVID19 which may increase the ratio of gross non-performing loans to gross loans, bad loans currently stand at KSh. 330 billion.</p>	<p>⇒ On 16th March 2020, the Central Bank announced mitigation measures to borrowers that were up-to-date with their loan repayment.</p> <p>⇒ KAM is also seeking to meet Kenya Bankers Association (KBA) on complementary mitigation measures banks can offer to manufacturers</p>
<p>⇒ Government to reduce/cancel relevant taxes for SMEs including VAT from 16% to 8%, Corporate Tax from 30% to 15% for the next 6 months.</p>	<p>⇒ Reduction of the VAT from 16% to 14%, effective 1st April 2020.</p> <p>⇒ Reduction of Resident Income Tax (Corporation Tax) from 30% to 25%.</p> <p>⇒ Reduction of the turnover tax rate from the current 3% to 1% for all MSMEs.</p>
<p>⇒ Expansion of salary bands where minimum taxable salary income to be increased from Ksh. 11,587 to 25,000 and review of the salary</p>	<p>⇒ 100 % Tax Relief for persons earning gross monthly income of up to Ksh. 24,000.</p>

bands and personal relief after every two years.

- ⇒ Reduction of PAYE from 30% to 25%.
- ⇒ Appropriation of an additional Ksh. 10 Billion to the elderly, orphans and other vulnerable members of our society.

OUR MANIFESTO

√ Nonetheless, even as we do all of this in a fast-changing, daunting and very unpredictable situation, I implore us to remember our historic central role in building and upholding the society since before independence. There will be pain but let it will be easier to bear because we have all joined hands as industry to make it so. We are the custodians of the economy and when this dark cloud has passed, the onus will also be on us to stand strong as a development partner for our beloved country.

- ⇒ In view of this, we must do our utmost to ensure that there are at best No, and at worst, minimal job losses. We must dedicate our resources to supporting as many livelihoods as possible to cushion all citizens.
- ⇒ We must also mobilize our resources to support various on-going initiatives to mitigate the spread of the virus throughout the country and especially to disadvantaged populations. We need to ensure that citizens feel supported and included.
- ⇒ At this point, I must also emphasize that part of this inclusion is dependent on Citizens' ability to access essential goods and services during this period. Therefore, it is our obligation to remain ethical and fair in our pricing to enable, especially those whose daily wage will be greatly impacted by the pandemic, to cater to their basic needs.

⇒ It is also imperative that, for those in industry whose services are deemed essential and therefore allowed to operate, we prioritize the health and safety of those in our companies and in our communities, by strictly adhering to guidelines and protocols provided by the Government under the Operational Safety and Health Act.

⇒ It is only by doing this that we will stand by our country to ensure the continuity and availability of critical supplies and essential products.

⇒ We have also launched an online directory to help the public and other businesses access local products and services to support their operations during this time. I urge you to log on to the [Online Directory](#) and update your information.

⇒ KAM has proposed measures that can be applied as Border Point protocols to facilitate the safe movement of supplies, and these have now been adopted by the EAC Council of Ministers.



CONCLUSION

√ As we develop these measures, with the dynamic-nature of the disease, we must also look at the gaps that have been uncovered during this time with a futuristic view to address them in the long-term.

√ For this reason, we are working very closely with the Government to develop rebound strategies on which we can embark post-COVID-19. Once again, I look to you to be an active part of this process to help our Nation come out strong on the other side of the pandemic.

√ We are a strong Nation because you have been pivotal in setting a strong foundation, and it is with your support that we shall have a swift recovery and a promising future.

Yours Sincerely,

Sachen Gudka,
CHAIRMAN
