



# Economic Management Framework for COVID- 19 Response

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## INTRODUCTION

The COVID-19 pandemic has already impacted all areas of economic activity globally and in Kenya. KEPSA recognizes the role that the private sector plays to achieve our shared goal during this crisis: to maintain jobs and business continuity; to support health and social well-being of Kenyans; and to ensure the stability and security of Kenyan society. KEPSA set up a Covid -19 Action Platform made up of leaders of key sectors on behalf of the private sector.

The private sector recently met a section of the Cabinet Secretaries led by the National Treasury and presented the COVID-19 strategic recommendations matrix. Several recommendations and interventions which will benefit several sectors were agreed on. These measures were later presented to the President during the 11<sup>th</sup> Presidential Round Table where further directives were given for implementation across various arms of government. The President committed to working with the private sector to mitigate the impact of COVID-19 on businesses and the economy. Since those meetings, many interventions including some that are not captured in this document but extremely helpful to business and the economy have been implemented and/or are in the process of being actioned.

KEPSA has consolidated proposals from various private sector players representing all sectors of the economy. This COVID-19 strategic recommendations matrix has proposed a prioritized set of recommendations and interventions focused on economic response in consideration of health and social dimensions. The focus is on short-term interventions given the crisis, but with a forward-looking view on potential 'rebound' opportunities in the mid-term.

The overriding focus of this economic framework on COVID-19 include:

- 1) Maintaining jobs and livelihoods;
- 2) Prioritizing the health and safety of our employees, communities, and healthcare workers;
- 3) Protecting SMEs;
- 4) Ensuring business and supply chain continuity;
- 5) Mobilizing private sector capabilities and resources;
- 6) Maintaining highest ethical standards;
- 7) Avoiding moral hazard traps such as price spikes or producing or distributing lower quality products;
- 8) Disseminating clear and accurate information frequently; and,
- 9) Promoting social stability.

## 1 PRIVATE SECTOR ACTIONS AND COMMITMENTS EXAMPLES

Issue	Actions and Commitments
<b>A. Economic management framework over Covid-19 &amp; rebound strategy</b>	1) KEPSA has developed a detailed and comprehensive economic management framework to mitigate the economic impact of Covid-19 and will work with the government on its implementation.  2) KEPSA is working with Government on among others the following: <ul style="list-style-type: none"> <li>i. Supporting new manufacturing businesses to fill emerging gaps in global supply chains.</li> <li>ii. Encouraging domestic production of items that were previously imported.</li> <li>iii. Accelerating adoption of innovative business models and technologies that were required during the crisis (e.g. tele-health, e-learning, e-Commerce).</li> </ul>
<b>B. Digital Engagement Solutions for sharing of information, essential medical supplies and ensure continuity of supplies</b>	3) KEPSA has set up a digital engagement portal, which will enable sharing of information including information links from various businesses, industries and associations on Covid-19 for access by all such as the Kenya Association of Manufacturers (KAM) online directory (directory.kam.co.ke) to match local manufacturers, SMEs and consumers to ensure supply chain continuity and availability of critical inputs; and, the Kenya Healthcare Federation (www.khf.co.ke) platform seeking to provide access to health-related information, including a portal for essential medical supplies, a health workforce portal, and a link to online resources on COVID-19 , link with AMREF on mobilisation of business to contribute in different ways to the needs arising in the country from the crisis and others.
<b>C. Development of a 24-Hour Call Centre</b>	4) KEPSA is also in the process to set up a 24-Hour Call Centre to provide the information to all business sectors and industries to complement the portal for those who would prefer to dial in. Our allocated toll-free number is 1196 and should go live soon
<b>D. Improving hygiene</b>	5) Isuzu is building two new water bowsers and will deliver free water from their Isuzu factory to the nearby low-income areas.  6) The Kenya Pipeline Company (KPC) in partnership with National Youth Service (NYS) and KEPSA members in the oil industry and manufacturing sectors have produced sanitizers labelled “not for sale”, working with such as EABL on some of the transportation of the ingredients and will work with volunteers including e-commerce and other distributors e.g. Coke etc. distribute water, sanitizers, soap to the public at designated spots, especially in informal settlements.  7) EABL will enable production of 135, 000 litres of sanitizer, prioritising vulnerable and at-risk groups

<p><b>E. Containing the spread of COVID-19</b></p>	<p>Businesses are:</p> <p>8) Restricting and discouraging movement of staff by enabling them to work remotely, by moving work to digital platforms and developing and disseminating work safety measures and protocols to their businesses.</p>
<p><b>F. Provision of private infrastructure for quarantining requirements</b></p>	<p>9) Private sector members have offered use of their infrastructure such as hotels, schools and warehouses to support the government's quarantine, containment and counselling centre requirements and also to act as collection points for food, sanitizers and other essentials when called upon.</p> <p>10) Slumberland has donated 100 mattresses to be used for any emergency centres that need to be set up.</p> <p>11) Matatu Saccos have established ways to disinfect the Matatus and set up points for sanitization.</p> <p>12) KEPSA through KHF in partnership with government to train hotel staff of hotels designated for quarantine</p>
<p><b>G. E-Learning and other education initiatives</b></p>	<p>13) IBM has organized the following activities with the high school students and youth to develop digital skills and promote innovation:</p> <ul style="list-style-type: none"> <li>i. Making available an online learning platform available for free training on new technologies including certification and online job search engine. This is accessible at <a href="http://www.digitalnationafrica.com">www.digitalnationafrica.com</a></li> <li>ii. Scheduled a series of online seminars (webinars) delivered by IBM subject matter experts on coding, cyber security, design thinking and many other technologies</li> <li>iii. Organized an online hackathon bring together innovators and developers to design and develop appropriate &amp; locally relevant solutions to address challenges brought about by Covid 19 using technologies such as artificial intelligence and analytics</li> <li>iv. Elimu Holdings has offered free educational content on their website <a href="https://www.elimulibrary.com">https://www.elimulibrary.com</a> for teachers, parents and students to use during this period.</li> </ul> <p>14) Longhorn in collaboration with Cytonn has started an e-Learning Platform allowing access of learning materials for Grade 1 to 3, Standard 5 to 8 &amp; Form 1 to 4. Longhorn has also waived subscription fee on their e-learning platform during the Covid-19 period and has partnered with Airtel Kenya to allow access of the content for free.</p> <p>15) Airtel Kenya is offering free internet access for students in order to enable continued learning at home.</p>

<b>H. Internet connectivity</b>	16) IT companies have increased broadband infrastructure and speeds to enable more people to work off site and at home efficiently and affordably. For example, Wanachi & Safaricom have doubled bandwidth for their customers on all fibre connections at no extra cost to help people work and learn remotely.
<b>I. Entrenching cheaper cashless transactions and Costs of Credit</b>	17) Telecommunication companies have waived fees on mobile money transfers and raised transaction limits to support SMEs. 18) Safaricom has waived medical Paybill fees for its subscribers. 19) Banks through the Kenya Bankers Association (KBA) have removed certain charges, such as mobile transfer fees, and have committed to restructuring loans to cushion businesses and individuals during this period.
<b>J. Reducing prices of essential products and donations</b>	20) Manufacturers have reduced the prices of some essential commodities by 5% for products such as soaps and cooking oil 21) Chandarana and other retailers mobilising business and public to purchase care packs of food for feeding needy families
<b>K. Handling logistics and distribution</b>	22) Companies like <i>Jumia, Glovo, Uber, SafeBoda Sendy, EABL</i> and others have offered their platforms for businesses and Government to use for their logistics and delivery infrastructure for Covid-19 essential products and to the public and other businesses.
<b>L. Ensuring uninterrupted supply of commodities</b>	23) Manufacturers are allowing and promoting the sharing of distribution channels to ensure the supply of essential products across the country. 24) Coke is currently exploring the following actions: <ul style="list-style-type: none"> <li>• Leveraging on its distribution network to transport essential supplies across the country e.g. sanitizers.</li> <li>• Leveraging on its marketing /advertising / packaging for mass communications</li> <li>• Partnering with Medshare to import medical supplies for one or two major hospitals.</li> <li>• Partnering with AMREF to support training for community health care workers</li> <li>• Partnering with SHOFKO to install hygiene stands at slum entry points &amp; door to door campaigns in Kibera, Mukuru &amp; Mathare.</li> <li>• In discussion with the Red Cross to activate relief efforts where required.</li> </ul> 25) Radio Africa group engaged 4,000 listeners yesterday and provided them with soap with an intent to reach 15,000 people by the coming weekend. 26) KEPSA to mobilise business to donate some of the PPE equipment to high risk persons like masks to matatu drivers and touts, support to the medical personnel to motivate with medical essential e.g. clothing, care packages etc

<b>M. Paying outstanding private-to-private debts</b>	27) Private sector is committed to ensure prompt payment of suppliers, especially SMEs.
<b>N. Creating public awareness on COVID-19</b>	28) Businesses are providing training through online curricula to support mass sensitization and education of citizens on Covid-19.  29) Tusky's supermarket has partnered with SENDY for home deliveries as well as with AMREF for COVID-19 awareness creation.

## 2 BIG IDEAS TO CATALYSE IMPACT ON HEALTH AND ECONOMIC RESPONSE

Issues to address	Proposed interventions	Impact	Progress
<b>A. Powers to address the risks of increase of number of COVID 19 cases in the country</b>	1) Recommend to the <b>President to declare Covid-19 as a national disaster or whatever will give him the powers to act swiftly</b>	<ul style="list-style-type: none"> <li>Unleashes Presidential powers to ensure necessary actions can be taken without any hindrances of the law to enhance the efficacy of the management of the Covid-19 to protect Kenyans, businesses and the economy from its effects.</li> </ul>	<ul style="list-style-type: none"> <li>several targeted measures announced by ministry of health and security on social distance, health, movement and gathering of public as captured in different statements made by Government</li> <li>The National Government Administration Officers (NGAO) under the Ministry of Interior are enforcing measures and directives issued. Moving forward disciplinary action will be taken towards those who will fail to comply.</li> <li>CBK Board approved KES 7.4Billion which was gained during the demonetization of the old 1,000 notes and the President directed that the fund be used Covid-19 response especially health issues</li> </ul>

	<p>2) Leverage <b>excess physical capacity</b> for mass quarantine, testing and treatment (i.e. empty boarding schools, hotels, stadiums, warehouses)</p>	<ul style="list-style-type: none"> <li>• Saves the government from having to invest in quarantining facilities and optimizing scarce resources by channelling them to other immediate needs.</li> </ul>	<ul style="list-style-type: none"> <li>• Hotels e.g. Four point by Sheraton, crown plaza at the airport, Boma, Hilton etc already approved for use on top of the government facilities Mbagathi and Kenyatta university hospital</li> </ul>
	<p>3) Advocate for the government to <b>restrict movement of people</b> overcoming days and weeks, through both behavioural change (i.e. protective gear for boda bodas) and structural change (i.e. monitor city perimeter entry/exit)</p>	<ul style="list-style-type: none"> <li>• Enforces the behavioural change and minimizes spread of COVID 19</li> </ul>	<ul style="list-style-type: none"> <li>• All persons arriving through the ports of entry before Wednesday when the government shuts down all passenger flights and closes borders to the public, have to go for mandatory quarantine in the government approved or private sector approved facilities.</li> <li>• The National Police Service to enforce public health act</li> <li>• All PSVs must adhere to the directive issued on Friday (March 20th) failure to which respective Sacco's license will be revoked</li> <li>• Government has suspended all churches, mosques gatherings; funerals are restricted to family members only (Restricted to 15). Weddings not allowed. Any form of gathering even within the streets is also not allowed.</li> <li>• All bars will remain closed until further notice. Restaurants remain open but only have takeaway services.</li> <li>• Hotels will remain open but observing the social</li> </ul>



			distance rules issued among others
	<p>4) Advocate for required “COVID-19 Visa”. All travellers possess COVID-Visa to indicate That they have been on quarantine 14 days before and 14 days after testing prior to boarding the plane. This document is to be presented at Ports of entry.</p>	<ul style="list-style-type: none"> <li>• Reduces inter-border transmission of COVID-19 without restricting entry of COVID-19 free travellers and supporting tourism and other related sectors</li> </ul>	<ul style="list-style-type: none"> <li>• Government has closed entry of all international passengers through the airports from Wednesday march 25th and the same will apply to borders. only cargo shall continue to arrive and leave.</li> </ul>
<b>B. Keeping and gaining traditional and new Market</b>	<p>5) 'Flowers from Kenya': Use excess airline capacity to deliver flowers, tea, coffee, and other critical exports to affected countries in Europe and Africa as a generous gift from Kenya. This intervention will:</p> <p>a) Act as alternative to storing/dispensing of excess production.</p> <p>b) Keep thousands of farm workers employed</p> <p>c) Provide a potential to use 'return flight' capacity for needed medical supplies</p>	<ul style="list-style-type: none"> <li>• Cushion small holder farmers' earnings and activities.</li> <li>• Marketing of Kenya in the long run ensures we maintain and/or grow existing export markets and potentially expand to new markets. This will create employment opportunities by reducing systemic unemployment in country and potential security problems</li> </ul>	<ul style="list-style-type: none"> <li>• CS Matiangi through NDICC is working with the private sector to ensure the proposal is actualised. With passenger flights cancelled from Wednesday 25th March, this will be done through cargo flights to select destinations of traditional markets in Europe and new markets including Africa as part of the ACFTA</li> </ul>

<p><b>C. Economic response overall</b></p>	<p>Business and Government to work on producing for the gaps left by imports as well as new business demands, dealing with business emergencies as they arise and working on economic rebound strategies</p> <p>Authorization of EPZ firms to sell into the local market (100% offloading) after payment of VAT and custom duty.</p>	<ul style="list-style-type: none"> <li>• Overall, these radical responses will not only limit the spread of COVID-19 but also ensure that Kenya comes out of the pandemic in a stronger position to deliver the Big 4 and Vision 2030 objectives by: <ul style="list-style-type: none"> <li>○</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Government has engaged EPZs to explore measures to support the sector to offload to the local market and encourage consumption of locally manufactured goods while meeting the gap left with slowdown of imports in this sector</li> <li>• The Ministry of Tourism consulted with the private sector to urgently develop a rescue and recovery strategy for the tourism sector to be ready in one week's time.</li> <li>• the private sector has moved to manufacture and produce essentials needed for the crisis e.g. health PPEs and more food for local and also fresh produce for Europe.</li> <li>• The Ministry of Industrialization, Trade and Enterprise Development has set up a Business Emergency Response Centre with a Hotline Number and Email address to mitigate the effect of Covid-19 on Kenyan businesses and assist the government to disseminate mitigation measures.</li> </ul>
	<p>6) Expand <b>cash transfers</b> offered to orphans, elderly to include the urban poor and SMEs.</p>	<ul style="list-style-type: none"> <li>• Cushioning this group from the adverse effects of COVID-19 pandemic.</li> </ul>	<ul style="list-style-type: none"> <li>• NT reassured that it will facilitate timely cash transfers to the elderly, orphans and vulnerable Kenyans.</li> <li>• Government and KEPSA working on food for the urban poor in case of a total lock down to curb the spread of the virus.</li> </ul>

### 3 MACROECONOMIC IMPACT AND INTERVENTIONS

Issues to address	Proposed interventions	Impact	Progress
<b>A. Labour / employment policy to tackle unemployment risk -</b> Significant number of jobs are at risk, particularly in travel and tourism, agriculture, and with particular impact on SMEs	<b>Maintain employment and basic income</b> a) Encourage employers to give cash advance to lower-income bracket employees so they can purchase necessities  b) Consider covering sickness pay up to a certain amount per employee  c) Defer social security contributions for large employers in impacted sectors  d) Avoid ceremonial wage increment on 1st May 2020 and allow minimum wage to remain at Ksh. 13,572 per month to cushion employers from the double effect of home-working and increased wages.	<ul style="list-style-type: none"> <li>• There will be a cost relief for businesses.</li> <li>• Provisions/subsidies that ensure no material increase in expenditure.</li> </ul>	<ul style="list-style-type: none"> <li>• Dialogue between Government, employers and labour unions to protect jobs during the pandemic took place and all aligned to work together.</li> </ul>
	<b>Explore adjusted working models</b>  a) Consider shifts (3-4) even with declining output to maintain jobs; reduce congestion on site as much as possible  b) Ensure traders operate in designated places to ensure appropriate hygiene provisions	<ul style="list-style-type: none"> <li>• Maintains jobs and reduces congestion and employee exposure to the virus.</li> <li>• Protects livelihoods</li> </ul>	<b>Businesses:</b>  <ul style="list-style-type: none"> <li>• Developed and disseminated work safety measures and protocols to businesses.</li> </ul>
<b>B. Reducing Burden of Taxation</b>	a) Fast-track VAT refunds (one-off budget allocation to clear	<ul style="list-style-type: none"> <li>• Ensure disposable income remains</li> </ul>	<b>Government committed to:</b>

	<p>outstanding VAT and WHVAT refunds)</p> <p>b) Reduce/cancel/reprieve taxes such as VAT, PAYE, corporate tax for 6 months especially for MSMEs and vulnerable sections</p> <p>c) Suspend PAYE for 6 months for workers earning less than Shs 50,000 per month, and reduce PAYE by 20% for other brackets</p>	<p>relatively the same</p> <ul style="list-style-type: none"> <li>• There will be a cost relief for businesses</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure KRA pays verified VAT refunds in the next 30 days</li> <li>• NT exploring the turnover tax rate from the current 3% to 1% for the Micro, Small and Medium Enterprises (MSMEs)</li> <li>• Review of budget implementation of financial year 2019/20</li> </ul>
<b>C. Injecting liquidity for businesses</b>	<p>a) National and County Governments to clear all pending bills fully, with priority for SME's</p> <p>b) Moratorium on loan principal repayments for 6 months</p> <p>c) Suspend collateral repossession</p> <p>d) Suspend penalties for banks incurring new (COVID-induced) NPLs</p>	<ul style="list-style-type: none"> <li>• Injects liquidity into businesses</li> <li>• Continuity in consumption and production</li> </ul>	<ul style="list-style-type: none"> <li>• The National Treasury committed to urgently review budget implementation of FY 2019/20 by taking into account revenue performance and the need to provide resources to control the spread of the virus.</li> <li>• NT acknowledges budget support from development institutions and will work to release the accessible financial resources.</li> </ul>
<b>D. Trade, and foreign exchange income loss due to decline in exports</b>	<p>a) Encourage intra-Africa trade starting with EAC/COMESA implementing true free trade.</p> <p>b) CBK to use forex reserves to stabilize currency fluctuations</p>	<ul style="list-style-type: none"> <li>• Maintains forex earnings</li> <li>• Cushions shilling from significant depreciation - and to meet foreign loan obligations at an affordable cost</li> <li>• Maintains cost of imports for manufacturers and consumers</li> </ul>	<ul style="list-style-type: none"> <li>• Both imports and exports allowed movement across borders and on facilitation of cargo a security officer will be appointed to be the point person for KEPSA</li> </ul>

## 4 SECTOR- SPECIFIC INTERVENTIONS

Note that many proposals from sectors are captured in the macro-economic interventions (see Section II above). The following are **incremental, targeted measures** by sector (prioritized examples)

### a. Healthcare

The effectiveness of the health response impacts the entire economy and all sectors therein. Healthcare has developed a comprehensive issue matrix.

Issues to address	Proposed interventions	Impact	Progress made
1. Health and safety to reduce risk of transmission.	a). hiring of more workers and mobilise retired health workers to support	<ul style="list-style-type: none"> <li>Effective containment of the virus.</li> </ul>	<ul style="list-style-type: none"> <li>The government has released KES 1Billion to hire more health workers.</li> <li>Government has passed a directive that all vehicles both public and private have to carry sanitizers</li> </ul>
2. Inadequate supplies 3. Regulatory hurdles impeding turnaround time	<p>b). KRA to expedite approval of local purchasing of ethanol from sugar millers and to waive excise duty on purchase of Ethanol for locally authorized manufacturers of sanitizers to scale up local manufacturing of sanitizers.</p> <p>MOH, through PPB to develop a guideline for reporting shortages of essential health products supplies.</p> <p>MOH to give private sector consolidated 9-month forecasts for health products and technologies required.</p> <p>Manage stock volumes, by facilitating just-in-time (JIT) replenishment as much as possible and modelling different scenarios</p>	<ul style="list-style-type: none"> <li>Ready availability of health products and technologies including PPE necessary for combating the pandemic.</li> <li>De-escalation of prices of hand sanitizers.</li> </ul>	<ul style="list-style-type: none"> <li>The Head of Public service issued a directive for all agencies involved in the release of ethanol to facilitate the development of sanitizers and that was done.</li> <li>The customs department is rolling out a cargo clearing process known as ‘Green Channel’ to facilitate a faster and efficient external trade during this period.</li> <li>Coca-Cola partnership with Medshare to import medical supplies for two major hospitals.</li> </ul>

<p>4. Poor safety protocols</p> <p>5. Skills gap in the management of the pandemic</p>	<p>a) Develop appropriate COVID-19 testing guidelines (i.e. on who to test given finite resources) based on WHO, CDC, and MoH guidelines. Train all HCWs (public and private) on early and proper diagnosis and treatment, and equip them with sufficient PPE and other resources (i.e. boarding, transport, counselling etc).</p>	<ul style="list-style-type: none"> <li>• Co-ordinated unified response by all healthcare actors.</li> <li>• Confidence by health workers to care for Covid-19 patients.</li> <li>• Reduce stress and boost morale of HCWS.</li> </ul>	<ul style="list-style-type: none"> <li>• Generation Kenya is providing capacity building for healthcare assistants to support diagnosis, care and treatment.</li> </ul>
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### b. Agriculture

Issues to address	Proposed interventions	Impact	Progress made
<p>6. Impact on tea, cut flowers, and coffee exports (~40% of total exports), given impact to export markets in US, EU, and China</p> <p>7. Employment, given that agriculture accounts for 57% of overall employment in Kenya</p> <p>8. Food security and affordability of commodity foods</p>	<p>Government to spend on flowers - for distribution to locals as well as traditional and new export destinations.</p> <p>a) Remove PVOC requirement for seeds, animal health products and live plants,</p> <p>b) Fast-track payment of VAT refunds owed to agribusiness firms</p> <p>c) Remove 10% duty on wheat imports</p> <p>d) Pay millers Ksh. 2B pending since 2-years</p> <p>e) Open up importation window for maize for agreed-upon quantity for private sector</p> <p>f) Remove IDF and RDL on imported food (maize and wheat)</p>	<ul style="list-style-type: none"> <li>• Ensures export quantities do not drop significantly.</li> <li>• Maintains employment and cash flow in agriculture businesses</li> <li>• Maintains exports to traditional markets and obtaining of new markets wherever KQ flies</li> <li>• Ensures affordability of basic foods</li> <li>• Maintains national food reserve to cushion against food shortage</li> <li>• Reduces cost of production in this production season</li> </ul>	<ul style="list-style-type: none"> <li>• CS Matiangi will sign the duty waiver for private sector importation of maize</li> <li>• Ministry of security will facilitate all security needed for movement of goods and food across borders and within the country when the need arises</li> <li>• GoK is to facilitate a meeting between wheat growers and millers.</li> <li>• KRA to pay verified VAT refunds in 30 days.</li> </ul>

	g) Zero rate VAT on all inputs- seed, fertiliser, animal health products		<ul style="list-style-type: none"> <li>GoK to urgently assess food situation to inform additional measures.</li> </ul>
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### c. Travel & Tourism

Issues to address	Proposed interventions	Impact	Progress made
<p>9. Decline in tourist numbers expected, given that US, EU, and China account for about 35% of all foreign tourists.</p> <p>10. Kenya Airways losing at least \$8M per month as a result of decrease in passenger travel.</p>	<p>a) Government to waive the circular on government only using government facilities during this period.</p> <p>b) Apply a 12-month moratorium on Tourism Levy</p> <p>c) 50% reduction on royalties paid to County and National Parks</p> <p>d) Engage in negotiations to obtain price reduction from suppliers of the tourism industry</p> <p>e) Increase KTB budget for PR and marketing (short and mid-term measure)</p> <p>f) Promote domestic and regional tourism sources (mid-term measure)</p> <p>g) Remove fees for postponement and cancellation of tourism, sports or similar events</p>	<ul style="list-style-type: none"> <li>Maintain employment within tourism sector and adjacent sectors it supports</li> <li>Ensure business cash flow</li> </ul>	<p><b>Government agreed to:</b></p> <ul style="list-style-type: none"> <li>Allowing use of private hotels for meetings by government agencies. This will support the tourism sector for this period.</li> <li>The government has waived aviation related fees (landing fees, parking fees, etc.) for all aircraft bringing in essential goods in the country.</li> <li>Use KQ as much as possible to deliver the flower donations in the designated destinations.</li> </ul>

#### d. Manufacturing

Issues to address	Proposed interventions	Impact	Progress made
11. Contraction in manufacturing activity (PMI of 49) with imports from China declining by ~35%, including critical raw materials; with ~67% of manufacturers relying on China for imports in February	<p>a) Abolish import declaration fee (IDF) and railway development levy (RDL) to make the cost of raw material cheaper</p> <p>b) Fast-track further purchase of medical supplies by releasing a stimulus package or funds for local manufacturing of pharmaceuticals and increase Kenya Medical Supplies Authority (KEMSA) storage facilities where locally manufactured and imported molecules are stored to ensure adequacy during COVID19 crisis.</p> <p>c) Fast track approvals to enable import of urgent equipment.</p> <p>d) Due to expected shortage of imported finished goods, the government to gazette and enforce a list of locally manufactured goods that is handled by the State Department of Industrialization</p>	<ul style="list-style-type: none"> <li>Support local production of import substitutes at competitive prices</li> <li>Reduce the cost of imports</li> <li>Ensure timely delivery of raw materials and essential finished goods</li> </ul>	<ul style="list-style-type: none"> <li>Gok agencies to immediately ease restrictions on imports to maintain supply of raw materials and goods.</li> <li>Ministry of Health has received the list of manufacturers on health essentials to engage on production as part of “Buy Kenya build Kenya”</li> <li>Government will engage producers of food for the program on feeding the urban poor</li> </ul>

#### e. Financial Institutions

Issues to address	Proposed interventions	Impact	Progress made
12. Increase in NPLs due to substantial decline in economic activity in	<p><b>Central Bank to consider:</b></p> <p>a) Review existing cash reserve ratios for banks in order to inject liquidity to the financial system.</p> <p>b) Release the countercyclical buffer placed on bank’s capital</p>	<ul style="list-style-type: none"> <li>Injects liquidity in the financial system</li> </ul>	<ul style="list-style-type: none"> <li>Central Bank Rate and Cash Reserve Ratio went down by 100 basis points 8.25% to</li> </ul>



<p><b>agriculture , travel &amp; tourism, and manufactu ring</b></p>	<p>structures to allow for banks to utilize the buffers and extend credit</p> <p>c) Review classes of assets with a view to reduce risk weightings and release capital for banks to lend</p>	<ul style="list-style-type: none"> <li>Increases liquidity in the trade market</li> <li>Ensures working capital for business is maintained</li> </ul>	<p>7.5% and 5.25% to 4.25% respectively. This will allow banks to lend, a tool rarely used by CBK.</p>
<p><b>13. SMEs experience challenges obtaining working capital and longer term debt</b></p>	<p><b>Government to consider</b></p> <p>a) providing a guarantee fund for banks to support distressed sectors and businesses</p> <p>b) additional recommendations that are part of macro-economic interventions mentioned earlier</p>		<ul style="list-style-type: none"> <li>CBK is reaching a consensus with the Banks on restructuring debts with deferment of interest and principal payments for businesses that need to negotiate.</li> </ul>

#### f. Telecommunications

Issues to address	Proposed interventions	Impact	Progress made
<p><b>14. Integration of Telecom as an enabler of economic recovery process after COVID-19</b></p>	<p>a) Leverage digital channels (e.g. SMS) to cascade information to citizenship</p> <p>b) Support businesses online/ telematic sales</p> <p>c) Supply free / subsidized internet broadly in Kenya</p>	<ul style="list-style-type: none"> <li>Support economic recovery</li> </ul>	<ul style="list-style-type: none"> <li>The government through KCAA has granted approvals that will ensure universal 4G Data Coverage throughout Kenya. Google Loon in partnership with Telkom will ensure there is 4G coverage throughout the Country.</li> </ul>

#### g. Retail

Issues to address	Proposed interventions	Impact	Progress made
<p><b>15. Lower confidence and reduced consumer</b></p>	<p>a) Zero-rate VAT (0%) on essentials for 6 months including soaps, tissues, sanitizers and staple foods</p>	<ul style="list-style-type: none"> <li>Support economic recovery</li> </ul>	<ul style="list-style-type: none"> <li>GoK to engage County Governments to ensure traders operate in designated areas with appropriate hygiene measures.</li> </ul>

<p><b>consumption</b></p>	<p>b) Government to increase local content in its purchasing where possible</p> <p>c) Remove distribution licenses and fees as well as advertising fees charged by counties</p> <p>d) Crowd control using security personnel and NYS in major shops and support security for trucks where necessary</p>		<ul style="list-style-type: none"> <li>Govt has put the social distance regulations for supermarkets</li> </ul> <p>When the need arises, the Government will offer security for movement of goods from one place to another.</p>
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#### h. Security

Issues to address	Proposed interventions	Impact	Progress made
<p><b>16. Cash circulation handled by private security officers during transit</b></p> <p><b>17. Over 700,000 security guards in Kenya with multiple touch points</b></p>	<p>a) Isolating cash for 12 hours before processing</p> <p>b) Increase sanitation measures in cash centres as well as buildings.</p>	<ul style="list-style-type: none"> <li>Support Recovery</li> <li>Increased safety of Kenyans</li> </ul>	<ul style="list-style-type: none"> <li>Businesses and the government have put sanitation measures for security officers in all buildings.</li> </ul>