



Press Release

KEPSA APPRECIATES PRESIDENT RUTO'S COMMITMENT TO RUNNING A PEOPLE-DRIVEN AND ECONOMY-LED ADMINISTRATION

NAIROBI, Kenya, October 9, 2022. The Kenya Private Sector Alliance (KEPSA) recognizes the crucial role that private-public partnerships play in achieving economic stability and development and appreciates H.E. President Dr. William Ruto's commitment to run a people-driven and economy-led administration in delivering on his election promises.

As the world grapples with fears of a recession brought on by among others COVID-19 aftershocks, supply chain disruptions and climate change, Kenya is likewise coping with a variety of challenges that if not tamed, could reverse progress made in our ongoing economic recovery efforts.

Kenya's economy continued to perform well at the beginning of 2022, despite pressure from outside factors. However, the economy has been vulnerable to increasing commodity prices partly because of the Ukraine-Russian conflict that has disrupted global supply chains on the importation of food, gasoline and fertilizer, as well as affecting the export of avocados and other products.

The devastating drought, Kenya's worst in 40 years, is another factor. According to the Integrated Food Security Phase Classification, 3.1 million people in 23 counties in the Arid and Semi-Arid Lands (ASAL) region are food insecure.

Given these challenges, we should be doubly motivated to act as a nation, especially following the general election and a seamless change in leadership. We reaffirm our unwavering dedication to working with all stakeholders in the public and private sectors to implement the numerous plans and projects that are intended to address both our short-term and long-term socioeconomic concerns.

In keeping with our role as the voice of the private sector, we appreciate and welcome President Ruto's focus on creating a supportive business environment for job creation, economic stability and commerce, with a particular interest in the following priority agendas.

Ministry of Cooperatives and SME Development: This recognition of SMEs highlights their significance and key position in the production of private sector jobs and economic growth. Supported by the "made in Kenya" procurement policy for both local and foreign firms as well as supply chain links based on the 30–40% local content policy in government projects, this has the added potential to consolidate many of the benefits from the 'Buy Kenya, Build Kenya' effort.

Access to Credit: Businesses should have more access to credit as a result of the proposed transformation of the current Credit Referencing Bureau (CRB) framework into a credit rating system rather than a blacklisting organization. We also applaud the creation of the Hustlers' Fund, which will supplement current funding models like the Biashara Fund.

Growing the savings culture: We also applaud the promise to take immediate action, such as policy changes, to remedy Kenya's subpar saving culture. At 12%, it is significantly lower than Africa's average of 17%. Saving is a crucial element in eradicating poverty and can also support growth opportunities in access to finance, investments and financial inclusion of marginalized populations.

Funding to Judiciary: One strategy for fostering equitable and improved public service delivery is to ensure the autonomy of public service organizations. To improve effective dispute resolution and access to justice, we applaud the government's pledge to increase the judicial budget allocation to the worldwide standard by an additional KES 15 billion over the next five years. We thank the President and his administration for considering this key proposal which formed part of the private sector economic manifesto presented to President Ruto as presidential candidate then, under the Kenya Kwanza coalition presidential candidate in the run up to the August 9th general elections.

Food Security: We applaud the government's action in relieving farmers by making affordable fertilizer available at KES 3,500 for a 50kg bag, down from KES 6,500, we feel that there is more that can be done to reducing agricultural production costs and look forward to furthering engagements with sector stakeholders in outlining these areas for improvement.

As part of the ongoing effort to mitigate the effects of the drought, KEPSA is also coordinating private sector capabilities and discussions to develop proposals for actionable long-term solutions including necessary policy reviews around reducing post-harvest losses, cold-chain infrastructure, value addition, and blending, as well as ring-fencing drought mitigation contingency planning and action.

Tax reforms and incentives for economic competitiveness: The local taxation regime is still generally unresponsive to the demands of both large and small businesses. Even so, we applaud the president's commitment to

maintaining the tax code's consistency and predictability to support long-term investment strategies. This will help make the policy and regulatory framework around tax collection and administration more transparent. It also goes hand in hand with the proposal to reconstitute the Kenya Revenue Authority into the Kenya Revenue Service.

Ebola risk Mitigation: We are aware of the potential economic and health costs posed by the Ebola outbreak, with fatalities from the disease already recorded in the neighboring country of Uganda. We are currently keeping an eye on the evolving scenario and are prepared to deploy and mobilize private sector resources should our intervention be required.

Other medium to long-term areas of focus for KEPSA include the need to promote inclusive wealth creation and job growth, social change for reducing inequality, improved governance and economic stability, as well as cutting-edge innovation and investments in competitive human capital.

The government can use a "demand-driven consumption" paradigm to use its big budget for purchases to organically generate wealth and jobs. This would significantly contribute to Kenya's efforts to achieve middle-income status by 2030 by eliminating socioeconomic inequities and fostering resilience and social stability.

We continue to be committed to collaborating with the national and county governments, among other stakeholders, through the various KEPSA round tables and public-private dialogue forums in the pursuit of yearly improvements in the overall business environment as well as Kenya's global competitive index.

For change to occur, we must first work to rebuild public and private sector confidence in the government's capability to make the difficult decisions required to address these issues. Additionally, we need to discover ways to empower the populace to hold both the federal and local governments accountable and to continue working toward long-term solutions.

Therefore, there is a pressing need to improve transparency and governance to boost investor confidence and public service performance to utilize Kenya's rapidly expanding labor force for increased income, economic growth, and realized development. Without a vibrant, innovative and competitive society, prosperity for all will not be possible.

Signed

**Board of Directors,
Kenya Private Sector Alliance**

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ABOUT KEPSA

The Kenya Private Sector Alliance (KEPSA) is the apex body of the private sector in Kenya. KEPSA brings together local and foreign business associations, chambers of commerce, professional bodies, corporates, multinational companies, start-ups, Micro, Small and Medium Enterprises (MSMEs) from all sectors of the economy in the country, representing over 1 million businesses under one umbrella, to enable them to speak in one voice when engaging the Government, development partners and other stakeholders on cross-cutting policy issues affecting private sector development. It also implements programs that ensure the growth of businesses and the social-economic development of the country.

KEPSA supports businesses with opportunities for training, networking, financial linkages, mentorships & coaching, access to markets, value chains and investment opportunities while working closely with many partners from across the world.

KEPSA serves as a federation of over 80 Associations and professional bodies and serves as the focal point of the East Africa Business Council (EABC) which is the apex body of businesses in East Africa.

For more information visit www.kepsa.or.ke or contact via communications@kepsa.or.ke

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