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KCB VENTURE

NOT FOR SALE

Corporate Magazine | July - September, 2020

PANDEMIC REPORT

Beyond Covid-19

Businesses are sailing in uncharted waters. To stay afloat, they must navigate the financial and operational challenges of the pandemic, seize any opportunities therein, while rapidly addressing the needs of their people, customers, shareholders, and suppliers

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Living in pandemic times

Without a doubt, we have a global problem on our hands: people, businesses and countries are looking at a major disruption on the back of the Covid-19 pandemic.

The global economy is expected to grow at no less than one percent and, in some hard hit countries, the pandemic might push them into a recession. Our part of the world has been spared the worst of the crisis – at least in terms of absolute cases and fatalities occasioned by the pandemic.

Africa has reported one confirmed case for 1,000 people – 0.1 percent of the reported cases – and even fewer fatalities at about 23,000. America alone on the other hand has reported almost six million cases and over 170,000 deaths making it the leading country in the world in per capita fatalities.

It is clear therefore that it will take some time to flatten the curve, and even more time for the global economies to get back on their feet. More importantly, it is now clear that the ground has shifted permanently, and we must learn to do things differently, what has come to be referred at as a new normal.

However, even as our countries have experienced lower cases, the impact will be felt even more acutely because our economies are very vulnerable. Unlike the western world which has deep pockets and a welfare system that supports its citizens, we do not have such a luxury. Our countries are also export oriented and the suppressed demand for our products – and the complete lack of tourism traffic means that we will be hard hit.

In this issue, we have focused on a post-Covid world, and how at the individual and corporate levels, we need to adjust the way we operate, refocus our energies on rebuilding and realign ourselves to the new reality.

We have focused on a few business entities and what they are doing differently in this new normal, how they are going on with their businesses despite the challenges that are clearly evident in day to day operations and tried looking at the crystal ball and see what the future portends.

It is my hope that you will have useful insights from this edition of Venture.

Judith Sidi Odhiambo
Editor-in-Chief

In this issue, we have focused on a post-Covid world, and how at the individual and corporate levels, we need to adjust the way we operate, refocus our energies on rebuilding and realign ourselves to the new reality.

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Adjusting, adapting to the challenge

Peter Kathanga

The past few months have tested our collective will as the crisis brought on by Covid-19 has not only impacted our personal lives but also exposed our businesses.

Across the world, the business community has arguably borne the biggest brunt of the twin imperatives of saving lives and livelihoods with varying time lines on the likely duration of COVID-related disruptions.

Some sectors such as transport, tourism, education, and manufacturing have been hit hard, leading to massive layoffs, revenue losses, and total or partial suspension of production activities.

In response, businesses have altered their operations to meet the emerging customers' needs as well as to align with the new trends, with measured success. Some industries will take years to get back to their pre-pandemic normal. This is a test of our resilience.

Today, with the number of reported Covid-19 cases declining, the curve is beginning to show some semblance of flattening across East Africa. I am optimistic about what the end of the year is going to look like.

Opportunities for full reopening under the new normal are already appearing. The government has announced a few guidelines to enable resumption of activities in some sectors and it is a matter of time for full reopening.

We are, however, convinced that successful and sustainable containment of the virus is the key to unlocking the economy. It is the only way out for us to restore the confidence consumers need to reengage in business activities.

The worst of the pandemic is certainly behind us. However, we shouldn't lose the opportunity to reinvent a progressive sense of responsibility, cooperation and bold actions on global challenges that continue to impact the society—including climate change, unequal economic development, the transition to low-carbon economies, and exhaustion of non-renewable resources.

Because of depressed activities, financial security has become a key concern for businesses and individuals alike. As we get this phase behind us, I am confident that the next four months are going to be key for business recovery.

We are cognizant that the economy needs banks more than ever, and we have developed strategies to balance meeting shareholders' returns and our broader responsibility to society.

At KCB Group, we are well-positioned to play a central role in the recovery and to address trends that are now accelerating including digital finance, responsible banking, and personalised customer expectations.

We have outlined strategies to support our customers to emerge from this difficult period and also to boost economic recovery.

Our promise to the customers is that you can rely on us to help you rebuild. Our customer-centric solutions have been personalised to meet the needs of customers and the evolving situation as they aspire to emerge from the crisis stronger.

At KCB Group, we are well-positioned to play a central role in the recovery and to address trends that are now accelerating including digital finance, responsible banking, and personalised customer expectations.

The writer is the Director, Corporate Banking at KCB Bank Kenya

Our promise to the customers is that you can rely on us to help you rebuild. Our customer-centric solutions have been personalised to meet the needs of uncertain customers and the evolving situations as they aspire to emerge from the crisis stronger.

Policy

Solving emotive land issue bit by byte

Kenyans can now make land transactions from the comfort of their homes following the publication of the Electronic Land Transactions Regulations, which will see land transactions in Nairobi done online.

The regulations will not only ease property registration and curb fraudulent acquisition of land and property in Nairobi, they will also stem the endemic land challenges in the country.

"The rollout of online land transaction regulations and digitisation of the land's registry will bring order to the Ministry of Land and the land's registry, says Mr. Allan Mzungu, a partner at MMS Advocates Law Firm.

Under this regulation, transactions at the Ministry, including purchases, transfers, and leases, will now be done online.

According to the Land Registration (Electronic Land Transactions) Regulations 2020, all property transactions including searches, application for registration of documents, transfer of ownership or lease, caution and withdrawal of caution, as well as the issuance of consent and valuation requests will be done online.

Ministry of Lands Cabinet Secretary Farida Karoney said the regulation, which took effect on July 14, 2020, will ease property registration.

> **The rollout of online land transaction regulations and digitisation of the land's registry will bring order to the Ministry of Land and the land's registry, -** Allan Mzungu, a partner at MMS Advocates Law Firm

"Our aspiration is to make property registration possible within 24 hours," Ms. Karoney said in a past forum.

Under the regulations, anyone wishing to buy, transfer or lease land in Nairobi must register in the online lands registrar by providing details such as their ID, and personal identification number (PIN). However, where a transaction cannot be carried out using the electronic registration system, the person seeking to carry out the transaction will do so through such other means as the Chief Land Registrar may determine.

It is expected that similar arrangements will be implemented in phases across the country.

The regulation also grants power to the Chief Land Registrar to restrict, suspend or terminate a user's access to the system in cases of fraud, identity theft, system misuse, unqualified persons assessing the system, or death of a user. Additionally, an individual can be suspended from accessing the platform when investigations are being undertaken.

Historically, land and its ownership have always been an emotive issue in Kenya. This has been aggravated by the presence of cartels, lengthy judicial proceedings, and the increasing risk of expropriation. So dire is the situation that we have people with legitimate title deeds being evicted from their properties, houses being demolished, and more than one person claiming the same piece of land, both with 'original' title deeds.

> **The digitisation of the land registry involves creating a central repository system for all land records in the country through the automation of records and transactions at the Lands ministry.**

"As we focus on digitising land transactions, improving availability and accuracy of land records, including maps, should be our topmost priority," says Mr. Mzungu.

"The fundamental building block to define, and secure land rights for anyone is the underlying property record. This record should accurately reflect all pertinent information, including ownership, the geo-coordinated location and boundaries of the property, any mortgage claims, tenant claims, and disputes," Mr. Mzungu said.

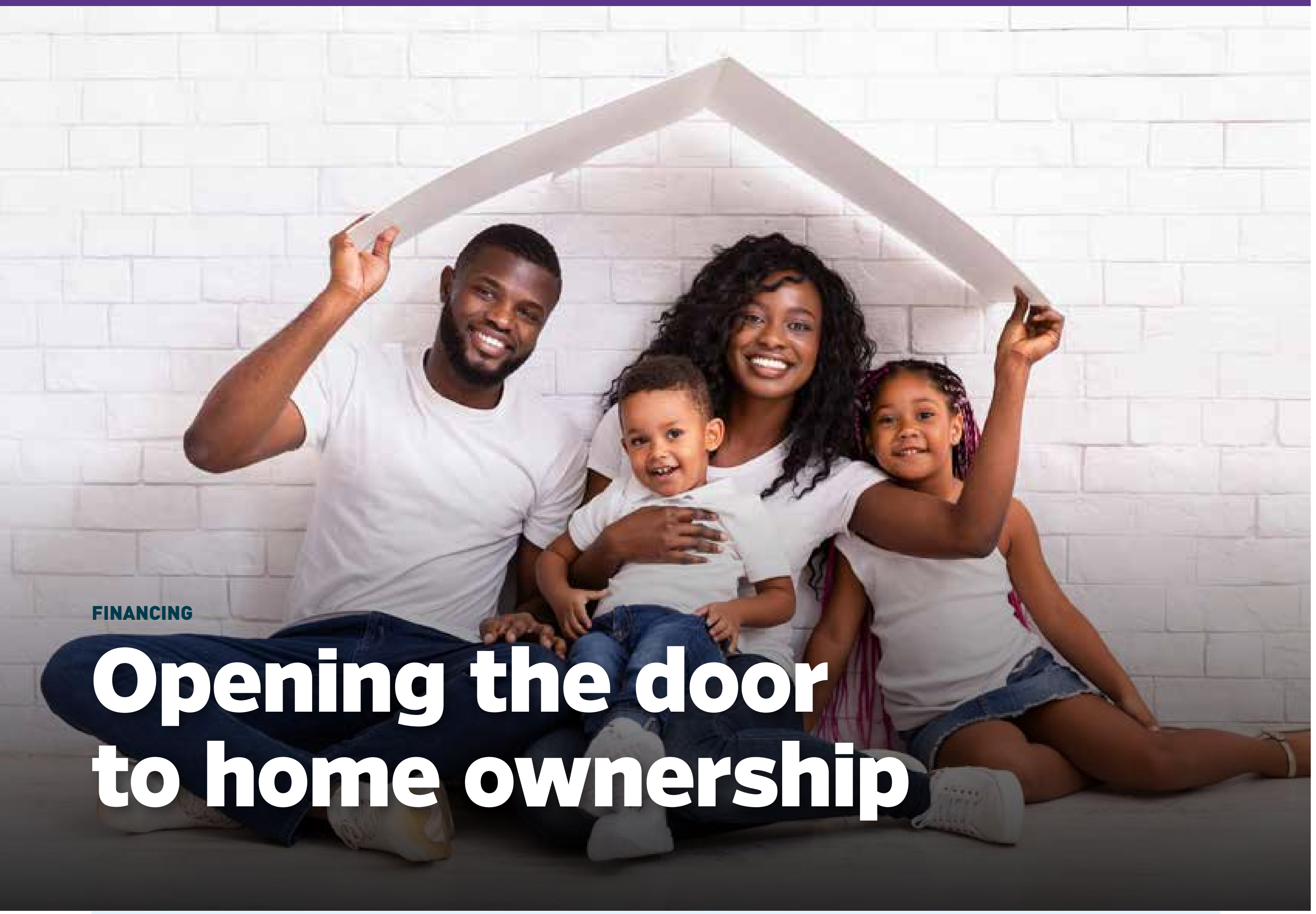
Since 2018, the Government of Kenya has taken several stabs at digitising the land registry into a platform that is less vulnerable to corruption and human interference. The aim has been to improve the ability to track and trace all land transactions, while stemming any emerging challenges, rectifying anomalies in the land registry, reducing fraud, and litigation in connection with land ownership.

The digitisation of the land registry involves creating a central repository system for all land records in the country through the automation of records and transactions at the ministry.

This move will also help Kenya to enhance its ease of doing business. In 2019, the country was ranked position 56 among 190 economies in the World Bank's Ease of Doing Business Report.

According to the report, secure property rights are key to any country's development, and economies without progressive land and property rights risk missing the foundation for sustainable growth.

"Secure property rights and efficient land registration institutions are a cornerstone of any modern economy. They give confidence to individuals and businesses to invest in land, allow private companies to borrow – using land as collateral – to expand job opportunities, and enable governments to collect property taxes, which are necessary to finance the provision of infrastructure and services to citizens," says the report.



FINANCING

Opening the door to home ownership

The Kenya Mortgage Refinancing Company in deal to offer affordable home loans which borrowers can repay in 15 years

The Kenya Mortgage Refinancing Company (KMRC) is working on a deal that will see home buyers enjoy affordable home loans before the year-end.

Under the deal, first time home buyers will access mortgages at a fixed rate from banks and Saccos for up to 15 years at affordable interest rates.

"The value proposition that KMRC is bringing to the mortgage market are fixed long term financing and concessional rates," says KMRC CEO Johnston Oltetia.

"The fixed long-term rates will enable a borrower to see the end from the beginning, as they are able to plan accordingly based on their incomes without worrying about any changes in the rates during the duration of the loan."

"KMRC is supposed to spur the primary and secondary mortgage market," KCB Director Mortgages Sam Muturi said. "To support this, they offer a liquidity facility that is fixed, long-term, and affordable to the primary mortgage lenders for onward lending to first-time home buyers at affordable rates.

The KMRC will be lending to the primary mortgage lenders at 5% on a fixed rate to a maximum of 15 years. That liquidity will be lent to customers at a margin but lower than the prevailing market rates.

Bank customers including those in the informal sector will subsequently enjoy rates of between 7% to 9% depending on the individual institution's internal risk assessments, operating costs, the reserve requirements of the Central Bank of Kenya, and other customer-specific considerations.

On the lenders' side, fixing of rates is expected to lower the non-performing loans, and increase the number of Kenyans qualifying for mortgages.

Mortgage uptake

"This initiative will essentially increase mortgage uptake and potentially reduce the chances of these homeowners defaulting on the loans because they have fixed rates," Mr. Oltetia noted.

Although the primary target for this initiative is first time home buyers, existing mortgage customers can still qualify.

"The World Bank for instance has specified that 80% of their funding should go to first-time home-buyers, but the remaining 20% can be extended to commercial buyers including existing mortgage holders. On the other hand, AfDB has specified 60% for first-time borrowers while 40% can be extended to existing mortgage holders," Mr. Muturi clarified.

The Affordable Housing Programme (AHP) is an initiative by the government as one of the pillars under the 'Big 4 Agenda' which seeks to ensure that low- and middle-income households have access to decent and affordable housing units. The focus is to deliver 500,000 housing units for the lower and middle-income population segments by 2022.

"KMRC was established in 2018 with the objective of supporting affordable housing development in the country. Our goal is to offer long-term financing to primary mortgage lenders for purposes of making housing a lot more affordable and available to a majority of Kenyans," says Oltetia.

Home ownership rate stands at 26.1% according to the 2015/16 Kenya Integrated Household Budget Survey (KIHBS) with 61% living in informal settlements according to the World Bank. Through KMRC partnership and efforts by the State Department of Housing and Urban Development, the government aims to facilitate private developers to construct houses targeting low- and middle-income segments.

Affordable housing

"The Affordable Housing Programme popularly referred to as Boma Yangu is designed to be largely private sector driven but robustly facilitated by the government through incentives to private developers," The State Department of Housing and Urban Development Principal Secretary Charles Hinga said during the official handover of the first flagship houses in Park Road, Ngara-Nairobi.

To support the government's aspiration on homeownership, KCB Bank Kenya is involved in real estate development on both the supply and demand side. The bank is keen on financing developers building houses targeting the underserved market segment.

"We are supporting the supply of affordable houses. We are working with the government to see how to finance the developers to supply houses of not more than KShs.5 million for people with household incomes of KShs.150,000 and below," Mr. Muturi said.

KMRC was formed under the Public-Private Partnership Acts in 2018 and it is owned by private companies, banks, and Saccos.

KCB Bank Kenya is the largest private shareholder with a 20% stake. Over the last two years, KMRC has been building the institutional framework.

"We are expecting a licence from the regulator, Central Bank of Kenya. CBK granted us approval in principle which is a promise to license subject to KMRC meeting a few requirements that have since been fulfilled. We anticipate to receive the certificate before the end of September," Mr. Oltetia said.

Kenya has a housing deficit of two million housing units that increases annually by 200,000 units.

> **The fixed long-term rates will enable a borrower to see the end from the beginning, as they are able to plan accordingly based on their incomes without worrying about any changes in the rates during the duration of the loan"** - KMRC CEO, Johnstone Olteita

5%

Interest the KMRC will be charging primary mortgage lenders, who will then lend to potential home owners at about 7% to 9%

KShs.370m

Amount that the Kenya Railways Corporation expects to generate annually from the revived Nairobi-Nanyuki railway line

Government officials at the launch of the newly refurbished Nairobi-Nanyuki railway line.

TRANSPORT

Reviving railway lines could put rural economy on track

The government is banking on extended railway lines to improve transport of people and goods, take development to the hinterlands, spark growth of local industries, create additional jobs, and ultimately grow government revenue

A combination of efforts by three Government agencies resulted in significant savings on the budget to revive the old railway line between Nairobi and Nanyuki.

When the proposal to revive the line was made in 2019, with eight governors backing it, it was estimated that it would cost KShs.25 billion.

The work was finally completed early August 2020, and cost a total KShs.3 billion.

The bulk of the cash contribution, KShs.1.8 billion, came from the Kenya Pipeline Corporation via a special dividend to the National Treasury. Kenya Railways Corporation supplied construction materials, the Kenya Army Engineers Unit technical expertise, while the National Youth Service supplied the labour.

There are already signs that the 240-kilometre metered gauge railway could open up economic opportunities in the hinterland after Vivo Energy, who operate Shell-branded fuel stations, signed up to use the fuel tankers on the line.

"The whole idea behind of revamping of these old lines is to revive the economies of those regions," says Carole Karuga, the Chief Executive Officer of the Kenya Private Sector Alliance (Kepsa). "Infrastructure projects play an important role in economic growth, sustainability and the creation of jobs, as well as ensuring competitiveness of our national economy."

Petroleum products being the key cargo for Vivo, Kenya Railways will be charging about KShs.82,000 for a 50-tonne fuel tank, with a tonne costing KShs.1,640.

The railway line serving greater Mt. Kenya region has two branches. The first branch, which is undergoing rehabilitation, starts from Nairobi through Ruiru, Thika, Makuyu, Murang'a and on to Sagana and Naro Moru to Nanyuki.

The second branch starts from Nairobi and will branch at Gilgil through Ol Kalou on to Nyandarua.

The line will also pave way for efficient and affordable transportation of the agricultural produce from the horticultural rich Mt Kenya region to Nairobi.

"We must ensure flow of goods within and outside the region so as to promote trade. We have a good opportunity to grow this economy and the rehabilitated railway will be a key boost," Laikipia County Governor Ndiritu Muriithi said.

"This line will not only enable us to import critical products such as fuel and farm inputs, but it will also improve our capacity to export our homegrown agricultural products to intended markets on time and in an efficient way."

Kenya Railways Corporation expects to generate more than KShs.370.4 million annually from the revived line.

The corporation has finalised negotiations on proposed rates with the business community for the cargo and passenger trains with the bulk of the revenue coming from the commercial operations. In May, KRC released the rates for freight that included the costs of transportation of cargo from Mombasa to Nanyuki, as well as from Nairobi and other towns along the line – Athi River, Sagana, and Kiganjo.

Upon completion, the revival will result in produce like coffee, tea, macadamia and others destined for sea export ferried to the Port of Mombasa directly by railway, cutting the transports costs by nearly a half, money that will be retained by farmers and traders as profit.

"The road transport has been the only alternative mode of transport for bulky agricultural cargo as well as commercial goods such as oil. Compared to rail, road transport is expensive both to farmers and business people and greatly shortens the lifespan of our highways," said Muriithi.

Additionally, there are plans to upgrade the country's oldest line – Nairobi-Kisumu line. The 216-kilometre line will connect to the newly refurbished Kisumu port.

The upgraded old line will also link with the Standard Gauge Railway (SGR) line in Naivasha to enable seamless cargo movement to the neighbouring countries including Uganda, Rwanda, Burundi and Democratic Republic of Congo on ships via Lake Victoria. The port and the railways line will improve the fortunes of the Lake region as an economic hub as it seamlessly links cargo movements to the neighbouring countries.

KShs.3b

Cost of reviving the old railway line between Nairobi and Nanyuki

Infrastructure projects play an important role in economic growth, sustainability and the creation of jobs, as well as ensuring competitiveness of our national economy,

- Kenya Private Sector Alliance CEO, Carole Karuga

"A cargo rail business will be critical in making the Kisumu port a viable public investment as the lake will be a crucial transport corridor in the shipment of general cargo into and out of the East African region," says Ms Karuga, the Kepsa CEO.

The revival of the lines comes nearly 30 years after Kenya Railways stopped offering passenger services on what was once a thriving line that created employment opportunities on the railway itself and the fishing industry on Lake Victoria.

It had also contributed to increased large-scale production of molasses, cotton, rice and sugar and its collapse led to the regression of the city's economic potential, resulting in loss of livelihoods.

Over the last decade, Kenya has made strategic investments to revive the old railway lines in order to adequately service passenger and freight demands. The efforts also enable Kenya to spur economic activities in the hinterland and also provide a link with the regional economies to a faster export route via the Indian Ocean for landlocked neighbours.

"Notwithstanding the gloomy growth outlook, the maintenance and development of transport infrastructure along the entire supply chain of the continent is seen as a pre-requisite to growth in Africa. This is particularly relevant where commodity rich African countries are landlocked, transport costs are considerably higher than in other regions and the transport network is either non-existent, antiquated or in a state of disrepair," says David Muriithi an economist.

The first phase from Mombasa to Nairobi city begun operations in 2017, while the second phase from Nairobi to Naivasha was completed in 2019. The other older lines to be upgraded include Naivasha to Malaba and Voi to Taita Taveta.

Transport is key to growth and competitiveness, providing the physical networks and services for the movement of people and goods.

ECONOMY

Kenya defies Covid-19 economic predictions

The economy remains resilient amid uncertainty about the coronavirus pandemic and is doing much better than projected by analysts

Since the first case of Covid-19 was announced in Kenya on March 13, 2020, economic analysts have been predicting that the economy will decelerate substantially.

However, in his August address to the nation, President Uhuru Kenyatta said the economy is performing far much better than anticipated. This is despite the economic slump triggered by the outbreak of the Covid-19 pandemic.

The World Bank too had predicted a growth of 1.5 percent in 2020 in the baseline scenario, with a potential downside scenario of a contraction to 1.0 percent, if Covid-19 related disruptions in economic activity last longer.

"Kenya's gross domestic product is projected to decelerate substantially in 2020 due to the negative impact of the coronavirus pandemic," the World Bank said in their April Economic Update on Kenya.

"Economic growth projection remains highly uncertain and the outcome will hinge on how the pandemic plays out internationally and within Kenya, along with policy actions taken to mitigate the situation."

In January, the World Bank as well as the Africa Development Bank (AfDB) had forecasted a 6% economic growth on the back of heavy public investment on infrastructure, suitable weather and broader political stability. However, following the outbreak of Covid-19 and locust invasion, the World Bank revised the forecast downwards.

The Central Bank of Kenya (CBK) also revised its estimate from 6.2% to 3.4%.

In their argument, the Banks expected the economy to contract due to restrictive measures weighing on productive capacity as well as domestic and foreign demand.

Kenya, has, however, defied these Covid-19 economic predictions as all the economic indicators point to resilience.

Early data for the third quarter suggests the economy has begun to rebound.

"Reviewing the results today, I must admit that we have done better than we expected. For instance, even during the pandemic, the economy has grown by 4.6% compared to 5.5% last year. Inflation is lower today at 4.4% compared to 6.3% during the same period last year; the current economic indicators are far better than we anticipated," President Kenyatta said in his August 26 address.

The Stanbic Bank Kenya PMI July report shows that business activities rose steadily with a surge in consumer demand following the lifting of the Covid-19 related restrictions.

"Kenyan firms saw a renewed improvement in economic conditions in July, as the lifting of regional border controls led to sharp rises in output and new business. Employment fell further, but at a softer pace, while firms built up stocks in anticipation of higher sales," the Stanbic Bank report stated.

Kenya has also continued to record more foreign remittance flows. According to the Central Bank of Kenya (CBK) data, diaspora remittance has continued to rise defying tough the economic situation.

Covid-19 has negatively impacted the Kenyan economy as seen in the performance of the financial markets, disruption of global supply chains, the volatility of the Kenyan currency, reduction in diaspora remittances, and reversal of prior monetary and fiscal policies.

"It is too early to conclusively evaluate the economic impact of coronavirus on the economy," says Tony Watima, Nairobi based Economist. "The market is rebounding on the hope of discovery of a vaccine; however, the road to recovery may be long."

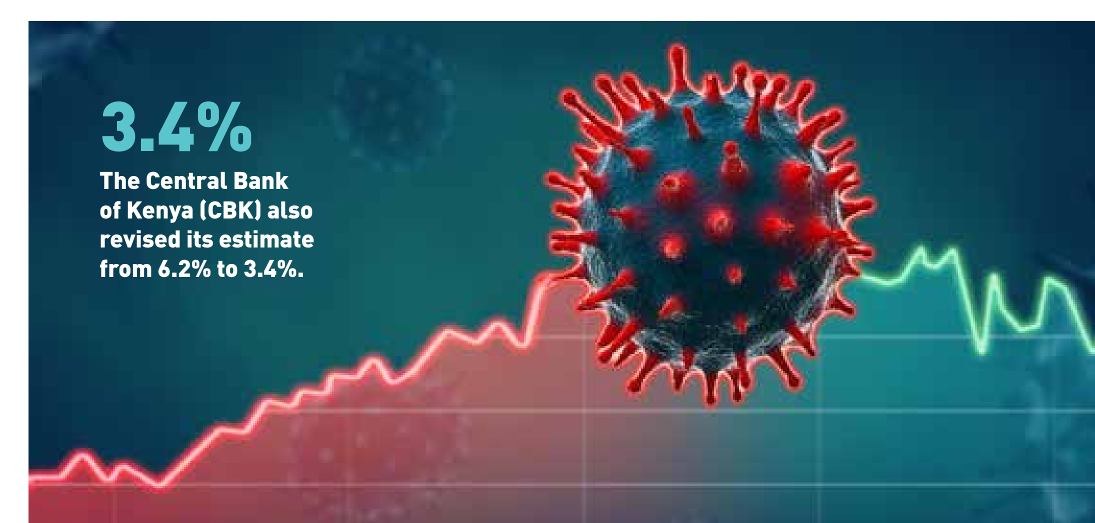
Members of the Kenya Private Sector Alliance (KEPSA) have maintained their stand that Covid-19 is the new normal and every effort must be made to ensure there is continued economic activity in the country while upholding measures to safeguard the health of Kenyans.

"Coronavirus is the new global reality. We are working hard to protect our people and curb the spread while getting by ensuring both formal and informal sectors resume normalcy," KEPSA CEO Ms. Carole Karuga said recently.

We are working hard to protect our people and curb the spread while getting by ensuring both formal and informal sectors resume normalcy, KEPSA CEO Ms. Carole Karuga

4.6%

During the pandemic, the economy has grown by 4.6% compared to 5.5% last year



3.4%

The Central Bank of Kenya (CBK) also revised its estimate from 6.2% to 3.4%.

PANDEMIC REPORT

The new normal post-Covid-19

Businesses are sailing in uncharted waters. To stay afloat, they must navigate the financial and operational challenges of the pandemic, seize any opportunities therein, while rapidly addressing the needs of their people, customers, shareholders, and suppliers

ECONOMY

Impact, lessons and a very different future

Business partners at their shop.

COVID-19

Covid-19 has had a significant impact on the health, economic and social status of millions around the world. In less than a year, the virus has disrupted norms, standards, and operating procedures perfected over centuries.

However, it is the invisible impact of the disease that has many worried. Workspaces have been affected, some irrevocably. Some businesses have been buried while others have soared. Entrepreneurs have looked past the cloud of gloom and doom and into the eyes of opportunities that the virus presents while some industries such as tourism will be forced to reinvent themselves for the umpteenth time to stay afloat.

What is certain, however, is that the future will be different from what we envisioned, and changes that organisation thought would take decades to effect have been accelerated by the outbreak.

> **Employers are also realising that they can do with a leaner staff, and still deliver on their targets. Over the next few months, redundancies will be a common phrase in company bulletins,**
> St Paul's University Economics lecturer, Dr Boniface Wanjau

$15 million

Amount of money that the Mastercard Foundation has committed to support a series of interventions that will facilitate business continuity, especially for those MSMEs led and owned by young women.

"For employers, the biggest change has been the impact that working from home has had on their operations," St Paul's University Economics lecturer, Dr Boniface Wanjau says. This sudden change, he says, has made corporates realise that remote work is here to stay. Many are embarking on strategies to ensure that staff are sufficiently motivated to meet their targets while away from home.

He says that with proper motivation, employees can deliver more from home with half the resources that they would access while at work. But there is a downside too.

"Employers are also realising that they can do with a leaner staff, and still deliver on their targets. Over the next few months, redundancies will be a common phrase in company bulletins," Dr Wanjau says.

As organisations rethink their setup, a spectrum of opportunity has emerged. E-commerce companies have thrived in a world that is slowly learning to shun physical contact.

A study by analytics company GoodData shows that in the United States, year-over-year online retail grew by 68 percent between January and April of 2020, with the most popular device for shopping online being the mobile phone.

But this increased demand will also come with its challenge- a considerable strain on e-commerce business that are serving unanticipated traffic to their online stores.

"The market is already moving to this direction. It is up to the retailers to adopt to ways that will satisfy this new demand," GoodData says.

While some businesses are thriving, others are struggling to stay afloat. One of the hardest hit being the tourism and hospitality industry that was greatly affected by international travel bans as well as the shutting down of hotels during the lockdown period.

"While it might be tempting to let sinking enterprises get swept away by the Covid-19 tide, we need to remember that behind a corporation's brand name are people with families. Families that will be greatly affected should the companies fold up and call it quits," psychosocial counsellor Alice Okello, says.

In anticipation of what lies ahead for less resilient small and medium sized enterprises, a number of initiatives have already been put into place not just to secure these businesses, but secure the livelihoods of those behind the enterprises as well.

On August 6th, the Mastercard Foundation announced a recovery and resilience programme for MSMEs in Kenya.

To implement the programme, the Foundation announced that it would work with organisations such as the Kenya Private Sector Alliance (Kepsa), WomenWork Network, Kenya National Chamber of Commerce & Industry (KNCCI), and TechnoServe, with technical support from the Grassroots Business Fund and 4G Capital and committed a total USD15 million to the programme.

"MSME's are the backbone of the economy and they need support more than ever," Mastercard Foundation Regional Head Eastern and Southern Africa Daniel Hailu said.

Kepsa is targeting 400 MSMEs to access the facility that will be managed by Grassroots Business Fund as the independent Fund Manager. The partnership will include the rollout of a virtual MSMEs business recovery hub to provide business development services as well as increase Kepsa's ability to support women businesses.

On the other hand, the WomenWork Network, through their Rebuild Programme, will focus on low cost loans to women-led MSMEs to enable their businesses to withstand the significant revenue drops they are currently experiencing. The Rebuild programme will be available to the over 4,000 women.

KNCCI will run interventions that include low cost businesses loans to deserving MSMEs and a trade digital platform to support an e-commerce ecosystem to make the enterprises more agile and resilient.

Business recovery is not the end game. There are lessons to be learnt from the public healthcare system, for example, the importance of grassroots public healthcare systems.

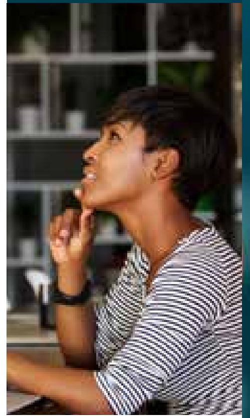
"The pandemic caught all of us by surprise," Makueni Governor Kivutha Kibwana says. "None of us was prepared."

Makueni County has been a model on its focus on a people first healthcare model, where interventions are made from the bottom up. He believes that this has played a key role in sensitising the public and minimising infection rates.

For instance, the county has engaged one community volunteer to sensitise five families on the dangers of Covid-19 at the village level.

"It is these volunteers who also feed the county health officials with news of possible infections for clear and rapid contact tracing," Prof Kibwana says. "For us to emerge stronger from this and future pandemics, our systems must focus on the people."

> **MSME's are the backbone of the economy and they need support more than ever,**
> - Mastercard Foundation Regional Head Eastern and Southern Africa Daniel Hailu



COVID-19

The road we have never travelled

How Covid-19 has upended life as we know it

Angi Yoder-Maina caused a stir on social media with her post on the future education for her two daughters when parents were starting to get used to online learning for their children.

She was wading into a debate about online learning, face-to-face teaching and value for money.

"Do we ever get what we paid for in private schools in Kenya? I have removed my two girls from KShs.900,000 schools to an online school for a third of the cost. This has been one good result of Covid-19. We are never looking back," she tweeted.

It constituted one of the most dramatic examples of how the accelerated adoption of technology is permanently changing individual and corporate lifestyles. Her Kenyan-American family made a decision that they assessed best for their own future but that affected institutions on two continents under different governance systems and that worked just fine through the click of a mouse. At the stroke of a pen by a family in Nairobi, institutions both in Kenya and the U.S. were affected.

The brutal shockwaves touched off by the spread of Covid-19 across the world disrupted business, lives and lifestyles in all their forms – without notice – and has caused millions of decisions similar to Mrs Yoder-Maina's.

These decisions have in turn caused major ripple effects elsewhere and permanent change in some areas.

Gleaming 2020 strategies drawn out by some of the best minds and rolled out by governments and big business in January were severely disrupted and thrown out of the window by March.

The best laid business continuity plans that had been polished for years, paled in the wake of the pandemic. When lone voices asked the world to plan for such a disaster, the calls mostly fell on deaf ears, mostly because such an eventuality seemed impossible.

Almost no business anywhere in the world had ever planned for a pandemic as a potential disruptor – including those that routinely plan for disasters.

"Once the dust settles, the statistics we collect that enumerate death and suffering will show this to be the largest global crisis since the Second World War. But this won't just look like a crisis—it will feel like a global crisis, burned into our collective consciousness as a shared trauma," wrote Daniel Clarke, Director of the UK Government- funded Centre for Disaster Protection.

As we head to the close of the year, the world is headed in a different direction, upending, perhaps forever, how this generation produces, consumes, lives, works and plays. Some aspects of life may never return to normal.

Below, we examine how expert commentators think of the undefined road ahead on some of the critical aspects of life.

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How we work

The pandemic pushed governments to release staff who could to work from home and encouraged businesses to do the same. Six months into the pandemic, some employees have found great footing working from home and some organisations have realised that they can repurpose their models to permanently have staff members working from home.

A number of companies are analysing what roles can be repurposed as work-from-home and how that ties in with corporate efficiencies.

Already, a majority of CEOs around the world surveyed by Pricewaterhouse Coopers (PwC) believe that shifts to remote collaboration, automation and fewer people working from offices will stay beyond the pandemic.

Overall, the survey by PwC indicated tha 61 per cent of the 699 CEOs interviewed believe that their business model will be more digital in the future.

Companies that had been lagging behind on digitisation have had to accelerate their work in this area.

Companies have had to increase their investments in digital infrastructure, flexible working and employee wellbeing.

To enable employees work better from home, some companies have provided ergonomic chairs and desks directly and through funding.

As the pandemic accelerates the adoption of remote work, organisations large and small are realising that jobs we used to assume had to be done on-site can in fact be done remotely. Many companies, including Twitter and Facebook, are moving to make certain roles permanently remote." - Maxim Sytch and Lindred L. Greer, Havard Business Review.

Business leaders need to simultaneously keep their company running today and fundamentally rethink their strategy for tomorrow, so they come out of the pandemic ready to reconfigure their business to thrive in a very different world. And they need to do that, thinking not just about the Covid-19 acceleration of change in society and the rising expectations of their broader stakeholders, but also the other issues that are going to fundamentally reshape the future of business - from climate change to populism." - Bob Moritz, Global Chairman, PricewaterhouseCoopers International Limited.

The accelerated shift to flexible working has been valuable for many companies. Whatever new models emerge, it's clear that employee-oriented policies that invest in safety, protection and well-being could become the new differentiator for recruitment, retention and company reputation." - Bhushan Sethi, Joint Global Leader, People and Organisation, PwC US.

The digital world meets science

Today, the whole world has good access to information about what a pandemic is and certainly what the effects are. In the information age, the internet has made it much easier for scientists to publish their research and for ordinary people to quickly access information on what is happening to them, in their communities and nations and elsewhere around the world.

As of 1 June 2020, there have been upwards of 42,700 scholarly articles on Covid-19 published, 3,100 clinical trials, 420 datasets, 270 patents, 750 policy documents, and 150 grants." – Digital Science

Flying

Flying literally came to a halt in the earlier part of the year as the world came to grips with the Covid-19 pandemic. While airlines are cautiously returning to the skies, the future of flying including how shared spaces in airports and aircrafts will turn out are still up in the air.

The question I keep getting hit with is: What will air travel look like post-Covid? Obviously it's too early to know. There are so many moving parts to this. It's happening globally, at different speeds, across a diverse range of cultures and economies and market environments. Things will be in flux for a long time, with no defined end. Much has already happened, but there are signs and signals as to what may lay ahead. Airlines have fallen, trends are emerging, protocols are being set," Patrick Smith, Pilot and Author. https://askthepilot.com/

COVID-19

Handshaking culture

Handshakes have long been used in numerous cultures around the world to greet, acknowledge introductions or consummate corporate deals. Handshakes were a widely used around, almost instinctively as form of greeting, until Covid-19 morphed into a pandemic and suddenly the whole world was educated that handshaking is one of the fastest ways of spreading pathogens. Now, social distancing, handwashing, face-masking and sanitising are the biggest weapons for fighting Covid-19. And out went an ages-old culture – significantly affecting the celebration of rites such as funerals, weddings and religious festivals. And placing a moratorium on the good old handshake.

Human behaviour is learned and unlearned and extended avoidance of the handshake due to Covid-19 could ultimately lead to a major behavioural change in the way people greet. Already people have devised various interesting alternatives including elbow-to-elbow, fist to fist as well as foot-to-foot greetings. Is the handshake about to become a thing of the past? Time will tell." - Dr. Margaret Njeru, Senior Lecturer at Riara University, Nairobi.

e-Commerce

The clarion call to stay at home as one of the measures to curb the spread of the coronavirus limited consumer ability to physically walk to malls or other outlets to select their picks as was the custom before. Online shopping, which was already afoot, became the next best friend. It has accelerated tremendously, in many forms and in different sizes right around the world.

Kenya's digital economy has experienced these shifts in several ways. Reduced foot traffic in supermarkets and open-air markets has caused retailers to move to e-commerce, either by setting up new digital platforms or partnering with existing ones. Likewise, small traders who previously depended on offline retailing have also transitioned to online platforms, now utilising methods such as social media and e-commerce to reach their consumers. Consumer demand has also evolved in this crisis. For example, e-commerce platforms noted increased desire for laptops, digital accessories and home workout equipment following the closure of offices and gym facilities." - Josphine Kiruku and Gituku Ngene, Mercy Corps

Education

Learning institutions around the world have been shut for the longest time in living memory. Parents were suddenly pushed into home-schooling and setting up their children for on-line learning. Some schools will return right back to traditional forms of teaching while others are already developing hybrid systems in order to accommodate learners from near and far.

The landscape of learning is changing, and classrooms need to address the current pandemic as well as the uncertainty of the future. One thing remains the same though, students want to learn new things, and teachers want to teach. With such a strong need to grow and connect as well as evolve, schools are not going away, but shifting towards a 21st-century model, which was going to happen eventually, but the timeline has been sped up by the pandemic." - Maureen Healy, Creative Development, Psychology Today

COVID-19

Running a business in the times of a pandemic

Covid-19 has caused structural and business model shifts for firms across industries with businesses having to reimagine their strategies and plans in order to survive

The coronavirus pandemic is dealing a devastating blow to economies around the world. The livelihoods of millions of people have been affected.

But countries are now taking necessary steps to recover and rebuild from the impact of Covid-19.

In Kenya, just like the rest of the world, businesses are reopening and following the guidelines laid out by the Ministry of Health to contain the spread of the disease.

Professor Josiah O. Aduda, a lecturer at the University of Nairobi, School of Business, says to make this turnaround in a business environment where a vaccine is yet to be found, the future of work will be heavily characterised by use of technology.

For businesses to return to full speed, they will have to re-imagine their business models to automation and digitisation of most of the services.

"The future of business in Kenya and world at large will be hinged on technology. Businesses must consistently adapt the online models and establish tools for undertaking real-time performance appraisal for employees expected to work online," says Professor Aduda.

Already, Covid-19 has hastened the use of technology and employees in various sectors have taken to working remotely.

Over the last few months, migration to digital technologies has transformed the way people do business, the way they shop, interact with friends and family, and enjoy leisure activities.

For Small and Medium sized Enterprises (SMEs) who have been hardest hit by the pandemic, Professor Aduda says they will need to accelerate the adoption of technology and automation in their processes. They will also need to increase the speed and productivity of digital solutions.

But that's not all. Post Covid-19, companies will need to develop products and services based on what customers value and find new ways of recovering revenue.

"SMEs will have to adapt to new business and operating models to recover. They will have to identify and prioritise revenue opportunities by launching targeted campaigns to win back customers. They will have to adjust pricing and promotions based on new data and re allocate spending to proven growth sources," he says.

60m

Number of people around the world whom World Bank Group President David Malpass says could be pushed into extreme poverty in 2020.

He adds; "The sales force will have to be reskilled to support remote selling and they will need to create flexible payment terms. Digitising sales channels and automating processes to free up sales representatives to sell more is also another step to adapting to the new environment and recovering," says Professor Aduda.

His sentiments are echoed in a McKinsey and Company article titled, *From Surviving to Thriving: Reimagining the Post-Covid-19 Return,* that sets out four strategic focus areas for companies to make a stronger come back

The article says to do this, companies must accelerate digital solutions to adapt to consumer needs, use Internet of Things and AI to enable them make real time decisions and increase the productivity of digital solutions to deliver to their customers.

To prepare for the new normal, confront challenges and seize opportunities in the wake of the pandemic, Aduda says businesses must undertake continues research, and establish predictive models to adjust to the changing business environment.

The pandemic has brought with it

unprecedented demand for hand sanitisers, medical gloves, masks and PPEs to protect healthcare frontline workers. This has created an opportunity for apparel manufacturers, whose factories were left empty, to manufacture personal protective equipment.

In April, the Kenya Association of Manufacturers named several companies that will manufacture personal protective equipment. Seven firms were contracted to manufacture non-woven fabrics and another 10 to manufacture woven and knitted fabrics.

Some of the non-woven fabric manufactures are Kenafric Industries Limited and Foam Mattress Ltd. The Woven and knitted fabric manufactures include Rivatex (East Africa) Ltd and Thika Cloth Mills.

Other opportunities that have emerged because of the pandemic are in the transport sector which has taken up distribution of food and nonfood products.

With people spending more time at home, demand for courier services has increased to deliver essential goods like medicine and food.

Governments too have instituted measures to mitigate the negative

> **Businesses must undertake continues research, and establish predictive models to adjust to the changing business environment,**
> - University of Nairobi, School of Business, Professor Josiah O. Aduda

effects of the pandemic on businesses and individuals.

Amongst other measures, President Uhuru Kenyatta in March directed that people earning a gross monthly income of up to KShs.24, 000 get a 100 per cent Tax Relief, reduction of VAT from 16 per cent to 14 per cent and releasing all verified VAT refund claims amounting to KShs.10 billion.

There was also a reduction of Income Tax Rate (Pay-As-You-Earn) from 30 per cent to 25 per cent and a reduction of Resident Income Tax (Corporation Tax) from 30 per cent to 25 per cent.

The government also increased cash transfers by the Ministry of Labour and Social Protection to the elderly, orphans and other vulnerable members of society to a tune of KShs.10 billion.

Despite these measures and the gradual reopening of businesses, the global economic outlook is projected to contract.

According to a June 2020 World Bank Group Flagship Report titled *Global Economic Prospects*, the Group forecasts a 5.2 percent contraction in global GDP in 2020—the deepest global recession in eight decades.

In the report, World Bank Group President David Malpass says that 60 million people around the world could be pushed into extreme poverty in 2020.

Even though the report "describes a grave near term outlook" Malpass is optimistic that if policymakers act fast, there will be better outcomes for people in emerging markets and developing countries.

"The speed and strength of the recovery will depend on the effectiveness of the support programmes governments and the international community put in place now; and, critically, on what policymakers do to respond to the new environment," says Malpass.

TRANSPORT

For delivery businesses, it is go time

There has been an increase in courier services since Covid-19 was declared a pandemic

When they entered the Kenyan market in 2013, Copia, a delivery company, introduced a very basic value proposition for the type of delivery business they offer.

Dwellers of peri-urban and rural areas aspire to get goods of the same quality as those in the urban areas.

Urban dwellers putting up houses in their rural homes want to get the best quality materials, without the strain and stress of delivering such materials upcountry.

This is the need that Copia stepped in to cater to; by making it possible for peri-urban and rural dwellers to order for goods from major towns.

"Our customer is different from the usual e-commerce customer, they are aspirational," says Catherine Mudachi, the Vice President for Marketing at Copia.

When the pandemic struck, forcing people to work from home and restricting movement, demand for delivery services picked up, and this was the case across the world.

"There was never a time in the history of Africa – until now – that e-commerce has become extremely relevant to the everyday lives of Africans," said Jumia, the largest e-commerce operator on the continent.

The World Bank categorised e-commerce as "a major pillar in the fight against Covid-19" and hailed it as a good way to avoid transmission by reducing contact as well as preserving jobs.

The Bank advised governments to set up websites to support businesses that want to serve their customers online and to create the right regulatory environment such as taxation laws, and the appropriate operational environment – categorising delivery services as essential – to enable the sector to thrive and help in the fight against Covid-19.

In Kenya, the businesses that were ahead of the rest had a headstart and delivery services were listed as essential.

Catherine says Copia's good value proposition – convenience, time, giving access to quality goods – had started to be realised even before the pandemic, and the pandemic's restrictions only made it stronger.

"What we have seen during this pandemic period is that people who would normally buy the products themselves and send them either to their homes in the rural area were unable to do so, and our proposition made sense to them given the travel restrictions and other Ministry of Health restrictions," said Catherine.

The company has seen an increase in the number of customers and the value of orders; they now service up to 40,000 orders a day.

With the restrictions, more and more people may have realised the need to have a home that one can retreat and possibly work from which Catherine attributes to the increased demand of construction materials to be delivered upcountry.

Copia is not alone in this space. There are numerous other delivery companies that are riding the wave of huge consumer demand brought about by the Covid-19 pandemic.

Glovo, a Spanish start-up founded in Barcelona in 2015, started its Kenyan operations in February 2019. Like Copia, its value proposition caters to a specific market – deliveries within Nairobi.

"Today's consumer is super busy. They have children, targets to meet at work and a life to live. The more time they can get back by avoiding mundane tasks, like picking out what they want at a supermarket and queuing up to pay for it, the better," says Priscilla Muhiu, the firm's Head of Marketing for Africa.

"The ability to give customers the time they need to do the more important things is why delivery businesses are going through a smooth phase," she adds.

So confident is Glovo about its ability to deliver anything (as long as it's legal) that the firm has a button marked "Anything" on their mobile App. The firm works with stores that have uploaded their offerings on the app.

With the closure of most eateries in the initial stages of the pandemic in Kenya, Glovo saw a surge in demand for shopping from supermarkets, but not in food, as smaller restaurants were shut.

"Food orders dropped but groceries almost tripled," says Priscilla. "The good thing about all this is that we were able to help people keep away from going to crowded places such as supermarkets."

For groceries, there was an increase in the volumes as more people stocked up as opposed to the previous practice, where a family would typically buy whatever they needed.

As eateries reopened, food orders stabilised but didn't grow as much.

With so much demand, the firms have had to make adjustments. For Glovo, who rely on motorcycles to make the deliveries, incentives were introduced for the riders to carry big orders. Where the orders were too bulky for one rider, they would be split.

On the other hand, Copia had to get more trucks on the road to get their orders from warehouses to their 700,000 customers served by 14,000 agents in Central, Rift Valley and Western Kenya.

The company targets to take a maximum of four days from the time an order is placed at a Copia agent to the time it is delivered. Their trucks are tracked to ensure efficiency.

"The ability to give customers the time they need to do the more important things is why delivery businesses are going through a wonderful phase,
- Glovo Head of Marketing for Africa, Priscilla Muhiu

Catherine is optimistic of Copia's growth prospects, and says the company is planning to serve more areas such as the Coast region.

For Chap Chap Go, another courier company that begun operations just as the pandemic hit Kenya, business has been good.

Ian Isherwood, the company's Director of Sales and Partnerships, says their plan is to disrupt how people get their products from the wholesaler to their house.

"We launched when Covid was kicking in," he says.

Delivery companies have always sold the idea that they have the technology and capability to deliver anything anywhere. Today, the pandemic has given them the chance to do just that.

INVESTMENTS

Impact of Covid-19 on real estate sector

The proprietor of Nesco Services, a property development and management company, shares his experience running a business during a pandemic and the changes he has had to make

MAIN STORY

COVID-19

The Covid-19 pandemic has wrought unprecedented damage to personal, social and economic settings globally. It has upended countless lives and businesses in almost all industries.

Harun Nyamboki, the proprietor of Nesco Services, a property development and management company, says the company has taken drastic measures to survive the impact of the pandemic.

"Nobody was prepared to deal with coronavirus. We have had to adjust according to the situation. We have minimised expenditure, and limited borrowing," he says.

The company, which was established in 1993, builds and sells residential houses, and offers property management services as well.

Nyamboki says business is down, with the number of people purchasing property on the decline. Currently, the company is in the process of putting up houses in Lukenya, where they have entered into a partnership with the State Department for Housing and Urban Development to provide 5,000 affordable housing units.

The company has rental properties in Nairobi West and Woodley.

The pandemic has led to well documented job losses with pay cuts becoming a common feature in various sectors. This has affected rent payment, and Nyamboki says they have had to enter into an agreement with affected tenants.

"Every case is treated on its merit. Some have been paying from their savings and others have exhausted their resources. If a tenant is unable to pay we don't penalise them, we negotiate so that they can pay according to their ability. We have not asked anyone to vacate," he says.

Kenya National Bureau of Statistics in an Economic Survey 2020 report said, "Real estate and other services are expected to be suppressed due to slowdown in economic activities and declining disposable incomes."

With a tough operating environment, Nesco Services has had to negotiate with banks on its loan repayment terms.

"KCB has been very receptive to our requests in terms of waivers of penalties," he says of the bank which has financed a number of their projects including the one they are undertaking in Lukenya.

In 1998, he says KCB gave them a loan of more than KShs.20 million to buy property in Woodley. The Bank also financed the acquisition of property in Nairobi West at over KShs.40 million.

Additionally, KCB provides mortgage financing to buyers of Nesco property.

"It's been more than 20 years of a fruitful relationship; KCB has been instrumental to our growth," he says.

> **Real estate and other services are expected to be suppressed due to slowdown in economic activities and declining disposable incomes,**
> - Kenya National Bureau of Statistics Economic Survey Report 2020

With almost three decades' worth of experience in the housing sector, Harun knows all too well how Kenyans have been duped into buying fraudulent property, consequently losing millions of shillings.

To avoid this, Nesco came up with an agreement with KCB to protect buyers from con men.

In the agreement, Harun says, KCB evaluates the buyers to check if they qualify for the loans they have applied.

If they qualify, they deposit the down payment directly to the Bank, not to the developer.

"Sometimes buyers are naive; they go to developers who promise to build houses for them. Potential home owners then hand their money over to the developer. If the developer's reputation is questionable then you are bound to lose. When you take money to the bank, it at least guarantees you. Here we are selling diligence and honesty, we have to deliver the property as promised," he says.

A building under construction.

Mary Mwangi, a nurse at a hospital in Rome, Italy.

To date, healthcare workers remain the first line of defence in our fight against Covid-19, the respiratory disease caused.

COVID-19

Heroes of our times: Those who kept us going in times of lockdown

At some point between April and June this year, Mary Mwangi became used to the empty streets that were a permanent feature of her commute home from work. The 30-kilometre trip that often saw her travel alone in entire train carriages felt eerie at first.

Now, it all seems normal. The empty streets. The closed doors of the fast food outlets that initially worked for hours non-stop. The bare floors of the best bistros and bars in party districts that stayed awake for nights on end.

All this as a result of the pandemic that continues to change lives in unimaginable ways. Global unemployment numbers are at an all-time high. People no longer travel effortlessly between borders as governments scramble to contain the spread of the virus. Death and despair have become part of normal conversation. Stock markets have crashed, taking with them entire economies.

But amid all this doom and gloom, a select group of people like her continue to work tirelessly through the pandemic ensuring that a slower version of life goes on in spite of the dangers that stare them in the face every day.

Mary has been a nurse in the Italian City of Rome for more than a decade. Her home city at some point recorded some of the worst fatality and infection rates of the disease in the country. Since the beginning of the year, she has nursed and comforted patients from one of the world's epicentre of the disease whose statistics shocked the world into understanding the severity of what lay ahead.

"It wasn't easy," she says in a Skype interview from Milan. "Every time I walked into the hospital I felt like I was walking onto a movie set."

There were stretchers everywhere. Some supporting the living. Others holding the dead.

Her biggest fear during this time was the possibility that she would go from saving lives to transporting the virus home to her family.

"I would come home and not even hug my children. I could live with the lack of physical contact. I don't know if I could live with the guilt of being the cause of infection in my home."

To date, healthcare workers remain the first line of defence in the fight against Covid-19.

As healthcare workers work towards defending the lines, others work towards ensuring that life doesn't come to a complete standstill.

Albert Kakina has been a boda boda rider for four years. But when the virus struck, he saw an opportunity. The dawn to dusk curfew coupled with the cessation of movement order hit his business hard. There just weren't enough people moving around.

"But I knew that although people weren't moving, goods were still being transported to various parts of the country," he says.

And so he took a leap of faith and transformed his motorbike taxi into the first of what he hopes will be a fleet of courier bikes. With this leap, a new business was born.

"There were only two possible outcomes to the shut down," Kakina says. "The easiest was to sell my bike, pack up and leave for the village."

But he opted for the harder option. To reinvent himself and his business to fill a growing need in the market.

"After reading about the disease and the trends in other countries that had been hit first, I knew that the courier business stood a chance. People weren't moving around just to deliver letters or get their groceries. This is the gap I wanted to fill."

He believes he has captured some segment of the market. His loyal customers might not be available to hop on to his bike and snake their way around Nairobi's never ending traffic. But they sure are ready to trust him with delivering their shopping and urgent parcels.

In just four months, he is already thinking of getting two more bikes to add to his fleet.

"Not everyone can afford to sit at home and wait for the curfews to be lifted. Some of us have to get out and make a living."

For Kakina to keep moving, something else has to be on the move too. Money. Although there has been a significant shift to cashless transactions during this period, a huge amount of business continues to be done the old school way.

I would come home and not even hug my children. I could live with the lack of physical contact. I don't know if I could live with the guilt of being the cause of infection in my home,

– Mary Mwangi, a nurse in Rome

COVID-19

Inside Laikipia's KShs.2 billion SMEs stimulus package

Under the agreement, the County Government will pay part of the interest while business owners and cooperative societies pay the rest

When the Covid-19 pandemic finally arrived in Kenya, there was collective anxiety across the country on how it would affect the populations and how badly it would affect the nation.

For all its ravages to the symptomatic individuals it attacks ranging from mild disease to death, Covid-19 has overloaded public health systems with the stream of patients needing medical help. It has also become an economic nightmare as containment measures are implemented to curb the spread with the consequence of job losses and business shutdowns.

In Laikipia County, the situation was no different when leaders gathered to ponder what they'd needed to do in the county's best interest. Their biggest immediate headache was the economic shock caused by the restriction of movement that sealed off Nairobi, a key market for Laikipia's agricultural and livestock produce.

"The whole idea started because there was a need. The lockdown brought a new challenge where we were required to support most of the people who either were laid off or their businesses shut," Laikipia Deputy Governor John Mwaniki told KCB Venture in an interview.

> **That's how we designed a programme in conjunction with KCB, which will see the county subsidising the interest rates and guaranteeing loans for SMEs that require less than KShs.100,000, -** Laikipia Deputy Governor, John Mwaniki

"Even more interesting were micro-businesses who ended up depleting their working capital because they were no longer generating revenue," said Mr. Mwaniki.

An initial response to the economic downturn was a food subsidy programme targeting 40,000 of the county's 120,000 households.

"That programme presented a challenge. It was not going to be sustainable. We, therefore, had to craft a strategy to move people back to production. Most SMEs had shut down, and there was no way they were going to go back to business without an intervention," said Mr. Mwaniki.

The county examined its budget and realised that the financial muscle would not be sufficient due to the various competing demands.

"Given our experience in the financial industry, we set out to look for a formula partnering with a financial institution to come up with a product that would support SMEs in the county," said the Deputy Governor.

"That's how we designed a programme in conjunction with KCB, which will see the county subsidising the interest rates and guaranteeing loans for SMEs that require less than KShs.100,000."

Under the arrangement, KCB has set aside KShs.2 billion to provide affordable facilities to enterprises and cooperative societies whose businesses have been affected by the pandemic.

Under the agreement, the County Government will pay part of the interest while business owners and cooperative societies pay the balance.

"The interest sharing and guarantee model is one of the innovative ways the bank has developed through a partnership with the county government to facilitate credit to catalyse the entrepreneurs' business growth and enable economic recovery," said KCB Group Chief Operating Officer Samuel Makome.

"We know that small businesses are most at risk from the economic disruption posed by the global outbreak of coronavirus and the effects of the containment measures. It is only through strategic partnerships, including with county governments, that we can support businesses to weather this crisis," said Mr. Makome.

This fund targets existing MSMEs in Laikipia County, where entrepreneurs will be financed according to their ability to pay based on their cash flows.

"We are excited about this partnership that will unlock the much-needed credit to businesses enabling them to have sufficient liquidity to continue their activities," said Laikipia County Governor Hon. Ndiritu Muriithi when the plan was unveiled.

The county has dedicated 200 business development officers to conduct training in conjunction with KCB staff members. The trainers support the SMEs on ensuring proper documentation and also offer post-lending financial advice.

"By providing loans to small businesses, we will be promoting inclusive and sustainable economic growth and employment during this crisis," said Mr. Muriithi.

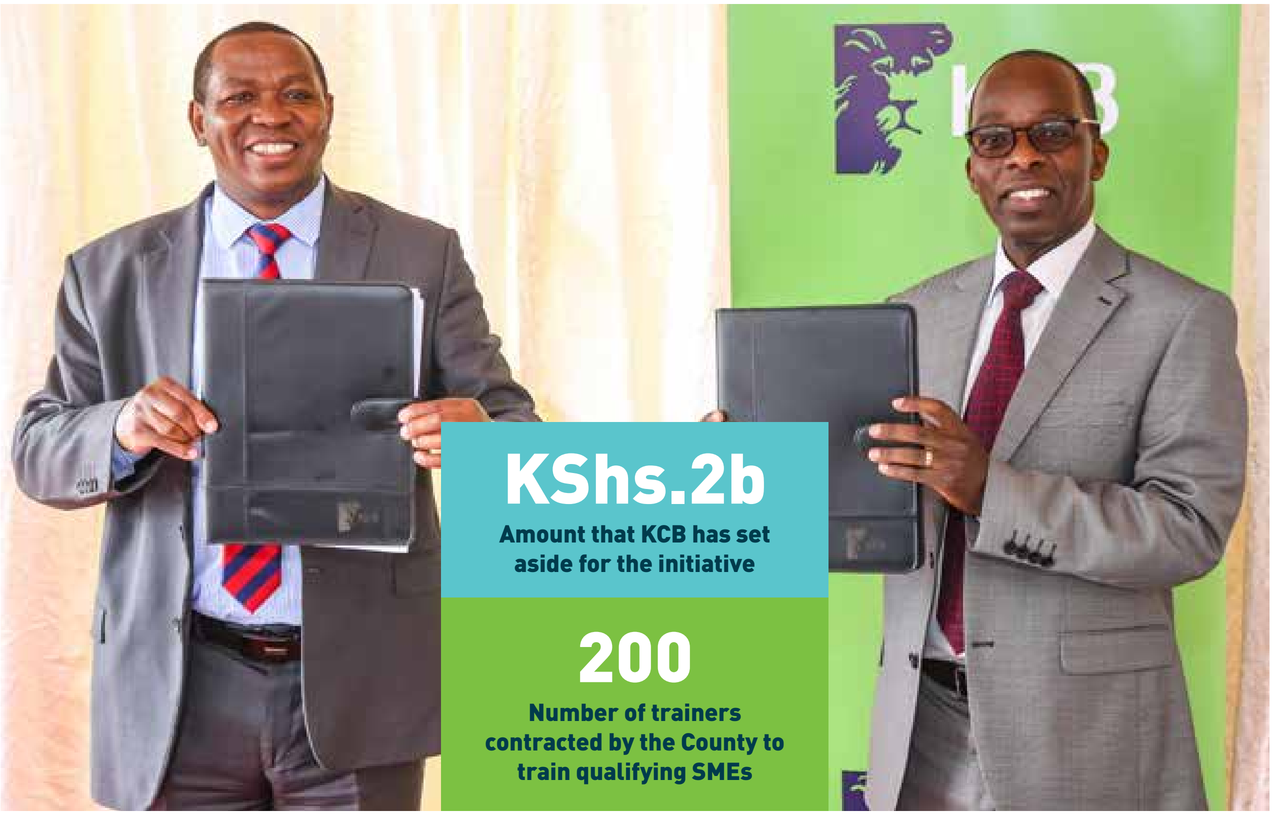
The county is already reaping dividends.

"The business {who have successfully applied for support} have moved to production and have been able to restore jobs, fend for themselves. The businesses are also able to meet MoH protocols on handwashing, sanitising, social distancing, and reduction of physical contact between individuals," said Mr. Mwaniki.

The facility has benefited Saccos in the transport sector, market traders who, in turn, drive down the impact to farmers.

"We also have the pastoral farmers who have strongly benefited from the KCB agribusiness programme which is under the cooperatives wing. As we progress, the quantifiable impact will be assessed on a quarterly. We expect that by the end of the first quarter, we will have disbursed about one-third of these funds," said the Deputy Governor.

He says that Laikipia's leadership is delighted that the model has attracted attention from counties in the Mt Kenya region where it is expected to spread the economic stimulus.



Mr. Samuel Makome (right) KCB Group Chief Operating Officer with Laikipia Governor Hon. Ndiritu Muriithi (left) in Nairobi after signing the agreement.

Pandemic-induced brand evolution

Businesses and financial institutions have risen to the occasion and instituted measures that have put people before profits

When the Covid-19 pandemic struck, businesses rose to the occasion. They went all in to mitigate its impact on the customers and societies in which they operate.

Faced with widespread distress and uncertainty, the businesses proactively instituted cushioning measures, even taking a hit in their books while at it.

This was, in addition to other forms of support, including donations to the Covid-19 Emergency Response Fund set up by the government and funding public health campaigns. Businesses also availed sanitizer, water and hand wash to societies, besides donating personal protective equipment to health workers, police officers and other frontline workers. All this, the businesses did in a period of intense uncertainty for themselves too, coupled with depressed economic activity.

Banks waived charges for transfers between accounts to mobile wallets and offered to restructure customers' existing loans. Upon request, distressed customers could get their loans restructured and repayment periods extended.

According to the Central Bank of Kenya, commercial Banks have restructured loans worth Sh844.4 billion as at June 2020. Out of this, KCB Group restructured loans worth KShs.101 billion, including personal check-off loans, scheme loans, residential and commercial mortgages, as well as micro, small and medium-sized enterprises and corporates.

This relief to customers, KCB Group CEO and MD, Joshua Oigara says, is the bank's way of walking the difficult journey with customers to weather the unforeseen storm.

The banking industry's support has not been without cost. Many banks have reported a dip in profits for the first half of 2020, due to enhanced provisioning to cater for the elevated credit risk. Nonetheless, KBA insists that the banking industry is well placed to withstand the economic shocks without triggering instability in the financial system.

The pandemic-induced metamorphosis of brands is not just in the banking industry, which rightfully has a critical role to play in economic recovery. Across industries, brands are evolving, catalysed by the pandemic.

Redemption of loyalty points has presented an opportunity in mitigating the impact of the pandemic. According to KCB Group, over 8.1 million Simba Points have been redeemed for cash and used to purchase food and household items.

Safaricom ran the Bonga for Good initiative, through which more than 1 billion loyalty points (valued at KShs.330 million) were redeemed and used to pay for foodstuff. Individuals and businesses could donated their corporate points to employees who are most vulnerable or have been laid off.

In more ways than one, the role of brands is fast shifting. It is no longer just about growing revenues and maximising profits and capturing more market share. Brands are fast growing into a bigger role in society.

"The pandemic has made corporates a lot more empathetic. They are now seeing beyond just profits. Their eyes are also being opened to instances where they have been unnecessarily unfair to customers," says Kenneth Okwaroh, the Executive Director of the Africa Centre for People, Institutions and Society (Acepis), a think-tank.

By cushioning customers from the negative impacts of the pandemic, they have triggered a virtuous cycle. Jobs are being saved, households that are faced with shrinking incomes in the era of pay cuts and layoffs, are helped to manage costs and the economy is supported to stay resilient.

However, Mr Okwaroh warns that these cushioning measures risk being unsustainable to businesses over the long term, and could cause some to walk back on some of the actions at a significant reputational cost.

"It makes more sense for the brand if these measures are inbuilt in the strategy. They need to think about the cost and effort involved in being empathetic and to make conscious decisions to stay the course, beyond the reaction to Covid-19," he counsels.

Ultimately, the empathetic stance does more than just supporting vulnerable customers to navigate the situation. It also inculcates trust by making tangible interventions that demonstrate action about putting humanity first, beyond just words.

> **KCB Group restructured loans worth KShs.115 billion, including personal check-off loans, scheme loans, residential and commercial mortgages, as well as micro, small and medium-sized enterprises and corporates.**

Corona tech:

Useful gadgets to maintain good health

For the last five months, thousands of Kenyans have been "shielding" themselves from coronavirus by staying indoors, on recommendation of the Ministry of Health.

However, spending so much time stuck indoors worrying about contracting Covid-19 is hard to cope with psychologically. With the partial lifting of travel restrictions that has seen more people venturing out and even going back to the office, there is a heightened sense of vigilance.

The government is also backing the home-base care model to relieve pressure from the country's health care systems since 78% of the infected patients are asymptomatic or have mild symptoms which can be managed at home.

The wave of health awareness and anxiety has led to an increase in use of health gadgets and apps. Here are seven gadgets whose popularity has grown or that have specifically been manufacture to keep Covid-19 at bay. These gadgets can help keep track of your health and minimise risk of health-related complications.

Thermal scanning devices

Thermometer guns and thermal scanners have been used for decades, especially in health facilities. But their prominence has grown since the outbreak of Covid-19 as high fever is one of the key symptoms of the coronavirus. As such, more on more people are procuring these non-contact temperature assessment devices for as low as KShs.500.

Hygiene hook

This pocket-size gadget helps you to open a door without touching the handle. The World Health organization already warned that coronavirus can live on surfaces including stainless steel and wood for up to 72 hours. This device that was created by a London based designer— Steve Brooks— enables you to open, hold and close doors safely at home or even when you visit medical centres or public offices.

Automated sanitiser dispensers

These come in the form of hand sanitisers sprayer, automatic disinfecting booths like the ones installed in Mombasa for mass use by ferry passengers. The touchless sanitiser dispensers are common in offices, malls, and will come in handy when schools reopen.

UV light sanitising box

This device makes use of the UV-C light to kill germs and pathogens on your electronic devices including phones, charges, and ear pods. The box has a special bulb that emit UV-C light.

In addition to practicing other WHO-recommended measures including wearing a mask, regular hand sanitising, and keeping physical distance, it is equally important to invest in one of these devices.

Pulse Oximeter

A pulse oximeter is a small, clip-like device that attaches to a body part— finger, toes and earlobes. Like a thermal gun, it has been used by medical personnel for years. Because low oxygen levels can be a sign of Covid-19, people have been buying pulse oximeters to check their oxygen levels at home.

Pocket sprayer

These are antibacterial hand sanitizer pocket sprayers. This sanitary accessory is mobile and goes by various names including Nano pocket sprayer and Nano mist sprayer. They can be used to sanitise your phone, keyboard, keys, remotes, watches, laptops, and banknotes.

Vegetable and fruits disinfectant

By the time your vegetables and fruits land on your kitchen counter, they will have been handled by countless people and displayed in the open in markets or grocery stores. As a result, these can be contaminated with microbes, soil, dirt, as well as pesticide residues. Cleaning them properly is an important step in staying healthy especially during this pandemic.

This device which can be placed on a table or mounted on a wall is based on ozone disinfection technology that kills bacteria, viruses, fungus and other pathogens.

On any given weekend in Nairobi, it is almost guaranteed that you will see groups of people exercising by the roadside decked out in full sports apparel.

While it wasn't unusual to see Kenyans engaging in fitness activities before the pandemic, there has been a noticeable increase in the number of people doing so, from walking and jogging to cycling.

Social distancing, restrictions on movement, closure of gyms and working from home have become the buzzwords of the Covid-19 pandemic. Staying active has also gained currency as scientists advise that an active lifestyle promotes immunity.

One of the groups you are likely to see on the highways in and around Nairobi have christened themselves Spin Kings Kenya.

On Saturday and Sunday mornings, the cycling group assembles at a common starting point, ready to traverse the country.

LIFESTYLE

Cycling the time away

The group comprises seasoned cyclists, — who can easily cycle as far as Namanga and back, a whopping 350 kilometres, — to beginners, who cover a minimum distance of 30 kilometres on a weekend. Other popular destinations include Embu, Naivasha, Nakuru and Machakos.

George Asin, the co-founder of Spin Kings, says it all began two years ago when his brother Ben Asin, the group's founder, would borrow his bicycle to go see his girlfriend.

George realised that Ben would go very fast on the bike, and they nicknamed him 'spin king' as his talent was evident.

Two months later, the brothers asked the larger family for some assistance to import a bicycle from the US that was going for KShs.200,000. George lobbied hard for Ben and convinced their parents that the bicycle was worth it.

Before long, Ben and his friends started a WhatsApp group they called Spin Kings, to make it easier to communicate and coordinate their cycling activities.

Spin Kings members in action.

Ben would cycle an average of eight kilometres a day when he started two years ago but has become so good at it that he cycled a personal best of 325 kilometres in mid-July. Cycling, he says, has not only improved his fitness, but is also the way he copes with stress.

With time, the WhatsApp group grew bigger, with people enquiring on cycling routes and how to join in the Spin Kings' activities. In May this year, the group held their first public cycling event, with 10 beginner cyclers showing up. They enjoyed it so much they came back the next Saturday, and the next. Three and a half months later, more than a hundred cyclers are showing up for the event, with some of the beginners graduating to semi-elites, members who cycle up to 150 kilometres on Sunday.

One of the beginners, Stephen Musyoka, remembers his excitement in finding a group of people to cycle with. A year before, he had purchased a bike but only rode it once every few months because of lack of company. He remembers that first event, but mostly because he crashed and had to be taken to hospital. It took him three weeks to recover from the fall and he got right back on the bicycle when he recovered.

He was drawn to the sense of belonging he felt as part of the group, and the opportunity to interact with people from diverse backgrounds.

Months later, cycling has become part of his lifestyle, improving his physical as well as emotional wellbeing. He feels a sense of accomplishment every time he hits a new milestone like cycling a longer distance and tackling a challenging route.

The group comprises seasoned cyclists, — who can easily cycle as far as Namanga and back, a whopping 350 kilometres, — to beginners, who cover a minimum distance of 30 kilometres on a weekend.

325km

Longest distance that Ben Asin, the founder of Spin Kings, has cycled

Salim Hussein, one of the group's captains, says the aim of the group is to train, inspire and motivate people to get out of the house, keep fit and build confidence.

Salim was working on a construction project that was put on hold when Covid-19 hit.

He had always been passionate about cycling, and his parents had supported him since his childhood, and when Kate Wambui, a friend, told him about Spin Kings, it became a natural outlet.

With a lot of time on his hands, he refocused his energies on cycling, which he combines with his love of touring and sense of adventure, and has once cycled an impressive 417 kilometres in one day.

Kate is one of the few women in the semi-elite group who has been in the game for two years now. She used to cycle to school during her campus days, but just like Musyoka, stopped because she lacked motivation. This was until she joined the Spin Kings. She loved their well-organised activities, the good company and the sense of safety she found in the group. As a solo female cyclist, she had faced her fair share of harassment from motorists. Since the pandemic started, she has also been making a living selling bike accessories, bicycle stands and teaching women and children to cycle.

This story of success hasn't been without its challenges. Motorists are the biggest threat, bullying cyclists, brushing past them in their cars and the lack of intervention from the police in any of these matters. Getting insurance for both the cyclist and the bicycles, lack of cycling lanes and shortage of funding for the group's activities such as fuel for the chase car are additional challenges as there is no fee charged to members.

Their future plans include cycling to more counties and venturing into East Africa.

So how does one become one of the Spin Kings? Follow updates on their social media pages to know when the next meet-up is on, show up with a well serviced bike, a helmet, pair of gloves, padding and cycling shoes and a sense of adventure.

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