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Preparedness

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PIEA

DELTA PARTNERS WITH SIMBISA BRANDS

Galana Oil Kenya Limited through their Retail Brand -Delta has partnered with Simbisa Brands Kenya Limited to operate the chain of Simbisa brands at their Stations.

The flagship outlet at Delta Bypass, Ruiru was opened on 25th May 2020. Simbisa will be operating four brands at the site: Chicken inn, Pizza Inn, Creamy Inn, and Stop & Shop.

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From the General Manager

What started as a health crisis has gradually mutated into financial and economic crises subsequent to the effected spread prevention measures thereby triggering unprecedented macroeconomic shocks globally.

There is no Country, business or individual who has not been impacted by COVID-19. Response to this pandemic has in this quarter truncated economic activity and mobility, hence suppressing the global energy demand.

Data from the International Energy Agency(IEA) shows that the first quarter of 2020 global energy demand took a dip by 3.8% or 150 million tonnes of oil equivalent (MTOE), relative to the first quarter of 2019 with forecasts- based on extended global lockdowns and slow recoveries- indicating that annual energy demand will drop by 6% in 2020, wiping off the last five years of demand growth, a decline that has not been seen for the past 70 years.

The East Africa Community scenario is no different with condensed demand in petroleum energy on account of restrictions on mobility, social and economic activity.

The impact of the key COVID-19 spread management interventions in Kenya can now be observed in the data from the first quarter of 2020 which shows a decline of 2% from the fourth quarter of 2019 and a decrease of 7% from the first quarter of 2019.

While there are major uncertainties surrounding the economic outlook, definitive duration of virus containment measures, implementation of reopening strategies as well as the shape, form and speed of recovery as the pandemic is managed, it is certain that our industry norms have been propelled to adapting sustainable mechanisms of co-existing with a pandemic.

Beyond every challenge lies a myriad of opportunities and the industry is renowned for transforming lessons from experiences into documented measures that can be referenced to in containing, curtailing, reinforcing, constructing, and managing identical or similar events and circumstances.

The one obvious trait that has come out of this pandemic and that has and will continue to cut through every aspect of our lives is self-discipline. Without a doubt if positively embraced fully, self-discipline will enable our value system to be entrenched in our being and consequently selfishness, vested interests, greed, disobedience, corruption will be replaced by orderliness, respect for law, service and justice.

The PIEA Technical Committees have assertively already embarked on packaging these varied industry experiences for advocacy in stimulating the necessary change via the relevant policy, statutes, standards and self-regulation instruments.

The PIEA School of Petroleum Studies has already adjusted the training mode and content to both continue meeting the capacity building requirements and be responsive to the unforeseen knowledge, skills and competences gaps that have now been presented by the pandemic.

In this issue, we have focused on a wide range of experiences of this pandemic from industry captains and experts along with the lessons drawn from these which we reckon, could going forward into the next era, fundamentally influence our individual and corporate thinking and behavior.

Wanjiku Manyara
General Manager

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SWOD Practices Aiding HSE and Growth of Manufacturing Sector

The Ministry of Petroleum and Mining has commended the industry for its efforts in managing used oil through the Safe Way Oil Disposal (SWOD), a self-regulatory compliance system championed by PIEA.

Principal Secretary State Department of Petroleum, Andrew Kamau, notes that incorrect disposal of waste oil poses a huge threat to human life and the environment.

Speaking during the SWOD Webinar workshop, the P.S said the Ministry is committed to providing the requisite policy instruments to sufficiently guide the formulation of the related regulatory framework that will spur the National Government's top agenda of supporting local manufacturing.

"Initiatives such as the SWOD help promote environmental conservation as well as protection of health in a sector which is largely classified as highly polluting. Indeed, this is what sustainable development is about as it calls for facilities to carry out manufacturing and production in a manner that protects the environment, and the safety of employees and the public" said the P.S

"For Kenya to achieve the Big 4 Agenda in manufacturing, food production, construction and health, a strong lubricant industry is necessary. Safe Waste Oil Disposal will lead to an increase in investments in the lubricants manufacturing sector as quality lubricants will be affordable and there will no longer be an incentive for illicit trade in lubricants from recycled waste oil. This will in turn provide solutions for Kenya's trade deficit and create the much needed employment opportunities and economic recovery now and in the face of the COVID-19 pandemic."

The Petroleum Act 2019 as well as the National Environment Management and Coordination Act 2015 provide the applicable laws for the petroleum sector to protect the environment, health and safety(HSE) as they carry out their businesses.

Kamau added that compliance and enforcement of Health Safety and Environment(HSE) laws as well as the implementation of self-regulatory processes like the SWOD require collaboration if they are to be effective and urged industry players to continue promoting HSE practices by sharing experiences and offering assistance to others who produce, handle, use, transport or dispose of similar wastes.

"While the regulators all present here have the regulatory obligation to monitor and effectively enforce the HSE laws, the Industry too has an ethical and social obligation to voluntarily comply with these laws. It is therefore gratifying to note that PIEA established the SWOD as a self-regulatory compliance system which enables Industry to adhere to the waste management regulations and specifically hazardous waste disposal" said Kamau

"Through this workshop, I believe that PIEA is trying to advise appropriate officials, employees, customers and the public of information on significant related safety, health and environmental hazards which the SWOD endeavors to mitigate against. I wish to commend PIEA Chairman, Directors and Members for collaborating with Government agencies in advocating for the creation of responsible laws, regulations, standards and best practices to safe guard the community, workplaces and the environment."

At the same time, PIEA Chairman Millicent Onyonyi added that self-regulations by industry players does not take away the burden of monitoring and enforcement from the regulatory agencies tasked with applying the law.

"As a professional industry association, the PIEA strongly advocates for voluntary compliance of industry laws because we understand fully that investors in this energy space have a responsibility and obligation to positively contribute to the environment in which they operate in-this we achieve by commitment to a code of ethics and conduct that members subscribe to" said the Chairman.

"Our resolve to self-regulate does not take away the burden of monitoring and enforcement from the regulatory agencies who should by all means apply the law uniformly so that the much needed level playing field can be provided accordingly. Indeed, the most important aspect of a good law is its full enforcement."

Eng Mwangi appointed FIDIC Integrity Committee Chair

Eng James Mwangi
Chief Executive Officer Kurrent Technologies

Eng James N. Mwangi, the Chief Executive Officer Kurrent Technologies Ltd, has been appointed to chair the Integrity Management Committee of the International Federation of Consulting Engineers (FIDIC).

FIDIC is the voice of consulting engineering industry across the globe with 102 Member Associations countries representing over one million engineering professionals from all regions of the world.

Eng Mwangi, who had applied to serve as member of the Committee alongside other 350 applicants from 80 countries around the globe, was elevated to the position of Chair of Integrity Management Committee. The FIDIC Board of directors reviewed all applications received to shortlist candidates for each working committee and appointed Eng Mwangi to serve as the Chairman of the Integrity Management Committee.

In his congratulatory letter, FIDIC Chief Executive, Dr Nelson Ogunshakin expressed his confidence in Eng James N. Mwangi in promoting FIDIC principles and objectives around the world.

This comes at a time when the world is making great effort to address integrity issues including areas such as infrastructure development. Lack of integrity continues to impede the realization of maximum benefits from projects carried out globally. Kenya has recently seen enhanced effort to combat corruption among other unethical practices.

Eng Mwangi is also the Chairman of Private Sector Initiative Against Corruption (PSIAC) in Kenya at KEPSA, and is the immediate past Chairman and a member of the Executive Committee of FIDIC – Africa. He has also several positions in the engineering profession including Chairman at the Association of Consulting Engineers of Kenya (ACEK). ACEK is affiliated to FIDIC. Eng Mwangi is a Fellow member of the Institution of Engineers of Kenya (IEK) and a Member of IEK Professional Review Board Panel for Mechanical Engineering.

National Oil Donates Hand Sanitizer Bottles and Face Masks

National Oil Corporation of Kenya has donated 266,666 half-liter containers to pack the free GoK hand sanitizer as well as over 13,000 surgical face masks.

The Oil marketer heeded the governments directives to all Kenyans, individuals and Corporates, to participate in the fight against Covid-19 as well as providing solutions that will help combat the spread of the disease. The half-liter hand sanitizers were distributed to the vulnerable groups at high risk of contracting the disease countrywide.

Gideon Morintat, National Oil Corporation of Kenya Chief Executive Officer, acknowledged the need of coming together as a nation to fight the pandemic. “The move to provide free alcohol based sanitizers and face masks will go a long way in ensuring the spread of the Corona-virus is slowed down especially for the most vulnerable Kenyans who are at a high risk of contracting the disease. The pandemic has greatly affected Kenyans, who at this moment are not able to make ends meet for their families” said Morintat.

> **The move to provide free alcohol based sanitizers and face masks will go a long way in ensuring the spread of the Corona-virus is slowed down especially for the most vulnerable Kenyans**

“We, as NOCK fraternity support the government efforts by ensuring high standards of hygiene are maintained at all times. We are also conscious of the fact that sanitizers may not be affordable to the common mwananchi and therefore approved the procurement and supply of the containers, and distribution will commence immediately.”

NOCK has been at the forefront of engaging the government on measures to combat the impact and spread of the corona-virus, following its declaration as a global pandemic.

PIEA-WLPGA Summit Takes Stock of LPG Business in E.A

The World LPG Association held its annual East Africa LPG Summit via Webinar due to the COVID-19 pandemic. The three hour summit focused on encouraging penetration of LPG growth in the domestic sector and demonstrating the importance of safe and sustainable use of LPG in eliminating preventable illness while promoting better quality of life in homes, as well as improving safety and preventing deforestation.

The online summit that drew participants across the globe, stressed on the importance of educating communities, and especially women, on the benefits of using LPG to curb noncommunicable diseases.

Of interest , was a discussion about the important roles the health, environment and energy sectors need to jointly undertake to achieve LPG penetration targets in the region.

LPG stakeholders, including East African Ministers responsible for Petroleum Energy, Health, Environment, Trade, Industry as well as the related regulatory agencies, national standard bodies, consumer organisations, LPG value chain players, non-governmental organisations (NGO's) and financial/funding institutions were identified as the driving force to aiding LPG uptake in the region.

PIEA General Manager Wanjiku Manyara stressed that for sustainable use of LPG in the region, there is need for clear National Policy(NP) direction and strategies on LPG development with clarity on the specific Country challenges that countries are aspiring to solve.

"In order for countries to build blocks for sustainable LPG use, there is need for inter-ministerial approach in drawing up the National Policy to ensure alignment with primary policy driver, the associated Ministry's and SDG's that Country has subscribed/committed to meet, translation of the National Policy aspirations into law and finally Development of regulations to implement & enforce the legal & regulatory framework" said Manyara.

"As enablers of LPG uptake, governments need to provide ,facilitate & support the formulation of NP and subsequent law, support and advance harmonized regional law approach. Governments in the East Africa region need to ensure that their laws provide the necessary incentives to drive up investments and support ease of consumer access/affordability as well as ensure that consumers have clean energy choices that are available in every corner of the Country."

The private sector was urged to upscale its participation by providing input through out the policy, legal and regulatory framework formulation cycle, create awareness on the economic development benefits that will accrue from the law as well as embrace and promote private public partnerships if use of LPG for all is to be realised. Donors /Financiers also need to focus on social returns of investing in clean energy solutions.

At the same time, the adoption of digital innovation was found to have increased LPG penetration and contributing to business improvement.

André Pimentel, Anova Vice President of Sales said digital innovation such as the Internet of Things(IoT) has eased access to LPG and improved safety, efficiency and a contributing factor to business improvement especially now during the COVID-19 pandemic.

"Technology adoption is key to remaining competitive beyond operating costs. 73% of LPG business is making IoT investment today, 47% of those saying it will be the most important technology for cutting costs" says Pimentel.

Digital platforms such as IoT enables businesses cut costs, efficiently manage their customers remotely, increase customer satisfaction and retention as well as upload historical data that support decision making.

The three hour webinar summit that replaced the Annual LPG Summit scheduled to take place in Nairobi the same time, also included discussions on Women in LPG (WINLPG) and the launch of a National WINLPG.

Total Kenya Commemorates World Environment Day

The World Environment Day (WED) is celebrated on the 5th day of June every year since 1974 with the aim of "encouraging worldwide awareness and action for the protection of our environment".

The day has developed into a global platform for raising awareness on pressing environmental issues, engagement with governments, businesses, celebrities and citizens to facilitate appropriate action.

On 5th May 2020, Total Group announced its ambition to achieve carbon neutrality (Net Zero) by 2050 for all its worldwide activities, from production to its energy products used by customers.

"At Total Kenya, we are geared towards promoting renewable energy that is more clean, reliable and affordable. We are doing this by investing in harnessing solar, investing in carbon sinks through promotion of the planting of more trees through our TOTAL Eco Challenge program" said Olagoke Aluko, Total Kenya Managing Director as he communicated to staff to commemorate WED.

Total Kenya Managing Director Mr Olagoke Aluko plants a tree during this year's World Environment Day commemoration at the company's Nairobi LPG Plant in Industrial Area.

Business Picks Up at the KPA's Naivasha ICD

Business is steadily picking up at the newly opened Kenya Ports Authority's (KPA) Naivasha Inland Container Depot (ICD).

All Government Agencies led by KPA, have now set workstations at the ICD to ensure smooth cargo off-take. Other government agencies on site include Kenya Revenue Authority (KRA), Kenya Bureau of Standards (KEBS) and Kenya Railways Corporation.

Regional Customs Authorities namely Uganda Revenue Authority, Rwanda Revenue Authority, Burundi Revenue Authority and South Sudan Revenue Authority are also present to collect revenue for cargo destined to the various transit countries.

The Naivasha Inland Container Depot has a total ground slots capacity of 5000teus and with adequate equipment including Reach Stackers and Terminal Tractors.

According to KPA, the ICD is now receiving one full container train of 108teus every week from Mombasa for the transit market and it is envisaged that the facility will receive two trains per day once it gets to its best.

Transit countries are now taking advantage of this new facility to collect their cargo at the depot, saving the time and distance to Mombasa or Nairobi. This will also help reduce congestion on the roads.

KPA has also indicated that Shipping Lines and Freight Forwarders have expressed interest to establish themselves at the strategic depot to handle transit cargo.

Already some of the lines have began to bring containers on a Through Bill of Lading (TBL) to Naivasha.

"We are very satisfied with the operations at the Naivasha Inland Container Depot as it presents a great opportunity for better handling of transit cargo on TBL" said Paul Mwakisha, National Manager, Overland & Customs Brokerage, Kuenhe +Nagel.

Kuenhe + Nagel, the largest cargo movers in the world have expressed interest to set up a branch office at the Depot to serve their transit clients. The company handles cargo destined for D. R Congo, Rwanda, Uganda and South Sudan. The company has also shown interest in export for dry cargo through the depot, which will be consolidated and railed to Mombasa for shipping.

Other shipping lines and agents that have visited the facility recently include Express Shipping Limited, Bolore and SPEDAG.

Meanwhile, KPA is constructing more facilities for smooth operations at the Naivasha ICD. Plans are underway to construct a proper administration block that will house the one-stop center and provide office accommodation for cargo interveners, expand the yard to create more capacity and also construct a trucks holding yard.

Tracks queuing to load cargo at the deport

Kenya Ports Authority staff at the Naivasha inland container deport

Early in the quarter, Cabinet Secretary for Transport, Infrastructure, Housing, Urban Development and Public Works James Macharia toured the facility to assess its readiness for business.
The CS who was accompanied by Transport Principal Secretary Solomon Kitungu, Chief Administrative Secretary Dr Rashid Aman and heads of partner agencies witnessed the arrival of the first SGR cargo train with 200teus destined to Uganda.

KPA Acting Managing Director Eng. Rashid Salim, Kenya Revenue Authority Commissioner General Mr. James Mburu Githii, Kenya Railways Managing Director Mr. Philip Mainga, Kenya Railways Chairman Major Gen (Rtd) Pastor Awitta and KPA's Head of Inland Container Depots Mr. Peter Masinde were among those present.

The new facility's major role is to facilitate direct shipment of goods from the Port of Mombasa to Naivasha via SGR thus shortening the distance to the transit markets.

Naivasha ICD also comes in handy to minimize transit trucks entering Nairobi at a time the country is battling COVID-19 pandemic.

INDUSTRY NEWS

KPC and Oil Industry Joint Efforts

The Kenya Pipeline Company (KPC) has partnered with select oil industry players that expressed willingness to produce alcohol-based sanitizers for free distribution to the public throughout the country in effort to prevent wide spread of Corona Virus disease (Covid-19).

The Company has also partnered with several corporate partners, government institutions, non-governmental organizations and other entities in the following services: blending, packaging/bottling, warehousing and dispatch of free hand sanitizers, provision of bottles, supply of glycerol and hydrogen peroxide for blending, transportation and logistics, provision of surgical masks as part of personal protective equipment (PPE), printing of awareness posters for media campaigns, mobilizing members in the last mile distribution and production drive, as well as provision of soap to supplement the sanitation initiative through various governmental and non-governmental structures to vulnerable members of the community.

KPC Managing Director Dr Macharia Irungu says the company has used the deep network counties enjoy to distribute the hand sanitizers. The counties that have received the free hand sanitizer include the hardest hit, that is: Nairobi, Nakuru, Murang'a, Kericho, Kiambu, Kajiado, Bungoma, Makueni, Machakos, Migori, Narok, Busia, Siaya, Uasin Gishu, Kisumu, Kwale, Kilifi, Mombasa and far-flung ones such as Samburu, Isiolo, Wajir, Marsabit, Mandera and Turkana.

"KPC, through its internal corporate social investment (CSI) program, has distributed the free hand sanitizers to informal settlements namely: Mukuru/LungaLunga, Korogocho, Kibera, Mathare and Githogoro. Similarly, to institutions such as Mama Lucy Hospital, Pumwani Hospital, Mbagathi Hospital, Kamiti and Lang'ata Prisons." says Dr Irungu.

"The community based organizations (CBOs) that have partnered with us include Shining Hope for Communities (SHOFCO), Kenya Agency for International Development (KENFAID), Boda Boda Safety Association, Green Card Mtaani, Women in Business, Torch Women, Kibera Community, Ghetto Classics Korogosho, Overcomers, PROWE and various youth groups through the National Youth Council (NYC) alongside other independent ones in Nairobi and various counties. Government institutions that have received this support include the National Police Service, Kenya Prisons Service, hospitals and several state corporations".

The M.D adds that production and distribution of hand sanitizers is ongoing at various OMC plants and related industries in Mombasa, Nairobi and Muhoroni such as Vivo Energy, Total Kenya, Ola Energy, Solvochem E.A., Pwani Oil, Sameer Group, Diversey Kenya, Polysynthetics E.A. and the Agro-Chemical & Food Company.

As at 18th May 2020, 837,382 liters of hand sanitizers had been produced in various blending plants in Nairobi and Mombasa out of 805,364 liters of ethanol so far received into the facilities from the Multi Agency Team (MAT). Out of this production, 775,373 litres has been distributed to susceptible members of the public through our logistics partners: Kenya Railways Corporation, Kenya Ports Authority (KPA), Maersk Kenya Ltd., East Africa Breweries Ltd., Bolloré Transport & Logistics Kenya, BAT Kenya Ltd. and Coca-Cola Company Ltd.

"This noble cause would not be possible without the leadership of the President through the Head of Public Service, Dr. Joseph Kinyua, who constituted the Multi-Agency Team (MAT). It has been driven under the guidance of Andrew Kamau, Principal Secretary, Ministry of Petroleum and Mining under whom KPC has coordinated the MAT whose members have been instrumental in availing seized ethanol for blending of sanitizer. The MAT primarily comprise of the Kenya Revenue Authority (KRA), Office of the Director of Public Prosecutions (ODPP), National Police Service, Directorate of Criminal Investigations (DCI), Ethics and Anti-Corruption Commission (EACC), KPA and the Kenya Bureau of Standards (KEBS)" explains the M.D

The Chairperson of the Council of Governors H.E. Hon. Wycliffe Oparanya receives hand sanitizers for distribution to all counties from Principal Secretary, Ministry of Petroleum and Mining, Andrew N. Kamau and KPC Board Chair, Mr. John Ngumi.

KPC in partnership with Kenya Dry Land Education Board distributed GOK free sanitizers and facemasks in Samburu to 6,000 households. Together we can!

KPC partnership with Kalonzo Musyoka Foundation (H.E. Kalonzo Musyoka - far right - is the patron of the foundation) received 3,000 litres of free hand sanitizers to distribute to vulnerable Kenyans. KPC team was represented by Bernice Lemedeket (Foundation Manager), Zilper Abong'o (Customer Relations & Marketing Manager) and Jason Nyantino (Corporate Communications Manager)

in the Fight Against COVID-19

Other Support Measures by KPC

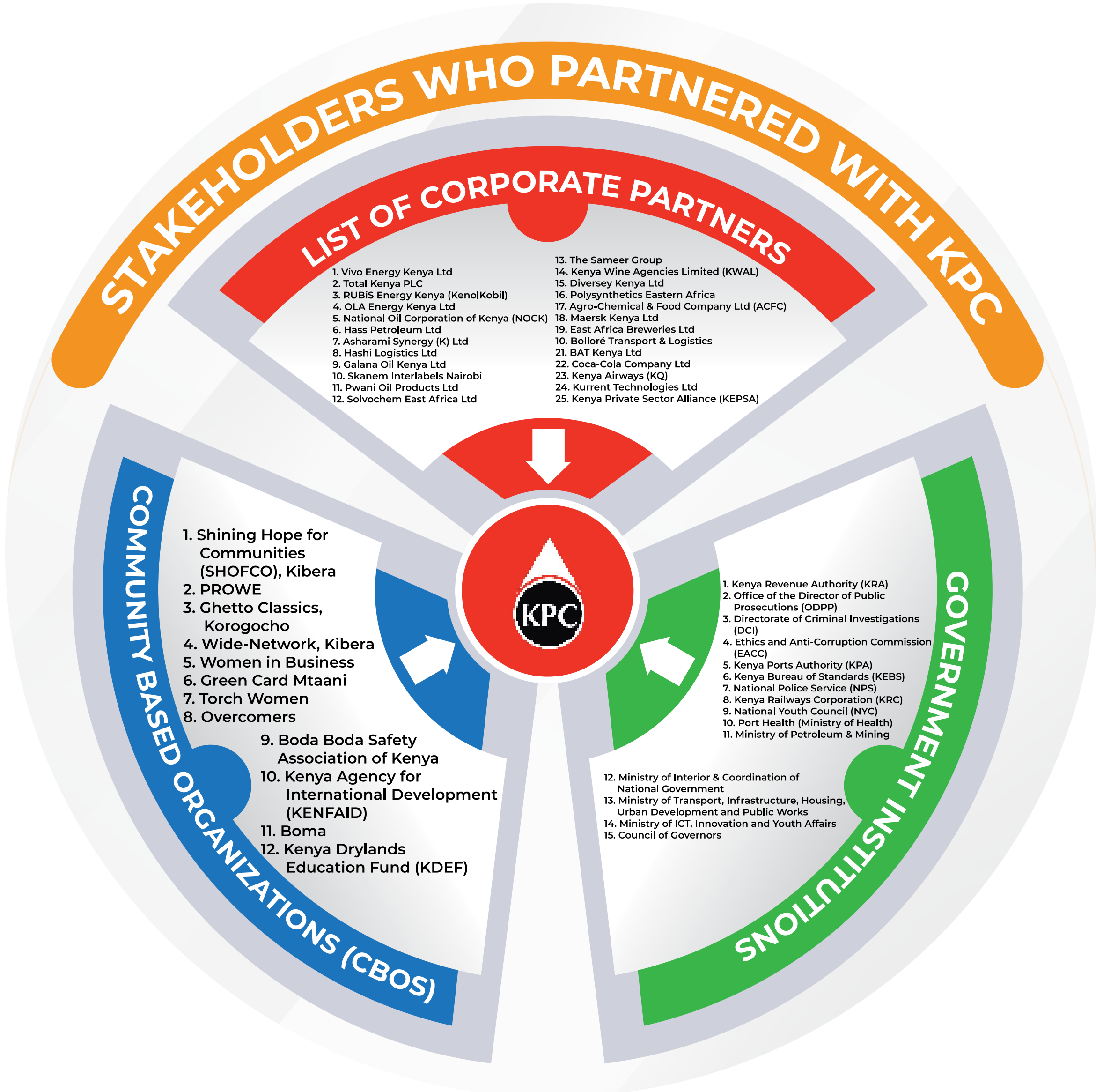
In addition, KPC donated Sh55 million to the National Youth Service (NYS) towards the production of one and a half million protective face masks. The face masks are being assembled and produced at the NYS manufacturing plant in Ruaraka. This is KPC's second major intervention in the COVID-19 war to complement the hand sanitizers initiative.

"The masks are to be distributed by NYS through county structures among vulnerable Kenyans, at no cost, and production is to be at a daily average of 30,000 masks. This donation followed a response by KPC's parent Ministry of Petroleum & Mining for state corporations to support the Government's efforts to protect Kenyans against COVID-19 infections" Dr. Irungu says.

"We are immeasurably grateful to all our partners who responded to our rallying call to conceptualize this free sanitizer initiative, mobilize and deploy resources towards realizing it, and achieve its intended goal as envisioned by the President in the nationwide fight against the spread of COVID-19".

KPC team donating 100 litres of GOK hand sanitizers to By Grace Disabled Orphans Centre, Kayole, Nairobi. The home caters for 200 orphaned children.

Team Captain, the Managing Director of KPC, Dr. Macharia Irungu, handing over sanitizers at Nyayo House to the County Commissioner of Nairobi



VIVO Energy Kenya Mitigating Spread of COVID-19

Vivo Energy Kenya Communications Manager, Angela Munyua hands over soap bars to the Shell Adams Arcade manager during the organization's soap distribution week. The soap was for use at the service station wash rooms.

Vivo Energy Kenya held a week long soap distribution exercise to communities within and around its selected Shell service stations in Nairobi, Coast, Western and Mt Kenya regions.

The soap distribution was made possible through a donation of 14,000 bar soaps by Lifebuoy to the organization.
As charity begins at home, Shell service stations located in the selected areas also got bar soaps for use in their staff wash areas.

For the exercise to be a success, Vivo Energy Kenya partnered with Shining Hope for Communities (SHOFCO), a community based organization that understands the ecosystem of the people living in these settlements.

SHOFCO has projects in a number of settlements in Kenya to ensure people are sensitized on regular hand-washing and other hygiene focused matters.

SHOFCO Mathare team, receiving soap bars from Vivo Energy Kenya Marketing Manager, Mark Senteu and Vivo Energy Kenya Communications manager Angela Munyua for distribution to communities within Mathare.

PayGo Energy Partners with Saisan Investment to launch Cylinder Smart Meter

PayGo Energy (PayGo) has partnered with Asia's largest LPG distributor Saisan Company Ltd (Saisan) to offer Cylinder Smart Meter (CSM) solutions across Saisan's Gas One retail network.

The LPG venture backed technology company, founded in Nairobi in 2015, has now spread its wings in to Asia to provide households with access to pay-as-you-go LPG for the first time. The strategic investment by Saisan will also provide PayGo with vital financing to initiate its operational expansion into South Asia.

Paygo Energy Chief Executive Officer and Co-Founder Nick Quitong says the partnership between the companies provides Paygo Energy with a footprint in fast-growing emerging economies across Asia, and a clear path to scale, leveraging Saisan's expansive distribution and retail network, and the company's deep expertise in downstream LPG.

"We see huge untapped demand for LPG in Asia. In Saisan we have a partner with generations of LPG experience and a trusted retail brand. We're excited to work with Saisan to bring our technology to households across the region" said the CEO.

At the same time, Saisan President and Chief Executive Officer Takehiko Kawamoto added that PayGo's technology will enable Saisan to expand its LPG business, and grow its reputation for driving digital innovation in LPG.

"We're thrilled to be pioneering PayGo's innovative smart metering technology across Asia, and to provide our customers with the world's best gas service" said Kawamoto.

PayGo has also secured investment from Japan-backed Venture Capital (VC) fund Kepple Africa Ventures. Kepple helps blue-chip African startups raise funds and form strategic partnerships with large Japanese corporations.

The deal will see PayGo Energy continue to build momentum as the company gears up for its Series B raise in the coming months. Nairobi-based advisory firm, StratLink Africa acted as the exclusive transaction advisor on behalf of PayGo.

COVER STORY

Employees Safety Vital for Business Continuity

Millicent Onyonyi
OLA Energy General Manager and PIEA Chairman

The world is slowly but surely adapting to a new normal. Wearing of face-masks, social distancing and escalation of our general hygiene has become part of our lives and our work places.

Businesses are now adopting innovative ways such as ‘work from home’ to accommodate the new stringent safety measures, not only to keep the business afloat but also ensuring the safety of their biggest asset, the employees, says PIEA Chairman Millicent Onyonyi.

“The COVID-19 pandemic has pushed us all to reflect on leadership and how we engage to survive when faced with a crisis. We must commend the government for quick interventions to ensure safety of its citizens and secure businesses. The challenge is to translate the quick interventions into sustainable policies that will ensure we recover and thrive as the new normal settles in” says Onyonyi.

“During this period, I have learnt four key lessons. People want to be engaged and involved in solving and surviving a crisis; People will do everything to survive a crisis if involved; Communication at every stage will ensure we all pull in the same direction and people expect leaders to be visible and keep hope alive.”

Onyonyi says successive business continuity in a period such as this, open communication between management and its employees is vital to avert unnecessary anxiety.

“For successive business continuity, priority should be given to employee’s safety and health. It is important that people feel cared for and appreciated in times of crisis. Management needs to keep people informed of the health of the business to ensure buy in for drastic changes like keeping lean staff, working from home etc. Business should also implement changes in phases to secure employees and the business” she adds

The new safety measures have come with disruptions at work places. Businesses have now been forced to review their office spaces to accommodate safe distancing directive, hand sanitizers and thermometers to ensure the well being of their employees.

Onyonyi observed that there has been a significant change to human resource health and wellness that will require update of Safety, Health, and wellness policies. This, she says, has necessitated a development of a COVID-19 and business continuity policy that should help businesses better manage an identical situation in future.

“The discipline of the oil industry practices in safety health and environment ideals have certainly helped in quickly rallying our teams to adopt new protocols arising from COVID-19. The wearing of face masks and hand washing were quickly adopted particularly by operations staff. Safe distancing is new to us all. We are currently marking safe distances at various locations and reviewing our office spaces to ensure we are all safe” says PIEA Chairman.

“This has come with its fair share of disruptions such as temperature vs alcohol checks at terminals and meals provided in shifts amongst others. There is also a significant change to human resource health and wellness that requires update of Safety, Health, and wellness policies. We will certainly see an evolution of these very soon. Going forward, we have developed a COVID-19 and business continuity policy that should help us better manage an identical situation in the future.”

The Petroleum supply chain has been heavily affected by the COVID-19 crisis due to the restriction of movement. Ms Onyonyi says, the industry supply chain and how it interfaces with government regulations in a crisis should be re-considered to secure the industry and market.

“I think the main gap that should be re-considered is the industry supply chain and how it interfaces with the government regulation in a crisis to secure the industry and the market. I think the industry will be exploring online interactions and payment and more convenient retail options to get to the customer” she says.

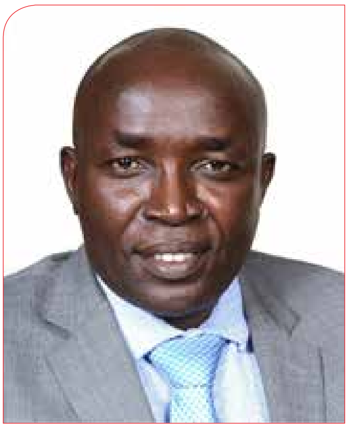
“This crisis has provided us with an opportunity to learn and change. I would like to urge the government to continue engaging us as we learn together. My message to the industry is that we will get through this crisis. To the consumer, you can count on us to meet your needs safely. Let us all stay safe, this too will pass.”

COVER STORY

Securing Strategic Reserves During COVID-19 Crisis

As an essential service provider, the Kenya Pipeline Company(KPC) has played a critical role in keeping East African region on the move during the COVID-19 pandemic. Every sector is heavily dependent on this crucial service to keep the economy going.

KPC Managing Director Dr Macharia Irungu spoke to Petroleum Insight on measures the company is taking to ensure the region does not run out of this crucial commodity.



Dr Macharia Irungu
Managing Director, Kenya Pipeline Company

Excerpts:

Q The industry and country at large are in an unfamiliar territory of a global pandemic. What are your immediate reactions on the circumstance that Kenya has found itself in, generally?

Answer:
The COVID-19 pandemic has brought unprecedented disruptions to human life and the general economy. It is projected that our economy will be hit hard by the pandemic, but this will depend on the choices that we make as a Country. Being a global pandemic, Kenya has a lot to learn from other major economies on the best way to restart its economy.

Q What can you share about business continuity in the face of keeping lean staff rotations/working in shifts, working from home, restriction in movement/curfew, and succession planning?

Answer:
Business continuity planning remains key in ensuring that service delivery is not disrupted. In the face of this crisis, the company has implemented a business continuity management framework. This framework is anchored in KPC's Vision 2025 under the Systems and Processes pillar. The guiding principle of the framework is to ensure business resilience in the event of a major disruption through timely resumption and delivery of essential business activities.

The pandemic has radically disrupted the work environment as safety and health measures are prioritised in order to contain its spread. Guided by the need to protect our staff and customers and in line with the government directive, KPC evaluated staff requirements and scaled down on-site staff to below 21%.

Q What are the key supply and distribution lessons that KPC has learnt following the closure of borders as an intervention against the COVID-19 spread?

Answer:
The most crucial aspect of any supply chain is its resilience during unplanned shocks. Zooming into the KPC experience over this mitigation period, we do have infrastructural sufficiency to meet domestic and regional demand. The pipeline loop and ancillary tankage have proven critical in building stockpiles that have sustained our local and transit demand for three straight months without any disruptions.

KPC is highly cognizant of the need to bolster our storage infrastructure at the source in Mombasa, as well as at exit points in Western Kenya. We are working on both upgrade of the pipelines from Nairobi to Nakuru, Eldoret and Kisumu, as well as tank capacity enhancements in those key Western terminals to serve our transit markets even more efficiently in anticipation of future exigencies. KPC is also working to unbundle its tariff so as to offer a service menu that serves the palate of varied market needs in the region as we aim to continue offering containerized cargo and pipeline for petroleum products transportation.

KPC's strategic focus is to extend the pipeline domestically and expand to other countries. Pipeline economics would not allow extension of the pipeline to all towns but as the economy grows, KPC is mapping out demand and analysing feasibility of further extension of the pipeline domestically.

With regard to expansion into neighbouring countries, the intention has always been to provide an alternative to transit petroleum products transportation option from Eldoret and Kisumu. The strategy options are pipeline to Kampala-Uganda, and even Kigali-Rwanda and water transport (Lake Victoria) option.

To address the ever-increasing demand for a more efficient transportation option, KPC developed a jetty in Kisumu. The jetty was to complement jetty and storage facilities that were being developed in Uganda. However, to date, the lake transport option has not been fully utilized due to delay in completion of the Ugandan facilities. Kenya Railways recently refurbished one lake vessel, MV Uhuru, which has been used to transport petroleum products to Port Bell, Uganda but its capacity is not optimal to make significant impact to the supply chain at the moment.

The trucking challenges experienced as a result of the measures taken to combat the spread of COVID -19 should turn the spotlight to the pipeline extension and Lake Victoria transportation. Given the rising demand for petroleum products in the neighbouring countries, a multi-modal approach should be pursued to remove petroleum tankers from the roads and ease pressure on roads and congestion at the borders significantly.

Q How has the adoption of technology impacted on the ease of doing business in the industry across the EA region especially in the global pandemic situation?

Answer:
KPC has utilized technology to enable customers carry out transactions and access reports online, facilitate online meetings, facilitate remote/home working by staff, vendor collaboration through e-procurement and general communication. Technology has also come in handy during the distribution of free hand sanitizers through on boarding some of the key stakeholders on our communication platforms to ease coordination.

Technology has not only improved the ease of doing business but has also seen improved transparency and accountability in handling customer products with a continuous drive to eliminate product losses. In addition, the deployed technologies continue to provide the company with the agility to easily onboard new revenue streams and infrastructure/plants.

Q What measures did KPC embark on in complying with the GOK reaction to managing the pandemic- (safety distancing, frequent hand washing, use of face masks)?

Answer:
In March 2020, KPC set up a committee . One of the first tasks of the committee was to do a risk assessment and identify which KPC facilities were prone to contracting the virus. These were identified as the Airport loading depots in JKIA and Moi International Airport; and Mombasa where KPC officers board the marine vessels. The truck loading depots were also identified as high risk.

Subsequently, specific measures were then taken to protect all the staff including provision of hand sanitizers, surgical masks, and hand washing facilities at all KPC sites, and temperature screening for all those entering the company facilities.

When the first case was detected in Kenya in mid-March, there was a review of company operations to ensure that only essential services progressed in line with the Ministry of Health directives. Staff that were able to work from home did so, and critical services proceeded through rotation of staff to ensure that safe working distances were maintained in the workplace.

In addition, training of KPC medical staff on COVID-19 was done to empower them to handle an outbreak within the organization, as well as be able to sensitize the internal staff on the measures required to protect themselves and their families.

KPC continuously reviews its operations in light of the evolving nature of the pandemic to ensure staff safety as we continue to discharge the company's mandate.

Q What gaps have been experienced from the pandemic that KPC will consider/re-consider moving forward?

Answer:
The key challenges for all organizations is the need to incorporate lessons learnt in the business continuity management frameworks. In particular, continual building of resilience through testing and exercising, reviewing human resources policies to address challenges presented by remote working such as ensuring effective performance management is critical.

The impact on supply chain management requires that we re-evaluate critical supply chains in order to anticipate possible disruptions and develop innovative solutions to build resilience in times of crisis.

It is important to recognize that even with the disruption of the oil & gas industry, there are new opportunities to be exploited as businesses discover new ways of doing things leveraging on technology.

Q Tell us about your experience in leading the coordination of local manufacturing and distribution of alcohol-based hand sanitizers. What were the key lessons for you? For industry?

Answer:
KPC offered a solution to the sanitation problem the country would face in the wake of COVID-19, and the public-private sector response we have experienced has been monumental.

We required hand sanitizers not just for our internal use, but also for our third-party service providers and the communities along our way-leave. As we sought a solution to blend the sanitizer within the Company, the Executive Office of the President through the Head of Public Service heard of our plan and created the Multi Agency Team framework for the production of free hand sanitizers for mass use by the public, through his communication on 18th March 2020.

I have learnt through this process and my career move from private to public sector that government is a very powerful agent of transformation be it social, economic or political. The Oil and Gas sector has been highly responsive and innovative in providing solutions to this pandemic and I envision a continued growth in public-private partnerships (PPP) as we evolve projects in the mid and downstream segments of the industry to further grow market opportunities.

Q What can the industry expect from your leadership at KPC moving forward?

Answer:
Kenya Pipeline Company is committed to achieving unprecedented stakeholder relationships and customer satisfaction levels as stipulated in our Corporate Strategic Plan dubbed "Vision 2025" with a view to transform into Africa's Premier Oil and Gas Company.

My leadership will give prominence to customer issues and shape the industry. Drawing from my past wealth of experience, I am poised to change that narrative in pursuit of unprecedented service delivery to the industry.

My focus is to ensure that KPC lives up to its Vision of Africa's Premier Oil and Gas Company and this is possible through implementation of business diversification and growth in transportation of Oil and Gas. I call upon all stakeholders for support and seek better collaborations as we transform this Company and deliver on our own individual, corporate and national mandate.

COVER STORY

Distribution Preparedness in the Wake of a Pandemic

Peter Murungi
Managing Director, Vivo Energy Kenya

We are all living in unprecedented times. COVID-19 pandemic has shaken the world, and our country and our industry is no exception. What is even more difficult for all of us is failure to predict what next. At best and most important is to remain safe by adhering to our Government, Ministry of Health and World Health Organization (WHO) guidelines.

As a company that distributes petroleum products, our staff, contractors, and customers are the heart of our business. Since the outbreak, their health is and remains our top priority.

> We have seen unique leadership across all cadres of staff, reminding each other either on the importance of social distancing and wearing a mask

What has been exceptionally rewarding is that our staff and contractors across our facilities have continued to fully comply with health guidelines and continue to deliver safely, products to our customers. As an essential service provider, this is not an option and our gallant staff and contractors have proven again that we can deliver safely as we have done time and again. So far we thank God that we have no recorded case of COVID-19 in our operations.

We have seen unique leadership across all cadres of staff, reminding each other either on the importance of social distancing and wearing a mask etc. On a personal visit to the facility, the security guard at the entrance not only reminded me but also ensured I was fully compliant.

Critical Roles in the Supply Chain

We are reminded on the important role our drivers play, the risks they have to take and most importantly the value of training and discipline we have instilled in them over time. They have been able under very difficult circumstances to continue delivering product safely to support our sister companies and customers across the borders.

We have noted lately the issue of delays at the borders occasioned by the very necessary need by each country to conduct tests to limit transmission but we think there is room for improvement through proactive and early testing to minimize not only time lost but overcrowding of drivers at the borders which goes against the very important measures to minimize the risk of COVID-19 transmission.

Its important to note that as a business we need a Business Continuity Plan (BCP) that is tested and ready to be deployed. If you recall, there was very limited time between first case and initial partial lock-down.

For Vivo Energy Kenya and I believe other industry players, there has been a lot to learn, the speed at which we were able to get our staff to work from home and still deliver, the shift deployment for our operations staff with hardly any impact on the delivery of our services.

The movement restrictions and curfew came with some challenges but I must commend our government for facilitating the movement of critical/essential service staff and contractors across the counties. We have so far not experienced any challenges once we complied with all the necessary approval requirements for movement.

Maintaining Workforce Confidence and Motivation

At Vivo Energy Kenya, we have maintained our staff health and well-being as a top priority. We talk to our staff daily to understand how they are coping; our company doctor shares key health guidelines regularly and has virtual calls with all staff to guide them on how to keep safe. As MD, I have regular virtual calls with staff focused purely on their well-being, their families and those close to them.

By letting them know we care and their well-being is the overriding priority, they have maintained the necessary focus not only for the business but even caring for themselves. At the end of it, we can rebuild the business after COVID-19, but we need healthy staff to do so.

We also do share and celebrate any success we make, however little it might seem, be it service to our customers under difficult circumstances, delivering a key project, contributing to the communities during such a time; like our initiative to change our Lubricants oil blending plant to manufacture sanitizers for the government, which was done by our very own staff.

All these and many more have kept our staff very focused and motivated and we look forward to better days to come.

Supporting Staff in Operations

As they say there is always a silver lining to every challenge and COVID-19 has brought some interesting perspective on working from home. It is early days yet, but what is clear is that there is a new normal evolving and we are all keenly watching what happens moving forward. What I think, is that there will be increased work from home cases than was before.

Kenya has good IT infrastructure, and to some extent affordable and this has helped a lot to keep the business going through virtual platforms or working from home. I think what should happen next is how this can be extended to the informal sector. We acknowledge the effort by the government as recently demonstrated by our President, His Excellency Uhuru Kenyatta when he recently announced the approval of Google Loon Services in Kenya to enable universal 4G data coverage in the country.

The health, safety and environment ideals practiced by the industry has been our greatest advantage in transitioning to the new safety measures. It made it almost natural to quickly and efficiently embed mitigating measures against the risk of transmission, ensure full compliance and protect the staff, contractors and customers from adverse effects of COVID-19. In fact, some of these hygiene measures are already part of our daily practices and fully supported by the companies. Therefore, it was easy to enhance our existing Personal Protective Equipment (PPE) policies, additional health measures e.t.c.

At the moment we have not had many disruptions occasioned by the COVID-19 spread mitigation measures, but let me talk about Drug and Alcohol Policy compliance from a Vivo Energy Kenya perspective. We as part of our compliance test all staff, customer, contractors and stakeholders visiting our storage facilities. This is for their own good and that of others, as in these facilities, there is no room for error, the consequences of getting fuel handling out of control resulting say in fire are catastrophic. However, following the outbreak of COVID-19 we did review the testing requirements and equipment and together with guidance from our health advisor reduced this to only on need basis until at an appropriate time. When the need arises the testing equipment is fully cleaned and disinfected and appropriate PPE used. It is then handed over to the individual who does "self" testing and displays results to the relevant party who keeps the social distance as well as in full PPE. Should one test positive applicable company policy guidelines are applied.

However, important to note is that our staff, contractors and customers are fully aware of the risk involved and well trained and as such, this would only happen on very rare occasions. We have not had any during the COVID-19 period.

The pandemic has shifted our way of doing things like the use of virtual meetings. Other emergent issues that we need to consider is how to manage an emergency, eg Oil Spill during such a period, while ensuring we do not expose our responders. What kind of additional PPE should the industry acquire for such and how would such an emergency be coordinated. This we need to speed up and conduct a drill to ensure we are prepared in case an the need arises.

There are a number of others, which I think as an industry we need to discuss and review based on this very unusual challenging experience. This must be done in a timely manner.

This pandemic has exposed gaps in the industry, but what is clear is most of our policies as an industry have been developed for "normal" times and this period has revealed some weaknesses that we must address going forward. Therefore, industry bodies like the Petroleum Institute of East Africa (PIEA), SupplyCor, Oil Spill Mutual Aid Group (OSMAG) e.t.c must meet soonest to start reviewing these polices to ensure that should the pandemic reoccur, or take long to flatten out, we remain prepared and ready to safeguard this critical essential service to our country.

"The pandemic has shifted our way of doing things like the use of virtual meetings. Other emergent issues that we need to consider is how to manage an emergency, eg Oil Spill during such a period, while ensuring we do not expose our responders. What kind of additional PPE should the industry acquire for such and how would such an emergency be coordinated. This we need to speed up and conduct a drill to ensure we are prepared in case an the need arises.

COVER STORY

Managing Retail Networks in the Wake of a Pandemic

Jesse Muniu
Managing Director, Lexo Energy

The world has been completely turned upside down by a Corona-virus that was non-existent 10 months ago. Considering the impact that this pandemic has had in other western countries like the US, Italy and Spain there are good reasons to be worried about if it were to have a similar effect in Kenya. Our health system cannot be able to cope with the pressure the pandemic is exerting due to limited resources. Our economy is also not strong enough to withstand a lengthy lock-down like what happened in China and the majority of our people are employed in the informal sector which creates a challenge for the government to come up with impactful interventions to keep these small businesses afloat.

> **Organizations must identify priorities and critical processes for a virtual workforce while creating systems to monitor quality, productivity, compliance, people engagement, workforce well-being and collect insights and intelligence.**

We currently appear to be past the point of containing the virus as cases have been confirmed across the country and we have seen an increase in local transmissions. Instead, the critical focus is to slow the spread of the virus. The longer we can slow the spread, the more likely we can save lives. It reduces the surge of demand on health care and creates time for greater preparedness, research and development. In time, we all hope that science will make the virus more manageable through treatments and vaccinations.

Everyday, people are making decisions to go to work for their respective companies. As a business, it is our responsibility to make this decision easier by creating a people centric environment where contribution is rewarded and recognized. All the teams have to be clear about how their individual contribution plays a role in achievement of the overall company vision. This requires regular and consistent communication throughout the company. In today's workplace, organizations need be sensitive to their people's needs to be able to win in the fast changing business environment and changing customer needs.

Organizations must respond rapidly and robustly to maintain business continuity. This includes taking immediate steps to ensure the safety and well-being of employees. one can do this by enabling people to work and connect with colleagues from diverse and secure locations and by creating safe working environments with regular sanitation. It is also important to de-densify work-spaces, curb large meetings and ensure that protocols are followed in the areas of common use. It is also advisable to limit all non-essential business travel as well as aligning with local health and safety guidelines.

Organizations must identify priorities and critical processes for a virtual workforce while creating systems to monitor quality, productivity, compliance, people engagement, workforce well-being and collect insights and intelligence.

Protecting Employees Providing Essential Services

Employees are a critical resource, so keeping them safe while they perform their duties is one of the most important things for any organization during this pandemic. This means in addition to making hand sanitizer and hand-washing facilities readily available, which many businesses have done, organizations should also increase the frequency with which they clean common areas and surfaces. Organizations should also ask sick employees to stay home for a period of 14 days.

For staff to feel safe and protected, enhanced measures have to be taken to prevent any infections and if they do occur, organizations must take measures to protect the rest of the team.

The enhanced measures include continuous employee sensitization and awareness training on Covid-19, provision of hand-washing facilities/sanitizers and regular sanitation of common use facilities, provision of requisite PPE's to all staff, requesting customers to use alternative payments methods (preferably cashless), maintaining safe distances, minimizing unnecessary contact during transactions and regular health monitoring of all staff.

Covid-19 pandemic has brought in new experiences in way of doing business and going forward, service delivery is likely to experience an increase in mobile commerce i.e. use of mobile money, increased speed of service, therefore impacting on quality of service given the need to maintain minimal contact. We might even see emergence of self-service stations in the future.

Companies are now embracing the digital transformation strategies like e-commerce and mobile payment apps, equipping staff with hardware/software solutions to enable them to work from home and increased use of technology to nudge staff to comply with Health Safety and Environment directives.

KEPSA: People Should Come First Before Profit

Carole Kariuki
Chief Executive Officer, Kenya Private Sector Alliance

The Covid-19 pandemic is of magnitude we have not witnessed as a country in recent years. However, it being a global problem, we are not in it alone which means that the whole world is moving with speed to find a solution and we have seen vaccines being rolled out for testing. The Kenyan government is also doing a great job of containing the situation, as well as cushioning businesses against the negative effects. We remain hopeful that the virus will be defeated soon and normalcy resumed in coming months.

People management is very critical to the success of an organization. As KEPSA, we believe in people first before product and profit which cannot be realized without them. Managing people during this global pandemic requires employers to enhance their communication strategies to ensure what is shared with employees regarding the pandemic, it's effect on the organization and the measures the organization has put in place to deal with the situation is clear, centralized and employees have the opportunity to share their feedback. People will give you results when you put in place strategies that address their needs. Some of the measures we have put in place during this pandemic include;

- Management of flexible work arrangements
- Management of employee communication
- Implementation of preventive measures
- Review of organizations policies in line with the changing environment

We are also learning that technology can play a key role in managing teams and getting the job done even without physical presence at the office. This is the time to test the effectiveness of business process outsourcing and digital work.

Internally, we have created several engagement platforms with our stakeholders to ensure there is business continuity during this period. Operations at the office have been limited with most staff working remotely to comply with the government directives in the management of Covid-19 pandemic. We have revised our closing hours to 3.00p.m to allow staff members to safely be home by 7.00p.m. Departments have created working platforms where they are able to share information with all their team members as they also work on their monthly deliverables. Every manager has a responsibility of identifying and developing team members who can assume their roles in case they become available.

At industry level, we have established a Covid-19 Business Response Committee and a matrix of strategic interventions for government to cushion businesses during the Covid-19 pandemic. The government has been very supportive and has rolled out an Economic Stimulus package announced by the President on 25th March 2020 which includes reduction of Corporate tax from 30% to 25%, reduction of Turnover Tax For SMEs From 3% To 1%, reduction of VAT from 16% to 14%, reduction of PAYE from 30% to 25% and 100% relief for those earning below 24,000, payment of pending bills and VAT refunds to increase liquidity, among other interventions.

KEPSA is also working closely with its member associations and the Ministry of Industrialization and Trade to support businesses during this difficult time, upscale production of essential goods and explore what products to start import substitution locally.

We have established a Covid-19 Online Portal and a 24 hour Call Center through 1196, to support businesses and provide all business related information during this Covid-19 pandemic.

Healthcare System

The positive side of this pandemic is that it will expose all our weak areas and the gaps that we need to seal in our healthcare system. Countries like Senegal that have had to deal with Ebola and other virus outbreaks are proving to be very capable in managing the Covid-19 outbreak and even innovating – Senegal just developed 1 USD test kits.

The private health sector will focus on complementing public sector in delivery of Healthcare and also explore more opportunities for collaboration under Public-Private Partnerships (PPPs) to improve the quality of Kenya's health sector. Our advocacy strategy will focus on development of health infrastructure countrywide as part of Universal Health Care (UHC) and also to tap into medical tourism especially from the regional market, ramp up local manufacturing of pharmaceuticals, initiate reforms in health financing, improve efficiency in medical supply chains, tackle trade in counterfeits and promote innovative healthcare solutions such as telemedicine.

It important to note that Kenya faces a major shortage of healthcare workers particularly in the public sector, but the government has set aside funding to increase the capacity. However, private practitioners also have key competences that can be tapped into through PPPs. It has been done before e.g. between Aga Khan Hospital and Pumwani, and it's also feasible in medical research among other fields. The only issue arises in government honoring their part of the deal especially with delays in payments, and insufficient budget allocations.

Our country's major gaps in the health care system include inadequate investment into public health facilities as the cost of providing healthcare is still too high and Kenyans still depend on out-of-pocket payments. We also have insufficient health personnel and frequent labor unrest in the sector. There is also the business regulatory hurdles and cost of doing business in the counties and over-dependence on imports of medical equipment and supplies.

In December last year, the government formed a task force to look into mental health issues in the country. Fast forward to Covid-19 period and the issues such as unemployment, lack of income, among others, that have heavy bearing on mental health have escalated. In March this year, the National Council on Administration of Justice (NCAJ) reported a sharp spike in number of domestic violence cases, meaning there is need to scale up support to Kenyans who have been made vulnerable by this pandemic through donations of essential products, and also create an online portal or a number that Kenyans can call free to get mental health support. Policy measures aimed at easing access to credit, boosting employment and reducing cost of doing business are also crucial.

KEPSA succeeded in organizing the private health sector and formed the Kenya Healthcare Federation (KHF) which now handles all health related issues within KEPSA. Post Covid-19, KEPSA through KHF will seek to develop a more robust strategy to revamp the public health sector as part of the Big 4 Universal Healthcare agenda, develop practical mechanisms for disaster/ pandemic response, and kick-start local pharmaceutical industries. We expect more support from policy makers, now that they have realized the importance of a working healthcare system.

My message to the Alliance is, Kenyans need businesses to keep running during and after the pandemic. Let us do everything possible to ensure we keep supplying our essential goods and services, and most importantly supporting jobs.

To the government, the private sector stands to be counted during this pandemic. We shall continue to support the government and work together for Kenyans and Kenya. Create the environment to enable us continue our businesses.

Crisis Management Plans Essential for Continuity

Sanjay Gandhi
Chief Operating Officer, Kurrent Technologies Ltd.

The novel coronavirus (known as COVID-19) pandemic is the defining global health crisis of our time and the greatest challenge we have faced since World War II. In Kenya, we are currently experiencing two other significant issues namely (i) reeling from the effects of a declining real GDP economic growth rate and (ii) the desert locust invasion. The good news is that Kenyans have a lot of resilience and like other adverse events, will recover and continue its socio-economic development.

The adverse effects that we are facing require implementation of sound Crisis Management Plans (CMPs) to mitigate the consequences of such events. At a country level, crisis management planning is a crucial aspect in the protection of lives that may be affected by disasters such as floods, droughts, earthquakes, locust invasions, terrorism, major industrial incidents, and epidemics such as COVID-19. Countries therefore must plan, prepare for, and execute CMPs for each type of disaster envisaged to occur.

In the case of the COVID-19 epidemic, the Government of Kenya responded by isolating confirmed cases in quarantine facilities, conducting contact tracing and recently commenced mass testing. Additionally, a dusk to dawn curfew was imposed on March 27, 2020 to prevent the spread of the virus and on April 6, 2020, a ban was imposed on movement of people in and out of Nairobi, Mombasa, Kilifi and Kwale counties. Presumably, these measures are part of the Government's CMP for such emergencies. As the COVID-19 epidemic is unprecedented, there will be a number of lessons that need to be learned which will assist to improve the emergency preparedness level in the country.

The number of confirmed COVID-19 cases on June 16, 2020 were 3,860 with 1,326 having recovered and 105 having succumbed to the disease. Our healthcare workers are the true soldiers that are on the front-lines supporting patients suffering from this disease. They have and continue to do a commendable job in attending to patients affected by the COVID-19 virus with the limited resources at their disposal. As part of the crisis management, the Government must support the healthcare system by investing significantly in upgrading the infrastructure, medical equipment (e.g. ventilators) and provision of adequate Personal Protective Equipment (PPE) to healthcare workers around the country if it is to manage the effects of the epidemic.

The demand for petroleum products which typically accounts for ~25% of Kenya's import bill shrunk dramatically by almost 50% as nearly all sectors of the economy have scaled down their operations significantly following the Government's curfew and limited inter-county movements of people in and out of Nairobi, Mombasa, Kilifi and Kwale counties respectively.

Secondly, the cost of social distancing in the country is aggravated by a large informal sector, high poverty rate and unemployed youth population. With the Government's directive to stay at home and social distancing, the cost of travel increased thus reducing the demand for petroleum products as citizens find more cost-effective ways of travel.

From a crisis management perspective, the COVID-19 epidemic has exposed several people management gaps that exist in organizations in Kenya. For instance, several organizations currently lack detailed crisis management plans to deal with epidemics and the best interests of their employees, customers and other stakeholders. The emergency response risk assessment for emergencies such as the COVID-19 are not captured in the CMPs, nor are they practiced through table-top exercises to enhance preparedness.

The oil industry is renowned for its strict adherence to Health, Safety and Environmental (HSE) practices. The predominant risks that the industry manages well include safety and environmental risks while occupational health risks that the industry manages well include (i) chemical safety (or sometimes called hazard communication), (ii) Personal Protective Equipment, (iii) laboratory health and safety, (iv) respiratory protection and (v) hearing conservation. Generally speaking, occupational health impacts take time to manifest themselves and therefore are not treated in the same way as safety or environmental impacts. For example, a fire or spill at a facility is seen and felt immediately, however a skin disease such as contact dermatitis affecting several workers resulting from routine exposure to diesel, kerosene or gasoline may take longer to be seen. Therefore, one will find that oil companies are good at developing CMPs that include fire safety and environmental crises but not biological risks.

The Kenyan oil industry had not anticipated or envisaged biological hazards such as the COVID-19 in their HSE practices and therefore just like many industries, lacked documented Contingency Plans (CPs). This pandemic has certainly woken up everyone to occupational health risks and it is hoped that through the PIEA, Members will undertake an emergency response risk assessment for biological hazards and subsequently plan, prepare and practice CPs in order to deal effectively with the next epidemic.

People management during a crisis

As employees are the most important asset in an organization, "people management" is an essential attribute during crisis management. People management is the process of training, motivating and directing employees in order to optimize workplace productivity and promote professional growth. Good people management skills include (i) empowering employees, (ii) active listening, (iii) conflict-resolution, (iv) flexibility, (v) patience, (vi) clear communication, (vii) trust, and (viii) organization. In day-to-day operations, leaders in organizations practice a combination of the above skills to different extents in order to get the most out of their employees.

The Leadership Teams in organizations should learn and practice the eight management skills listed above in order to create successful organizations; these same skills should be practiced during major emergencies such as the COVID-19 epidemic. Unfortunately, several employers in Kenya did not reach mutual agreement with their staff members on the modus operandi during the crisis and instead laid them off indefinitely. This had a major repercussion on the employee and his/her respective family, and the organization perhaps lost experienced human talent in the process.

The COVID-19 epidemic has confirmed that most organizations were ill prepared to manage flexible work arrangements and employee communications to increase awareness about the issues affecting their business. Subsequently, a crucial people management lesson arising from the epidemic is that companies must always demonstrate transparency in communicating with their employees.

Suggested way forward in crisis management planning for biological related emergencies

As we adopt to the "New Normal", it is suggested that there should be several adjustments that oil marketing companies (OMC's) should make going forward in crisis management planning as described below.

(a) The COVID-19 epidemic in Kenya demonstrated that the survival of an organization is dependent on how well prepared they are to manage emergencies. CEO's should demonstrate consistent visible leadership, commitment and accountability on HSE risk management by ensuring that CMPs (or Business Continuity Plans-BCPs) are always up to date by conducting table-top exercises, simulations and drills to enhance their level of preparedness.

(b) The enterprise risk management framework must be robust and formal to deal with inherent and emerging occupational health hazards in the industry. As required under the Occupational Safety and Health Act, 2007 (OSHA), OMC's should carry out "appropriate" risk assessments and submit a report to the Area Occupational Safety and Health Officer. While the frequency of submission is not stipulated, we recommend that risk assessment reports be submitted annually or whenever any type of change takes place within a facility that might affect a prior risk analysis. For OMC's the risk assessment should include an emergency response risk assessment of COVID-19 impacts to their companies and based on credible scenarios, update their CMPs and CPs.

(c) OMCs should upgrade their human competencies by providing the necessary skills training to respond to emergencies such as COVID-19. The training should be tailored to each emergency response team member based on the roles and responsibilities he/she will play when the CMP is activated.

(d) In order to become proficient, OMC's should carry out table-top exercises, simulations and drills on their COVID-19 CPs to enhance the level of emergency preparedness.

(e) An emerging aspect of improving the emergency preparedness within OMC's during a pandemic is people management skills. While this may be viewed as an "HR issue", top leadership and line management must be held accountable for promoting good people management skills as enumerated above. Line Managers (and not HR Managers) are best placed to oversee workflow and boost employee performance every day.

The COVID-19 pandemic has had both positive and adverse impacts on businesses and communities around the world. As we reopen our economy and life begins to resemble some kind of normalcy, it is important for every organization to update their Crisis Management Plans (CMP) (or Business Continuity Plans) to mitigate the consequences of such emergencies. Fortunately, these competencies exist in the oil industry in Kenya and PIEA should be the institute that we all use to develop and industry wide Contingency Plan to handle such emergencies.

COVER STORY

Industrial Resilience During a Pandemic

Phyllis Wakiaga
Chief Executive Officer, Kenya Association of Manufacturers

We are dealing with a new phenomenon, something quite unprecedented, as a Nation; and one which is very dynamic and evolves quite rapidly, and in such a situation there are no certainties, due to its nature.

Industry has been the cornerstone of Kenya's development since before independence. We have achieved this by playing a central role in building and upholding our society, to this day. This role is particularly crucial today, more than ever before. As the custodians of our economy, the onus is on us to stand strong as Kenya's development partners today and until this dark cloud has passed.

Members of the Association have been very instrumental in navigating this difficult period through donations, in-kind contribution and financial support to on-going efforts to flatten the curve, which is truly laudable.

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

The sector is keen to ensure that the country does not run out of essential products and services, and to keep the economy going during this difficult time. This includes the continued manufacturing of essential commodities across the country.

The sector continues to prioritize the safety of those in their companies and in their communities, by strictly adhering to guidelines and protocols provided by the Government under the Operational Safety and Health Act.

As an Association, we continue to implore our members to remain ethical and fair in our pricing to enable, especially those whose daily wage will be greatly impacted by the pandemic, to cater to their basic needs. Additionally, to ensure that there are at best, no, and at worst, minimal job losses.

It is critical that we all share the pain between the employers, employees and government. This would ensure that we put in place plans to ensure business continuity as much as is practically possible during this season.

The Pandemic has adversely affected our members, like many other businesses. We conducted a survey to understand the impact of the Global Supply Chain disruption to local manufacturers. Most anticipated challenges in diminishing stock, constraints in fulfilling clients' orders, hikes in the cost of raw materials as transport cost rises and increased costs of finished products.

Majority of manufacturers have scaled down their operations and are facing cash-flow problems due to delayed payments from customers.

To ensure business continuity and contain the spread of the virus, the Association has held fruitful meetings with the Office of the President, the National Treasury, the Ministry of Industrialization, Trade and Enterprise Development and the Ministry of Labour and Social Protection.

Some of the proposals include reduced corporate and turnover tax rates, payment of VAT refunds and prompt payment of suppliers, among other measures to support businesses, especially SMEs with cash flow problems. These measures will enable businesses to stay afloat, retain jobs and also enable them to meet other obligations such as loan repayment.

Anything that we do from now on, any buildings, any plans and any developments as a country, has to be done through a disaster resilience lens. Any policies developed and implemented should be able to answer the questions; 'Will they help us get through the next disaster shock with minimal loss? Will they help us bounce back fast enough and set us on our feet to recover quickly? And more importantly, if we are ever to be left with no options but close our borders, can we sustain ourselves?'

These solutions are within our grasp. It is time we identify what makes us strong and bolster it; and minimize what weakens us, as a nation. This includes building technologies and industries within our value chains to make them thrive and boost their usefulness.

Local Production to Boost Economic Development

Corona-virus will have an impact on the revenues of many businesses due to production slowdowns, delays in delivering goods to the market, drop in demand for manufactured goods and delays in paying outstanding invoices. Additionally, delays in supplying goods may constrain consumers and suppliers relationships.

We launched an online directory of locally manufactured goods (http://www.directory.kam.co.ke/) to supplement local production and forestall disruptions in the local market. This is aimed at addressing any gaps that may stem from the shortage of finished products in the local market.

KAM is constantly engaging the government on fiscal policy measures to cushion businesses in the country to ensure their continuity during this time. Such measures will enable businesses to stay afloat, retain jobs and also enable them to meet other obligations such as loan repayment.

We have also seen industry manufacture new products, necessary for protecting all in the country and more so, the medical personnel that are on the front line in fighting COVID-19. Some members have even changed their production lines to alcohol-based hand sanitizers whilst others continue to support their community by providing soaps, hand washing kits and water storage tanks. This is geared at ensuring that such products do not run out of stock.

Local manufacturers have increased their production of the material (Non-Woven Polypropylene) needed to manufacture 3-ply face masks (due to their high filtration ability) that are used by both medical personnel and the general public as the country grapples with the corona-virus pandemic.

The Association is also working closely with the Kenya Fashion Council (KFC) to incorporate small businesses in fashion design and tailoring across the country, to sew masks to meet local demand.

We have also engaged the government to develop standards for medical supplies and equipment to be used in the fight against COVID-19. Some of these items include protective footwear, full-body suits, headgears, protective footwear, hospital scrubs, hospital linen and surgical gloves.

The most recent innovation in the country, which is a demonstration of the local industry's capacity to fill supply chain gaps in various sectors, is Kenya Association of Manufacturers' (KAM's) Automotive Sector's ventilator invention. The ventilator, dubbed 'PUMUAISHI 2.0' is designed to be a complete intensive care unit respirator and whose primary focus is to provide intermittent positive-pressure ventilation (IPPV).

The ventilator has been approved by Kenya Bureau of Standards (KEBS) and is ready to be used by hospitals in the fight against COVID-19. 75% of the material needed to manufacture this ventilator is locally available, therefore more capacity to produce this ventilator on a large scale of about 3000 - 5000 per month.

Filling the Gaps to Jump start the Economy

The COVID-19 pandemic has revealed the risk of over-relying on imported goods and therefore laying bare the need to support and develop local industry.

The pandemic has pointed to the need for resilient industries. Kenya can forge the resilience of local industries by enhancing our local value chain - from raw materials to finished products.

By doing so, we can shelter the manufacturing sector from industrial and trade risks arising out of external shocks.

> **We have also seen industry manufacture new products, necessary for protecting all in the country and more so, the medical personnel that are on the front line in fighting COVID-19. Some members have even changed their production lines to alcohol-based hand sanitizers whilst others continue to support their community by providing soaps, hand washing kits and water storage tanks. This is geared at ensuring that such products do not run out of stock**

This way, Kenya can source raw materials and intermediate products locally, before turning to international markets.

The country can also build resilient industries by supporting Kenyan-made products through public procurement, creating awareness on locally manufactured products and encouraging consumers to buy local.

Predictable and stable policy initiatives are also critical. This entails succinct fiscal and regulatory policies and initiatives that encourage investments into the sector. Increased investments will see local industry thrive and in turn create jobs and wealth for many.

The government launched the COVID-19 Emergency Response Fund to mobilize resources for an emergency response towards containing the spread, effects and impact of the COVID-19 pandemic.

The Fund's initiatives are geared towards supplementing government's efforts in the supply of medical facilities and equipment, and providing vulnerable communities with their immediate needs, including food.

Kenyans' responsiveness, kindness, generosity and solidarity to ongoing efforts to flatten the curve have been truly remarkable. In the short time the Fund has been in place, we have managed to raise KSh 1.3 billion from Kenyans from all walks of life and corporates.

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

Our survival during and after this crisis depends on the structures we put in place. We expect that even after this crisis is over, the government shall put in place measures that drive development and the most effective adaptations and safeguards to economic activity with or without a pandemic. This means putting in place growth-oriented, stable and predictable policies that will encourage investments in all sectors of the economy. Government needs to fast-track the finalization of Local Content Guidelines, approval of Local Content Policy and expanding the scope of Local Content Bill to feature all sectors within manufacturing. The implementation of the above will not only ensure sustainable local value chain integration but also reduce industrial and trade risks arising out of external shocks.

Our sustainable economic growth going forward is highly dependent on how we react to the changes brought about by this crisis. The economic pressure accompanying it has expanded our imagination and scope by pushing us to develop measures to cushion ourselves. This calls for a new way of thinking on matters policy - we must develop policies and structures for all sectors that will consistently work for the country.

The COVID-19 pandemic has disrupted our plans, as a nation, towards sustainable socio-economic development. It has impacted our day-to-day activities, as industry, and that of Kenyans, with no way of knowing when normalcy will return.

As part of the global economy we are not spared from the impact of COVID-19, however, our resilience is what sets us apart from the rest.

I have no doubt that we shall overcome this as a country and bounce back even stronger. We are a strong nation. As KAM we will continue to amplify the nation-wide hygiene campaign and the need for the public to practice sanitary procedures in public and private spaces.

COVER STORY

Engaging the Human Resource During a Pandemic

Irene K. Muinde
Human Resource and Administration Manager Total Kenya PLC

Employees are the greatest asset to any organization and safeguarding their health and safety during a pandemic is vital for the well being of the company.

COVID-19 pandemic has resulted in changes in our daily lives prompting businesses to put in additional measures to safe guard the safety and health of their employees', customers and all aspects of their operations.

"As Total Kenya PLC, the safety and health of our people remains our number one core value and our priority. Having a robust Business Continuity Plan complimented by specific plan on COVID-19 Pandemic Management plan enabled us to support our employees whilst ensuring business continuity at the critical aspects of our operations. Key learning point: preparedness is key, putting our employees first, communication and acting promptly. Employee engagement through constant communication" says Irene Muinde, Human resource and Administration Manager.

"Best Practices and guidelines shared across the Group through constant Messaging from the top through Videos, E-Newsletters, Emails, Company sponsored Psycho-Social support tools and Group wide Counselling , Regular Group COVID-19 Information and tips and provision of critical PPE has eased managing our workforce locally."

Muinde adds that at the onset of the COVID-19 crisis, the Company had put in place elaborate Business Continuity Plans for all Business lines which were effected.

Total Kenya PLC categorized its staff in 3 various categories: Critical Front line staff handling key logistics and have to be physically present in their workplaces. This called for stringent health and safety precautions including enhanced Personal Protective Equipment(PPE), sanitizers, provision of company meals within the workplace and other measures to cushion them. Facilitation of Special Passes for staff providing critical services or business support which may require movement during curfew hours or in and out of restricted Counties.

> **Companies need to ensure effective change in managing employee engagement and communication, ensure online support tools where necessary and finally, leading in a virtual set up call for robust systems, agility and accountability at every level**

The company implemented work from home arrangements for non-critical head office staff, maintaining a lean staff that offer specialized tasks or critical interventions requiring physical presence at the Head Office.

"We have a highly trained Workforce with diverse competences, skills and expertise hence able to perform cross functional roles across the various Departments. For our non-critical staff working from home, we have facilitated them with I.T tools such as Laptops, Wifi, data, virtual platforms for meetings. This has enabled Frequent Virtual Departmental and Sectional meetings that ensures business continuity and address any emerging issues"

"Top Management hold meetings on a daily basis to align and ensure business continuity, continuous strategy review and address any emerging issues as well as periodic company wide staff forums to address staff concerns. We also have regular staff messaging from the CEO to keep all staff informed on the company's performance and sharing of key information" she adds.

Muinde notes that advance preparedness and sensitization of employees on health and safety matters during a pandemic assists in transitioning and coping with the new normal.

"As early as February 2020, we had already begun sensitizing our employees and 3rd party service providers on COVID-19 as part of our safety culture. A strong Safety culture was already in place so it did not require much effort to sensitize employees on social distancing, use of PPE, Hygiene etc " she says.

"COVID-19 presents an opportunity to enhance the safety and health of our employees, contractors and all the stakeholders. The lessons present an opportunity to not only improve but also to re-align our focus and key aspects of our operations. The current situation calls for the review of all Company Policies especially HR and HSEQ to provide a Robust Framework to guide Company actions during similar crises."

The human resource and administration manager adds that the COVID-19 pandemic has exposed various human resource gaps such as "too much dependence on manual procedures which in some cases was a hindrance especially at the initial stages of working from home. Change management process – maintaining sound internal controls during the downgraded mode whilst ensuring faster and agile decision - making process.

"Companies need to ensure effective change in managing employee engagement and communication, ensure online support tools where necessary and finally, leading in a virtual set up call for robust systems, agility and accountability at every level" concludes Muinde.

GoK Interventions for Manufacturers and SMEs

The Corona Virus pandemic has economically hit businesses hard. Businesses have had to contend with fewer employees that work in shift and/or working from home while others forced to scale down their workforce due to the financial constraints.

Betty Maina, Cabinet Secretary Ministry of Industry, Trade and Cooperatives speaks to P.I on government interventions to save businesses from collapsing.

Betty Maina
Cabinet Secretary, Ministry of Industrialization, Trade and Enterprise Development

Excerpts

Q The industry and country at large is in an unfamiliar territory of a global pandemic, what are your immediate reactions on the circumstance that Kenya has found itself in, generally?

Answer:
Covid-19 is not only a health crisis, but also an economic, social, political and cultural crisis. Kenya like many other countries in the World are used to a free economy where people, goods and services move unhindered. However, the onset of corona virus has changed the mode of conducting business. The country has experienced a reduction in volume of business/sales due to limited hours of operations and reduced movement of potential customers in adherence to COVID–19 guidelines. The entire supply chain has been disrupted and key sectors of the economy such as tourism, hospitality, horticulture and transport been hit hard.

Several SMEs and business have also closed shop leading to loss of jobs in manufacturing, retail and wholesale, horticulture, textile and apparels, and automobiles.

Since corona virus is transmitted from person to person, to curb further spread of the disease entails restricting movement of people apart from those who are carrying out essential services in a controlled environment. This is quite an extra ordinary period for Kenya and the World at large which calls for everybody to re-strategize with a view of ensuring business continuity.

The need for Personal Protective Equipment (PPEs) has been assessed based on the case numbers and projected trends. Different players namely users and suppliers have had to confront the challenge of shortage of PPEs due to disrupted supply chains and sudden increased global demand.

My Ministry has taken the challenge to our manufacturers to provide locally made PPEs to bridge the supply gap. This has been achieved through our Kenya Bureau of Standards (KEBS) adopting standards for local production. Manufacturers on the other hand have repurposed some of their production lines to produce the much-needed PPEs. Given that manufacturing and trade are under my docket, we are working with stakeholders to ensure that supply, demand, procurement and logistics across the are facilitated in support of the health response component.

Q What are some of the key lessons that the government has learnt regarding people management generally?

Answer:
As stated above, Kenyans are highly entrepreneurial and aggressive people in matters of doing business, right from accomplished industrialists to vegetable vendors. Kenya also has a knowledgeable private sector which understands the laws of the land and can contribute positively towards seeking solutions in matters affecting the economy of the nation.

Since our role as government is basically policy formulation and regulations, economic recovery will largely depend on how the government works with the private sector to create desired synergy and resilience.

Q In regard to human resource management, what measures is the government putting in place to ensure business continuity in the face of staff rotations/working in shifts, working from home, restriction in movement/curfew, and succession planning?

Answer:
We advocate for the safe free flow of essential goods and services. We need to emphasize that members of the public need to adhere to public health safety rules. We have already developed several guidelines which include cross border and internal movement of goods, and, market spacing. Other guidelines for operations of businesses have also been developed.

In addition, the Government has put in place measures that will ensure continuous industry operations during COVID 19 while minimizing viral transmissions. These measures include workplace protocols on; cleaning, disinfection and protective gear; screening; precautionary contact tracing; social distancing; and guidelines to guarantee labor rights on employees affected/infected by COVID 19.

My Ministry has already developed draft Standard Operating Procedures (SoPs) for a number of work spaces ranging from factory floors, warehouses, grooming spaces, office spaces and retail areas. Our protocols guide businesses to address the key health concerns of social distancing and expected hygiene standards in the areas that the public and employees frequent.

Working with umbrella bodies of BMOs, we strongly advice that factory workers must align their shifts to fall within curfew hours. This will ensure that we continue to manufacture essential commodities and at the same time avoid unnecessary violations which may lead to arrests. The Government has already issued out a circular on how pre-disposed persons can work from home. However, each company can explore best methods of working from home using video/audio conferencing facilities such as; Zoom, Webinar or Microsoft Teams.

Q Related to number 3. above please share with us broadly or specifically projection of economic strategies (short to long term) that will be put in place to aid Kenya's recovery from the COVID-19 shocks?

Answer:
When Covid-19 broke out, my first response was to call for a session with BMO's to hear their views and recommendations on areas of intervention that the government needs to take in order to mitigate negative effects of the Corona Virus pandemic on various sectors of our economy.

Most of the concerns raised revolved around availability of liquidity to support business in the face of dwindling sales, arising from slowed down production. These included fast-tracking of VAT refunds, settlement of pending bills owed to SMEs by government institutions, reduction in the CBK lending rate which directly impacts on loan interest rates, reduction in the Cash Reserve Ratio; and rescheduling of loan repayments, reduction in corporation tax, Pay as You Earn (PAYE); among others.

In his address to the nation on 25th March, 2020, His Excellency the President himself announced far reaching measures to address the above concerns. The government committed to clear VAT refunds within 30 days, and settle authenticated pending bills due to SMEs within the same period. The Central Bank of Kenya reduced the banks' Cash Ratio to 4.2 percent, lowered the Central Bank Rate from 8.25% to 7.25%, and the Kenya Bankers' Association did commit its membership to re-schedule loan repayment at the request of the borrower.

To back the President's call, the Ministry identified several essential manufacturers/producers and their value and distribution chains for this purpose. The list and guidelines are out in the public. We need to prepare beyond this disruption and explore opportunities that we can take advantage of. We must leverage on the little advantage we have to enhance import substitution and recreate our supply chains into the post-Covid-19 space.

We are also in talks with some of our development partners like The European Union and DFID to see how they can support our business fraternity to weather the storm during these turbulent times.

We recognize that after COVID- 19 there shall be need to rebuild, restore and restructure our economy. Discussions are underway on how to address the new dynamics developing across the globe. In Kenya and the region, we also have new realities. We are setting up manufacturing for bounce-back. Our preliminary analysis shows number of sectors that are emerging. As such we are undertaking deep dives to inform the proposed actions. Already we envisage some short-term actions, medium term and long-term investments to in the various sectors to take advantage of the opportunities with respect to products that will grow our economy through trade in regional, continental and new markets around the globe.

Q Related to number 4. above please share with us if the aforementioned strategies are categorized per business sectors, manufacturing, agriculture, tourism etc and highlight some related general or specific strategies that aim to catalyze growth in the short to long term.

Answer:
Covid-19 interventions are cross-cutting and we are keen to give a whole of government approach to responses working with the Ministry of Health, other Ministries of Labour and ICT have developed guidelines proposing mitigation measures on the effects of the pandemic.

There is also a Bill in the Senate which seeks to provide for the effective response to and management of a pandemic. The Bill comes in handy in providing a structured response to future pandemics and further complementing various current efforts by Government to cushion people and businesses against the negative impact of the pandemic on the social and economic front.

As a Ministry, we have developed protocols to support businesses to continue with their marketing activities within the framework of the health guidelines which require people to maintain social distance and to practice high levels of hygiene.
My Ministry commissioned a Business Emergency Response Center (BERC). Our dedicated teams at the BERC provide 24hr support/assistance to all businesses that want to register issues/complaints relating to the partial lock-down or curfew. The BERC Situation room located at 18th Floor, Room 1800 at Tel-posta Towers, can be reached on email at advisorycentre@trade.go.ke or on phone at +254 110 922 066.

Q You are publicly known to be a firm supporter of "Buy Kenya, Build Kenya". What are some of the key lessons learnt from this pandemic and what are the proposed associated policy and regulatory measures and interventions should Kenyans expect the government to put in place - immediate to long term- to shift the Country from being an enormous importer/large consumer of imports?

Answer:
As you have correctly put it, I am a strong advocate of Buy Kenya Build Kenya. The 'Buy Kenya, Build Kenya' started in earnest in 2013 as part of the government's initiative to support Kenyan businesses and to spur local Industries.

Buy Kenya - Build Kenya whose hallmark entails promoting competitiveness and consumption of domestic products in both domestic and international markets was developed to counter emerging trends after Kenyans showed a higher affinity towards imported products because of perceived superior quality, better pricing and readily availability of imports goods.

For us to bridge imports and promote our own local industries, we must begin by changing our attitudes and buying what is manufactured locally.

My Ministry has developed a strategy which is anchored on four main principles namely:

- Enhancing competitiveness and consumption of locally produced goods and services;
- Enhancing quality and standards assurance;

- Facilitating capacity building and enforcing transparency in private and public procurement procedures, and
- Strengthening Public Private Partnerships.

Two years ago, we launched the Kenyan Mark of identity to identify goods which have been manufactured in Kenya and are being sold elsewhere.

The Government has also committed to ensure 40 per cent of procurement budget is preserved exclusively for local products, and 30 per cent opportunities reserved for youth, women and people with disabilities.

Furthermore, we are keen to unlock the potential of Kenya's manufacturing and the Cabinet Secretary National Treasury shall be publishing in the Kenya Gazette, a list of local manufactured products which are available in abundant supply to be given exclusive preference in procurement by Ministries, Departments and Agencies. This is in effect breathes life to the Public Procurement and Asset Disposal Act of 2015, where Part XII gives emphasis on the Preferences and Reservation in Procurement by Public Procuring Entities.

Recently, the Head of Public Service did a circular to all Civil Servants encouraging them to put on Made in Kenya clothes every Friday. Our motor policy equally encourages people to buy vehicles which have been assembled in Kenya.

On the other hand, official Statistics indicate that our imports are three times what we export out there. The Kenya National Trade Policy themed "Transforming Kenya into a Competitive Export-led and Efficient Domestic Economy", alongside the Integrated National Exports and Development Strategy were purposely formulated to reverse this trend.

Q How important are the Micro, Small & Medium Enterprises (MSMEs) in keeping some level of economic activity vibrancy? and in continuing to be a source of livelihoods for Kenyans in the pandemic situation? and in fully jumpstarting the economy post the pandemic?

Answer:
The MSMEs constitute close to 90% of the employment opportunities in the country. They are a very important segment of the economy. MSMEs constitute 98% of all business in Kenya, create 30% of the jobs annually as well as contribute 34% of the GDP. MSMEs play a vital role in Kenya's economy, engaging about 15 Million people. They provide wholesale and retail services and are involved in light manufacturing. They ensure many households have incomes and they will be found across the country in the larger urban centres to the smallest rural set-up. That's how important MSMEs are in our economy.
With the pandemic, majority of MSMEs suffered from decreasing revenue, over 1/3 of MSMEs struggle to pay employees and nearly 1/4 have trouble paying back existing loans. MSMEs borrow from mobile banking loans and lending apps, and some borrow from commercial banks.

We developed guidelines with the Ministry of Devolution and the CoG secretariat for reopening of markets aligned to the mitigation of the spread of the COVID- 19 pandemic. Counties are using them to give back the MSEs the space and opportunity to ply their trade. We also contributed to the legal notice that is facilitating movement of essential goods and services during the curfew and restrictions placed in the country as containment measures for COVID- 19. We are happy that we were able to save some jobs thus reduce vulnerabilities. We continue to do more to get our MSMEs back on their feet.

We have seen innovators of hand washing facilities, ventilators, disinfection tunnels and all these support MSMEs to get back to business. Government is also supporting the efforts to increase liquidity to the MSEs to improve cash flow and reduce vulnerabilities.

On Post COVID- 19, we are aware that some of the businesses will have to be re-purposed and others will have to take new streams of work. Creativity among MSEs has seen about 10% of MSMEs thrive in this situation. We are developing a robust program to support the MSMEs with working capital and post COVID recovery fund, operational support i.e. capacity building, capability and compliance, helping in standardization and registration for them to be graduated from micro and become small and medium entities.

Q With regard to the full scope of Kenya's state of industrialization, trade and enterprise development, what gaps have been established/ experienced from the pandemic that the government will consider/re-consider moving forward?

Answer:
The realization is not only here in Kenya but across the world that as far as possible, Countries must be self-sufficient. It is important to use this crisis to build local capacity for local production of critical supplies for instance in the medical and Pharma sector. Our manufacturers have repurposed to begin production of PPEs, ventilators and increasingly we are seeing opportunities for import substitution. We are also promoting locally made products that meet the required standards as confirmed by KEBS. We are critically looking at other sub-sectors in which we have comparative advantage to grow and expand productions. Presently, multi-sectoral government teams are in discussions with private sector to chart the way forward for the Country. We have set our sights on the EAC region and beyond as well as the Africa under the AFCFTA.

This pandemic has also taught us the essence of embracing e-commerce in totality especially where restriction of human movement applies.

Q What message do you have for the petroleum industry players in regards to supporting local manufacturing and encouraging investment in the Country?

Answer:
The petroleum Industry is quite organized and I am aware that there are running engagements with the parent Ministry. However, from our perspective given that we are the custodians of the manufacturing sector mandate we assure you that we are ready to walk with you and facilitate the range of businesses that the sector offers. We have a department within Industrialization that deals with Chemicals and minerals where matters petroleum are ably handled.

Q Any other comments?

Answer:
War against Covid-19 pandemic is a war for all us. Let us be innovative in the way we do business both now and after the pandemic. I am impressed at the way the Private Sector as well as Communities have responded with wonderful innovations in the war against Covid-19 virus. Let us optimize on new opportunities offered by this malady. Let us strictly adhere to directives from the government on how to manage this disease and together we shall overcome.

COVID-19: The Security Impacts in Africa

Vincent Rouget
Associate Partner, Control Risks

Patricia Rodrigues
Analyst, Control Risks

The corona-virus disease 2019 (COVID-19) pandemic is likely to drive a range of security threats in sub-Saharan Africa in the coming weeks.

- Patience with government curfews and lock-downs is starting to wane. Social unrest will become more likely in May and June as the economic impact of restrictions is increasingly felt.
- Rising food prices and, in the worst cases, food shortages are also likely to threaten social stability in the coming months, with parts of East Africa and the Sahel most at risk.
- Systematic targeting of foreign nationals perceived as potential virus spreaders has not occurred, but many countries have seen isolated incidents of harassment of Asian and Western nationals.
- Crime rates have dropped amid stringent lock-downs in southern Africa, but economic hardship will drive rising crime levels over the longer term.

Testing Trust in Governments

Across Africa, populations have so far broadly cooperated with the stringent restrictions imposed by governments to limit the outbreak, including border closures, curfews and lock-downs. However, there are signs that patience is starting to wear thin as COVID-19 tests already low levels of trust in governments, and adds another source of tension to interactions with authorities.

Most countries, with the notable exception of South Africa, have tried to limit the impact of restrictions on those reliant on earning a daily income, recognizing the trade-off between protecting public health and social stability. In Nigeria, markets have been allowed to remain open with reduced hours during a lock-down in Lagos. In Congo (DRC), the authorities have opted to shut down the wealthiest district of the capital Kinshasa rather than low-income neighbourhoods. Meanwhile, Ghana on 20 April was among the first countries to lift a three-week stay-at-home order in Greater Accra and Kumasi amid signs cooperation was beginning to decline.

However, security forces have not showed the same restraint as policymakers. Incidents of heavy-handed behaviour by security forces have driven criticism in Nigeria, Kenya and South Africa. According to the National Human Rights Commission, in Nigeria security operatives have killed at least 18 people while enforcing lock-downs. Meanwhile, even countries with historically more positive relations between police and populations, such as Senegal, have seen reports of abuses. Police are reportedly using checkpoints established to enforce movement restrictions as an opportunity to request bribes. Some of our clients classified as essential service providers have experienced harassment despite having the requisite paperwork.

Looming food crisis?

Food shortages and inflation could also threaten social stability in the coming months. The pandemic will exacerbate existing food security issues stemming from locust invasions in East Africa and conflict in the Sahel. The COVID-19 outbreak has so far primarily affected cities rather than agricultural production in farming areas. However, many staples consumed in Africa are imported from abroad, mainly from South-East Asian countries, some of which are restricting exports. Despite substantial increases in domestic production, Nigeria still imports a third of its rice consumption. Senegal's imports of rice have fallen by 30% in the last month.

This is forcing countries across the region to draw on inventories already at low levels. Border closures, sanitary controls in ports, and travel restrictions to and from capital cities have delayed food imports by several weeks on average, causing bottlenecks in the food supply chain and driving up prices. Border towns and landlocked countries dependent on cross-border trade are most at risk of runaway prices. For example, steep price increases have been reported in the Congolese cities of Goma and Lubumbashi, heavily dependent on trade with Rwanda and Zambia respectively.

The distribution of food parcels in vulnerable neighbourhoods has already triggered tense scrambles in cities from Nigeria to Kenya and South Africa. Governments are stepping in to regulate prices and punish speculation. However, already unpopular administrations, for example in Mali or Burkina Faso, will be watching anxiously, mindful that rises in bread prices triggered the last popular uprising on the continent – in Sudan. Price increases caused by lock-down measures could also challenge the fledgling transitional administration in Khartoum.

A foreign, elite virus

Meanwhile, widespread frustration over the fact that the disease did not originate on the continent, but was imported by a mix of foreign visitors, diaspora returnees or traveling elites, makes the economic costs harder to accept. Asian nationals bore the brunt of such sentiment at the start of the outbreak, and continue to do so in countries where anti-Chinese sentiment runs high. However, with most of Africa's "patient zeros" having traveled from Europe, resentment has also extended to Western nationals. Insults, harassment and some incidents in which stones have been thrown at vehicles have been reported in countries from Ethiopia to Kenya and Côte d'Ivoire. Nonetheless, initial fears of systematic targeting of foreigners by violent mobs have so far proved unfounded.

Social media will remain a vehicle to transmit conspiracy theories and for those looking to stir xenophobia. For example, a fake video circulated in late April purported to show Chinese shops being burnt in Nigeria in reaction to cases of discrimination against African nationals in China. Such misinformation is quick to cross borders and can inspire copycat incidents in other countries. Closely monitoring viral fake news can help businesses to anticipate and respond to such developments.

Conflict and Militancy: Essential Services

While COVID-19 has taken center stage, conflicts have continued uninterrupted. The UN's plea on 10 April to treat war as a "non-essential activity" has fallen on deaf ears across the continent. Islamist militants in the Sahel and Mozambique have both carried out large-scale attacks in recent weeks, likely hoping to capitalize on distracted governments to advance their interests. In Lake Chad, Nigerian Islamist militant group Boko Haram, reeling from a recent Chadian military offensive, has criticized the closure of mosques as it seeks to discredit regional governments and recruit new members. Somalia's al-Shabab has described the disease as the work of "crusader forces".

Counter-terrorism operations, such as France's Operation Barkhane in the Sahel, continue, albeit with longer rotations. However, the crisis is having a far more disruptive impact on the work of aid agencies, which are struggling to transport staff and supplies, and is likely to worsen humanitarian conditions in several conflict hot spots. COVID-19 is also likely to see conflict resolution processes and peacekeeping deprioritised amid travel freezes and budget cuts, opening space for militia groups in South Sudan and Central African Republic.

Criminals short of targets

Criminal gangs are also adapting to life under corona virus. With fewer victims out on the streets, murder rates have apparently dropped by more than 70% in South Africa since the start of the lock-down on 26 March, and the outbreak has prompted gangs to call a truce. However, the picture is less positive in Nigerian cities, where the release of prisoners and lock-down hardships have caused petty crime to rise.

Some COVID-19-specific criminal scams have emerged. For example, Kenyan police in early April warned of criminal gangs impersonating COVID-19 surveillance teams on door-to-door testing to conduct robberies. In South Africa, criminals have also posed as workers from the Department of Health to gain access to business and residences. In the longer term, economic stress will push crime rates upwards. Routine patrols may be deprioritised in favour of enforcing curfews, increasing police response times. Organisations sending staff and executives on short-term trips will also need to plan for longer visits as they navigate travel restrictions, increasing their exposure to criminal activity.

The situation is unprecedented, but African governments, Kenya included acted quickly to put in place measures to limit the spread of COVID-19 including travel restrictions, curfews, partial lock-downs and mandatory quarantines for travellers. This reflects some learning on the part of the government that is keen to avoid the high death toll seen elsewhere in the world. These restrictions have somewhat helped limit the spread of the virus, but concerns for the socio-economic impact have seen the government reluctant to impose stricter measures such as a complete lock-down. As a result, case numbers will likely continue to rise and the fallout of the slowdown in the global economy will have a lasting impact on economies and societies in Kenya and globally.

Focus in the Oil Industry

For the oil industry, the COVID-19 pandemic (and lower demand and oil prices) will be challenging to overcome. But it's worth highlighting that many companies would have had health and safety policies that cover responses to pandemics: companies and countries across Africa generally have already had to seriously consider public health issues in the past, particularly after the outbreak of Ebola in parts of the continent. Given this, the industry have been quick to adopt government guidelines on COVID-19 mitigation which extend to their staff such as the wearing of face masks and other protective equipment and social distancing, so this has meant that work has managed to continue in some regards.

However, there are other aspects such as travel restrictions for international staff that have led to a slow down in work. Remote work has been implemented for those that can, while longer work rotations have had to be put in place to compensate for travel bans. This comes with a human resources element to it – there are workers who have been on rotations in remote locations (and even offshore in other parts of the continent) for several months now. While some companies will have suspended some aspects of their operations, there will be a reluctance to halt operations completely, especially in anticipation of a rebound in the demand for oil as economies re-open.

In terms of security, there has been so far a limited direct threat to oil and gas operators specifically. However, the pandemic and downturn in oil prices comes at a time when contractor rates and community spending are already under severe pressure across the entire oil industry. Operators are having to balance decreasing budgets for security and social engagement, while still facing the same level of expectation to be helpful and productive members of their host communities. For example, many host communities provide the guard forces for operators in remote regions and as such cannot be the focus of cuts if companies are to manage local community and employment obligations.

Another concern for companies will be the negative socio-economic impact of COVID-19 on livelihoods in their host communities in the field or urban areas where other staff reside. The economic downturn will lead to an increase in economically-motivated crime with anecdotal reports suggesting crime is already increasing in places such as Nairobi. Companies and their workers may become attractive targets for criminal groups if they are perceived to have better access to food and other essential commodities while host communities suffer from shortages. Government actions to alleviate essential supply shortages and provide social safety nets for vulnerable populations will therefore be a key determinant of the security outlook.

For the most part, the COVID-19 response is already in-built into many companies' business continuity, crisis management and crisis response plans. The pandemic will have definitely tested whether those plans – and the technology supporting them – are fit for purpose. It will also allow companies to better understand their critical suppliers, and put into place measures to mitigate their exposure to any future supply chain disruption. So, in short, no – COVID-19 does not fundamentally change the industry's approach to security, but rather highlights perhaps previously-overlooked elements of their existing security and crisis management plans.

Vincent Rouget, Associate Partner, Control Risks and Patricia Rodrigues, Analyst, Control Risks

Pre-Budget Insights – Tax burden not easing

Gideon Rotich
Senior Manager, PricewaterhouseCoopers Kenya

In line with Article 201 of the Constitution of Kenya, 2010 which requires openness, accountability and public participation in financial matters, the Cabinet Secretary (CS) in charge of the National Treasury and Planning submitted the Finance Bill, 2020 (the Bill) to the National Assembly on 5th May 2020. On 8th May 2020, the National Assembly invited members of the public to submit memoranda on the Bill in line with article 118 of the Constitution which provides that the National Assembly shall facilitate public participation and involvement in the legislative and other business of the National Assembly. The Bill formulates proposals to be announced in the fiscal year 2020/21 budget statement presentation relating to inter alia collection of taxes.

The tabling of the Bill ahead of the budget reading is a departure from previous years where the Finance Bill would be presented to the National Assembly after the reading of the budget statement by the CS. This change was necessitated by recent constitutional interpretation issued by the courts which barred the government from collecting taxes before the relevant legal provisions are approved by the National Assembly. With the tabling of the Bill, the National Assembly has time to approve it in time for implementation of the tax measures when the government fiscal calendar starts on 1st July, effectively allowing the government to match revenue collection and expenditure for the year.

The Bill proposes tax amendments additional to those contained in the recently assented Tax Laws Amendment Act, 2020. It is worthwhile noting that the Bill seeks to reintroduce some of the changes that the National Assembly rejected while debating the Tax Laws (Amendments) Bill, 2020 on the basis that they imposed additional burden on taxpayers rather than providing the much needed relief especially during these tough times. Accordingly, some of these proposed amendments may not auger well with the National Assembly's Standing Orders that prohibits the introduction in Parliament of issues that have been debated in the previous six months.

One of the key changes introduced by the Tax Laws Amendment Act, 2020 affecting the petroleum sector is the inclusion of taxes, duties, levies, fees and other charges paid or payable on petroleum products in determining the taxable value from a Value Added Tax (VAT) perspective. This therefore implies that petroleum products no longer enjoy the preferential treatment when determining the taxable base for VAT purposes. Effective 15 May 2020, when this change came into force, the taxable value of petroleum products has increased and ideally resulted in the increase of the final price charged to consumers. Whereas the prices of petroleum products recently reduced due to a fall in the price of crude oil in the international market, consumers would have enjoyed greater benefits had this change in the VAT law not been enacted.

As relates to the Finance Bill, 2020, some of the key proposed changes affecting the energy and petroleum sectors include introduction of VAT at the standard rate of 14% on the supply of liquefied petroleum gas (LPG), on the supply of taxable goods purchased by manufacturers or importers of clean cooking stoves for direct and exclusive use in the assembly, manufacture or repair of clean cook stoves, stoves, ranges, grates, cookers, barbecues, braziers as well as the introduction of VAT on specialized equipment for the development and generation of solar and wind energy.

The introduction of VAT on LPG which was previously zero rated will increase the prices charged to the final consumers. Currently, the use of LPG has experienced some significant level of success in urban areas primarily in middle and high-income households. The key deterrent to LPG in other areas is the high initial cost for purchase of LPG cylinders, appliances and the subsequent refill costs. The proposed amendment may result in some consumers resorting to 'unclean sources of energy' like charcoal and kerosene, which goes against the global trend of reducing carbon footprint. Similarly, the proposed changes with respect to renewable energy may negatively impact the drive towards using 'clean fuel' and a greener ecosystem.

It is also interesting that the government has proposed to tax LPG at the standard

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> whereas the government recently introduced a raft of tax measures to cushion Kenyans against the Covid–19 impact, it seems the same government is still keen on bridging the ever-expanding revenue gap. The biggest paradox is that despite the prevailing harsh economic environment, the ability to collect taxes is central to a country's capacity to finance social services such as health and education, critical infrastructure such as electricity and roads, and other public goods

rate, 14%, while other petroleum products are taxed at the lower rate of 8%. The National Assembly could consider aligning the VAT rate for all petroleum products at the current lower rate of 8%.

Other changes proposed in the Bill include a 'Voluntary Tax Disclosure Programme' for a period of three (3) years with effect from 1 January 2021. Under this program, persons that voluntary disclose their tax affairs will be granted immunity from prosecution and penalty and interest waivers on tax arrears arising from inadvertent instances of non-compliance.

Further, the Bill has proposed to amend the entitlement to input VAT; a taxpayer will not be allowed input VAT deduction where the supplier has not declared the respective sales in their VAT return. The proposed amended appears to ratify administrative action already deployed by the Kenya Revenue Authority (KRA), which has been challenged on account of illegality. Unfortunately, under the current business and tax environment, taxpayers have no way of confirming that the supplier has declared the sales as this information is only available to the supplier and the KRA. Whilst the government is keen to curb VAT fraud, the proposed change is onerous, and the burden imposed on the taxpayer defeats fundamental canons of a good tax system – simplicity and efficiency.

Overall, whereas the government recently introduced a raft of tax measures to cushion Kenyans against the Covid–19 impact, it seems the same government is still keen on bridging the ever-expanding revenue gap. The biggest paradox is that despite the prevailing harsh economic environment, the ability to collect taxes is central to a country's capacity to finance social services such as health and education, critical infrastructure such as electricity and roads, and other public goods. Accordingly, the proposed tax changes per the Bill don't come as a surprise.

The above said, it is incumbent on businesses as well as the mwanachi as key stakeholders to keenly scrutinize the proposals and exercise their constitutional right that guarantees them the right to be heard before the proposals are enacted into law.

Gideon Rotich – Senior Manager, PricewaterhouseCoopers Kenya.

REGIONAL NEWS

KPC's Export Market Engagements

Kenya Pipeline Company (KPC), in an endeavor to facilitate and sustain growth of Kenya's export market share in the transportation of refined petroleum products along the Northern Corridor Transit Route (NCTR), is continually pursuing market enhancement strategies aimed at persuading these markets to utilize the pipeline as the preferred mode of transportation into the hinterland and Great Lakes region.
Some of the strategies undertaken in the 2nd quarter of this financial year are as highlighted below:

Market Excursion to Uganda - Stakeholders Engagement and Assessment of Jetty Facilities

Approximately ninety-five percent (95%) of Uganda's annual petroleum consumption is transported through the Northern Corridor Transit Route (NCTR). However, KPC enjoys approximately sixty percent (60%) of this share based on a five-year historic analysis, while the balance is served through road and rail from Mombasa.

The Board and Management, taking cognizance of the fact that Uganda is a pivotal market for KPC and the NCTR, developed ring-fencing and recovery strategies geared towards enhancing the existing market share. These strategies include: enhancement, completion and commissioning of the key infrastructural projects, such as: Mombasa – Nairobi replacement pipeline (Line 5), additional tanks in Nairobi Terminal (133,000m^3), bottom loading facilities in Eldoret and Kisumu, rail wagon sidings in Eldoret and Kisumu, Kisumu Oil Jetty (KOJ) and reduction of export pipeline tariff in Western Kenya depots which took effect on 15th February 2020.

KPC organized a stakeholders engagement mission in Uganda between 2nd and 6th March 2020. Mahathi-Infra Jetty facility at Bugiri-Bukasa was also visited on 2nd March 2020 to establish the status of construction progress; which is critical to operationalize the Kisumu Oil Jetty. For transport synergy, Uganda has two more waterway facilities; that is, at Port Bell located in Kampala, and Jinja jetty adjacent to the Jinja Storage Terminal with strategic storage reserves and ancillary facilities such as a rail network.

The facilities are unique from Mahathi Infra Jetty insofar as they heavily rely on wagon loading via railway thus linked to Uganda Railways Corporation's (URC) transport network to make them multi-modal in nature.

Port Bell is currently patronized by MV Uhuru (Kenya), MV Kaawa (Uganda) and MV Victoria (Tanzania) vessels. Furthermore, it is the main port sustaining goods movement between the three East African countries. Dry goods handled at the Port include steel, fertilizer and agricultural produce as well as wet cargo (petroleum products). The facility has been off-taking petroleum products from Kisumu Depot (PS 28) through rail wagon in the recent past as an alternative mode of transport.

KPC undertook one-on-one engagements, notably with the Kenya High Commission - Kampala, Ministry of Energy and Mineral Development - Uganda and Uganda Revenue Authority (URA). The engagements culminated in a dinner-forum hosted for all Oil Marketing Companies (OMCs) and stakeholders on 4th March 2020 at the Kampala Serena Hotel.

KPC is keen on resolving service delivery issues raised in the markets with focus on export market growth. The Company is also keen to ensure that the most efficient modes of bulk transportation are utilized to improve business in the Northern Corridor. Some of the main issues that KPC continues to work on with stakeholders revolve around the resolution of non-trade barriers (NTBs) and service delivery efficiency.

KPC Tariff Review

KPC has had three tariff adjustments since 1994. The first review was in 2009 when the tariff was increased by 47% from KES 3.4/m^3/km through a phased adjustment to KES 4.5/m^3/km, effective April 2009 and KES 5/m^3/km, effective April

Jinja storage terminal Uganda

KPC Board & Management Team at Kenyan High Commission – Kampala Office with H.E. Kiema Kilonzo - High Commissioner, Kenya to Uganda

REGIONAL NEWS

KPC is keen on resolving service delivery issues raised in the markets with focus on export market growth. The Company is also keen to ensure that the most efficient modes of bulk transportation are utilized to improve business in the Northern Corridor

MD - Total Uganda & KPC Team

2010. The second adjustment was in 2016 when a 4.4% increase to KES 5.22/m^3/km was approved by ERC on 19th April 2016 and effected in June 2016. All tariffs were adjusted by 4.4%. The now-revised pipeline tariff was approved in April 2016, except for the export tariff at Eldoret and Kisumu which was discounted in November 2017 by 10% from USD 59.32/m^3 to USD 54.44/m^3 following six months (April – September 2017) promotional tariff for export products which was running at USD 41.55/m^3.

The 27% reduction of pipeline transit tariff from $54.44 to $39.84 which took effect on 15th February 2020 translated into a pipeline landed cost competitiveness of 8% over road transportation ex-Mombasa private depots and is tabulated below:

The applicable jetty handling and primary storage tariff for FY2019-20 that took effect on 10th February 2020 is as follows:

Service Products	US$/m3
Jetty Handling (KOT-KOSF/KPRL/VTTI)	0.99
Primary Storage Tariff	4.19

Multi-Year Pipeline Transport Tariff Reduction (FY 2019/20-2021/22)

Loading Depots	Distance (Km)	2019/20	2020/21	2021/22
Nakuru Terminal:	619			
Export (USD/m^3)		30.98	29.39	28.17
Eldoret Terminal:	796			
Export (USD/m^3)		39.84	37.80	36.22
Kisumu Terminal:	795			
Export (USD/m^3)		39.79	37.75	36.18

The tariff competitiveness is expected to mop up all the transit products destined for Uganda market into the pipeline. The engagements were therefore essential to deliberations on all emerging and consequential issues affecting the market post-tariff review with a view of ensuring optimal uptake and encourage more business along the NCTR.

The tariff is necessary to enable KPC generate funds to support routine business, finance planned capital investments and earn reasonable return on investment, as we support the OMCs and transporters in capturing and retaining critical markets while sustaining maximal service level efficiency.

COVID-19 has Accelerated Long

Daniel Muasya
Resident Country Representative and Upstream Manager
Shell International Exploration and Production – Kenya

COVID-19 has shattered economies and the world has completely changed within a period of six months. On its onset, many Oil and Gas companies focused on people's safety, stabilizing operations and liquidity, and safeguarding markets through alternative or stable supply values chains. As the pandemic spreads and the markets evolve, companies again have no luxury of time and Oil executives must think of how to adopt to the new normal. WHO predicts that Corona Virus may not be completely wiped out the globe hence companies must combine strategic thinking and scenario planning in order to navigate this new normal. In addition to COVID 19 crisis, the 30 years low prices experienced in the market and accelerated societal pressure have also signaled to the executives that change is inevitable. In deed in the short term, all company 2020 plans have had to be abandoned and organizations' executives have had to reset their agenda into business maintenance mode.

With no certainty as to when this crisis will end, the Oil and Gas industry is faced with significant challenges related to declining or flat demand, need to upscale technology led solutions, investor skepticism and increased pressure from governments and society due to climate change effects. That notwithstanding, energy transition to green energy is not an immediate option. The transition is projected to take several decades hence fossil fuels will still remain a multi-billion market in to the foreseeable future. Historically, the industry has had to adopt and navigate significant price drops through bold structural adjustments, innovations and delivering safely and profitably in very tough environment. The current environment requires that executives tap into past responses and re think on how to extract value during the new normal by repositioning their portfolios and transforming their operating models. In order to remain in business and profitable, short and long-term strategies will be inevitable.

Towards end of April, most oil companies released their Quarter 1 and each recorded significant decline in both cash flow performance and profitability. While releasing its results, ENI, the Italian oil giant reported a 44% decline in profitability compared to the same quarter in 2019, while the British oil producer BP recorded a 66% drop in profitability within the same period. All the other players also reported significant declines which is a testament that fortunes in the industry have taken a significant dip. In deed as highlighted above, one year to eighteen months plans have been rendered in applicable and the new focus now is employee safety, operations continuity and cash preservation driven by COVID 19 crisis and the collapsed oil prices.

In addition to the short-term measures that we comprehensively highlighted in our previous quarterly publication; long term measures are very critical for the survival of companies in this industry. The volatility occasioned by subsequent prices crashes has become quite common and executives need to cushion their organizations from these in the long term. In this publication we look at the three most critical interventions,

1. Rethinking organizations' business model in order to diversify into other energy segments and maintain a healthy energy mix.
2. Leveraging on technology to drive efficiency in order to grow profitability and health cash flow and balance sheets for maximum shareholder return.
3. Retention of skilled labor in the wake of frequent waves of layoffs and job cuts.

Diversification and transition into other energy segments

Energy Is a critical enabler of prosperity and economic growth in any country hence its stability is key. As highlighted above, fossil fuel which has been the major global source of energy for decades has in the recent past suffered major price crashes compounded by geopolitical wars majorly between the OPEC Members and Shale Oil producers hence diversification is imperative. An industry or company that diversifies becomes less dependent on single source of cash flow hence cushioning itself from the shocks experienced in the oil and gas sector.

Some organizations have been working on this strategic shift for several years now, for examples, In the recent past, Royal Dutch Shell has been leading in diversification efforts by investing in alternative sources of energy which also includes up-scaling its efforts towards investing in renewable energy projects. In fact, Shell has been on an acquisition spree especially in Europe and Africa since 2018 and this has been growing steadily ever since. A closer look at energy giant's results its profitability, cash flow, and balance have remained healthy for quite some time. The recent past shocks have not had adverse effect on the company's performance. For the first time since World

Overdue Shift in the Oil and Gas Sector

War 2, in April 2020 the company announced dividend cut signaling that a much more accelerated transition that can weather the current shock is necessary. Management seems to have sensed that its time to change strategy.

Other players that had not started their journey to diversification have struggled to remain afloat whenever these shocks have been come up. Forbes indicates that in 2016, more than 69 bankruptcies were filed in the USA alone with $34.3 billion of secured and unsecured debt being written off. It is early to see how the current price collapse and the effects of COVID-19 will affect the industry but it is evident that industry executives need to seriously consider diversification if they are to remain in operation for long.

Riding on energy diversification is the effects of climate change and the pressure to attain net zero carbon emission by mid this century or even earlier hence companies will continue to focus investments towards energy transition and renewable projects. It is still not yet clear whether some of these projects will be leading source of business revenue and cash flows but they will definitely enhance the energy mix most companies are looking for.

> The current environment requires that executives tap into past responses and re think on how to extract value during the new normal by repositioning their portfolios and transforming their operating models. In order to remain in business and profitable, short and long-term strategies will be inevitable

Digitization of operations

Now more than ever, oil and gas companies must continuously improve their efficiency in order to operate profitably. At the same time, companies must maintain high standards for safety and environmental protection. The upstream sector has over the years been in the lead in embracing technological innovation as a mean of improving profitability and cash flow performance. However, the industry needs to upscale its adoption of global digital trends which can help the companies capture a tremendous value across the value chain hence driving efficiency and quicker decision making.

Companies will need to embrace big data, Analytic and Artificial Intelligence to address operations, organizational effectiveness and efficiency, and a culture for long term business improvement. Digital modeling and simulation will help in drilling and interpretation of well data quickly hence reducing project time and increase efficiency. Projects design, field architecture, and economics can be combined into a single framework that will help oil companies determine the most economically advantageous path forward—and do it faster than ever before.
Global Technology companies have started partnering with huge oil companies to develop digital solutions that will drive efficiency and accelerate growth. An example is the American super Major Chevron which has teamed up with Schlumberger (World's largest oil field services firm) and Microsoft to accelerate the creation of innovative Petro-technical and digital technologies. This will definitely revolutionize how the organization is operating and delivering projects.

It is evident that companies have realized that technology will play a major part in driving down costs and improving efficiency in order to remain competitive. Anyone who fails to embrace technology will be driven out of business.

Retention of skilled labour

Increased pressure to improve profitability, positive cash flow generation and maintain healthy balance sheet countered by the frequent price crushes has pushed organizations to cut down on people in successive period in an effort to keep costs under control. Affected are employees that have spent many years of their entire career life in these organizations. Most of these staff are people who joined the organizations right from college and the organizations have spent huge sums of money to train then over the years. This is evidenced by significant training costs that form part of people costs in every oil company since skilled labour forms part of their competitive advantage.

One would argue that the staff loss is compensated by technology improvements but experienced staff are knowledge banks that have deep experience in managing situations and complex projects. Its therefore imperative that companies come up with robust knowledge retention measures to cover for the departing workforce. Knowledge transfer through mentor-ship especially to the young and cheaper technical staff who organizations seem to prefer compared to experienced expensive staff will also play a critical role for sustained success on delivery of projects and operations by these organizations.

Conclusion

The price and operational shocks experienced in the last six years in the Oil and Gas sector are too frequent and organizations will have to evolve in order remain operational and profitable for the next few decades. Highlighted above are some of the measures they need to consider as critical.

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GUEST COLUMN

Understanding the LPG Consumer Behaviour

By Mark O'Keefe & Ashley Berman, PayGo Energy

Why understanding how customers spend is the key to unlocking new markets for LPG

A PayGo Energy customer cooking in her home with pay-as-you-go gas

It's Sunday evening and you're doing the weekly grocery shop. Trolley in hand, you cruise up and down the aisles of your local supermarket, avoiding the junk food at all costs.

You pull into Aisle 8: Toilet Paper. You quickly survey your options (let's assume we're not in the midst of a pandemic and you have options). A single roll sets you back $1; but that won't get you far. For $8 you can get a 12-pack. On a per roll basis, that's a third less expensive. So you grab the 12-pack.

Now picture what it's like for someone living at or below the poverty line. You might only have $10 to spend on weekly groceries for your family of four. The 12-pack is still the more economical option, but you can't afford it. So you grab a single roll.

And what if the supermarket doesn't stock toilet paper in single rolls? Well, then you're in trouble.

This is the predicament faced by millions of low-income households in the developing world. Best-case, you pay more. Worst case, you go without.

Buying less, more often

In Africa, 86% of employment is informal (International Labour Organisation, 2018). The informal sector is characterised by low pay, irregular hours, no benefits (eg healthcare) and no job certainty; all without a social security net.

Relying on informal employment means you have no income security. You don't know when your next paycheck will come, or how much it will be. 'On average' your household income might be $3.20 per day (the World Bank's poverty line for lower-income countries), but that does not reflect the reality of how you live, earn and spend. Your income is sporadic and unpredictable; you might earn $5 one day, and nothing for the rest of the week. You also might need to pay hospital bills, or school fees, or an outstanding loan. This makes it impossible to plan your monthly or weekly spend; and so you spend day-to-day and conserve whatever cash you can (recommended read: Portfolios of the Poor).

To meet the needs of low-income consumers, a marketplace for consumer goods sold in small amounts has emerged, termed the 'sachet economy'. These are consumer products such as soap, sugar and cookies that are sold in single-use packaging, mainly in the informal settlements. This is a good (albeit environmentally problematic) example of matching the product to the behaviour of the consumer. Service providers such as telecommunications, banks and utilities have also seen rapid market growth through adapting their products to the sachet economy - designing for high frequency, low value transactions. *Single rolls, not 12-packs.*

Cooking gas is no different. In Sub-Saharan Africa, 83% of households cook with dirty fuels or solid biomass, the most prevalent fuels being charcoal and kerosene (International Energy Agency, 2017). Charcoal and kerosene are readily available for streetside purchase; a 1kg tin of charcoal might cost US $1.00, a 500mL bottle of kerosene $0.50. Cooking on an open flame requires minimal equipment, making these fuels highly accessible.

A lady selling charcoal in 1kg containers

Fuels such as charcoal and kerosene are, however, immensely damaging. Dirty fuels are deadly to inhale (contributing to 3.8 million deaths per year), they fill the home with smoke (equivalent to the second hand smoke of 400 cigarettes per hour), they are inefficient, and terrible for the environment. All this has led the WHO to declare lack of access to clean cooking an "environmental and public health emergency" (Reuters, 2017).

LPG is well-suited to emerging markets, but it is only sold in bulk

Liquified Petroleum Gas (LPG) is safe, efficient, readily available, and clean burning. LPG is also easily transported without grid infrastructure - unlike Liquid Natural Gas or electricity - critical for emerging markets.

When you do the math LPG is not only a far superior cooking fuel; it's actually cheaper on a *per unit basis* than charcoal or kerosene. In Kenya, the average household using LPG as their primary cooking fuel spends 17% less than a household relying on kerosene, and 28% less than one relying on charcoal (Kenya Ministry of Energy, 2019 & Kenya Bureau of Statistics, 2019).

The catch: LPG is only sold by the cylinder, and the smallest readily available cylinders (6kg in Kenya) cost $10-$12 to refill. Despite being more economical, the upfront cost of LPG is prohibitively high, and there is no payment system in place to facilitate smaller transactions. As a result, low income households are financially excluded from cooking with gas.

To solve the clean cooking crisis, we need to acknowledge the root of the problem. Consumers are not 'irrationally' purchasing dirty fuels; they are making very difficult choices under uncertain conditions (recommended read: Scarcity: Why Having Too Little Means So Much). Households do not cook with harmful fuels because of any "cultural" preference (a convenient excuse we hear all too often); they do so because it's what they can afford. It's a rational decision they're forced to make because the market has failed them.

The time is right for a new approach

At PayGo Energy (PayGo), we started with a simple, yet intractable problem: *How can we make LPG affordable and accessible for the mass market?* We hypothesised that if the sale of LPG could be matched to the typical purchasing behavior of the market, then customers would quickly adopt LPG as their main cooking fuel. The key was in the packaging - gas sold by the gram, not by the cylinder. *Single rolls, not 12-packs.*

To prove our hypothesis we started with the customer. We put a cylinder of gas and a cookstove in 10 households. We visited each household daily, and weighed their cylinder by hand. We then charged the customer for the amount of gas they had consumed over the previous 24 hours. Through this initial pilot, and a wider market survey, we proved that low income households could be reliable consumers of LPG, and had the ability to pay if provided with a mechanism to make small, regular payments.

Fast-forward four years and we've commenced commercial production of our patented Cylinder Smart Meter (CSM). The technology has evolved through many iterations, but the core purpose of the product remains the same: enabling customers to purchase gas in small amounts.

A retail agent completes a cylinder exchange for a pay-as-you-go customer, using PayGo's mobile application and CSM

We've proven that low-income households in emerging markets can be consistent, reliable consumers of LPG. Amongst PayGo's customers, the average household spends $1.80 per week on cooking gas, and tops up credit more than once a week. This is a customer segment that, despite comprising over three quarters of the market, is almost entirely overlooked by the LPG industry. Over 80% of PayGo's customers are first time users of gas.

We're vindicated by the results so far, but we're just getting started. We believe that expanding LPG distribution in emerging markets is a win-win for suppliers and consumers. For suppliers, tapping into new markets and under-served customer segments is a huge commercial opportunity. For consumers, access to clean, safe, affordable and convenient cooking - often for the first time - is life changing (not to mention life saving).

To unlock emerging markets, the industry needs to rethink how gas is sold. So long as the cylinder remains an indivisible unit, distributors will continue to price out the majority of households. Let's start with the consumer - how they live, earn and spend - and design products to meet their needs.

To continue the conversation, send an email (info@paygoenergy.co) or follow us on LinkedIn.

Kenyans Cooking with Charcoal/ Firewood Are Vulnerable to COVID-19

By Wanjiku Manyara, Petroleum Institute of East Africa (PIEA) General Manager

It is disturbing that in spite of widely available concrete scientific evidence indicating that cooking with firewood, charcoal and any other smoke emitting household fuel causes non-communicable diseases(NCDs) and death, Value Added Tax(VAT) on cooking gas (Liquefied Petroleum Gas-LPG) is still set to be included in the Finance Bill 2020 for implementation in 2021.

The Health Cabinet Secretary Mutahi Kagwe on 14th June 2020 said "persons living with NCDs are more at risk of becoming critically ill with corona virus disease than those without."

Imposing VAT on cooking gas will adversely impact Kenya's aspired socio-economic transformation considering the positive impact of LPG on human health, environment conservation, local manufacturing and food security.

The goal in securing LPG as Kenya's primary cooking fuel is to end the NCDs health problems caused by cooking energy that emits harmful toxins. Currently, 84 per cent of Kenyans are still cooking using firewood, charcoal, dung and kerosene as cooking fuel, which create a deadly cocktail of smokes leading to pneumonia and other respiratory diseases like ischaemic heart disease, chronic obstructive pulmonary disease (COPD) and lung cancer.

As a matter of fact, the Government report, Kenya Household Cooking Sector Study, which was launched at the Clean Cooking Forum on 5th November 20219, indicates that the aforementioned respiratory diseases are currently killing 21,650 Kenyans annually.

Further,40 per cent of deaths for children under five are caused by respiratory diseases and 14 million Kenyans now suffer from respiratory diseases and which have been declared as being one of the country's top five killers in the said report and also in the 2019 Economic Survey that was launched this May.

In this COVID-19 pandemic situation medical professionals have encouraged cigarettes smokers to reduce or stop the habit altogether as this may compound the ability of the body to fight the disease if infection occurs.

Akin to the above, a recent study by University of California, Berkeley indicated that the continuous exposure to the toxic pollutants that are released by cooking with charcoal or firewood is equivalent to smoking 400 cigarettes an hour, with young children particularly being more susceptible to the consequent damage to their lungs because they spend time with their mothers in the kitchen.

This level of health damage is calamitous and yet preventable by implementing interventions that promote the shift from Kenyan households using polluting cooking fuels to using clean-burning, smoke-free fuel will enable Kenyans to enjoy their constitutional right to good health and a healthy environment.

> **Affordable LPG is the single bullet that will help Kenya save on the National health budget as well as spur and guarantee progress towards Kenya achieving the Sustainable Development Goals**

Specific to the relationship between increasing LPG consumption and increasing Kenya's forest cover to mitigate against flooding, since the end of April 2020, more than 200 Kenyans have died and hundreds of thousands displaced from their homes due to floods from heavy rains-this has been the pattern for many years.

Kenya has experienced the impacts of climate change on our weather patterns on account of our poor environment conservation. The weather disruption has interfered directly on farm output and specifically adversely affected our food productivity making the Country food insecure. Further, the flooding occurring from deforestation has additionally destroyed food in the farms hence significantly compromising food security in the Country.

Current data indicates that out of Kenya's forty-seven (47) Counties, sixteen (16) of them have the United Nations recommended forest cover of above ten percent (10%) while twenty-one (21) of them have forest cover of below 10% and therefore Kenya's total forest cover is 7.4%. We cannot achieve our afforestation target of 10% forest cover by 2030 unless we deliberately shift from the unsustainable use of charcoal and firewood- which are derived from our diminishing forests -to LPG and while at it we will preserve our water catchment areas and mitigate against climate change and in so doing promote our agricultural productivity and specifically our food security.

Any increase on the cost of cooking gas will result in reversing the current penetration rate with consumers resorting back to charcoal and firewood for their household cooking requirements further ravaging what is left of our below 10% forest cover. The Government policy of promoting the use LPG as the primary household cooking fuel and target of achieving the complete access to clean household cooking by 2028 (brought forward from 2030 by GOK in November 2019), can only be guaranteed by preserving the fiscal incentives and retaining a conducive investment environment.

The Ministry of Petroleum and Mining in collaboration with have a well-documented action plan on increasing LPG demand with one of the key benefits translating to increased local manufacturing of cooking gas cylinders which subsequently increases the opportunity for employment in local cylinder manufacturing plants as well as in the construction of LPG storage depots and cylinder refilling and revalidation plants.

The growth momentum of the LPG sector, which has been largely supplemented by fiscal inducements (zero rated) must be retained as it will especially come in handy as a catalyst for recovery from the COVID-19 economic shocks.

Affordable LPG is the single bullet that will help Kenya save on the National health budget as well as spur and guarantee progress towards Kenya achieving the Sustainable Development Goals (SDGs) on good health and wellbeing, gender equality, access to affordable, modern and clean energy, climate action and education.

Petroleum Taxes

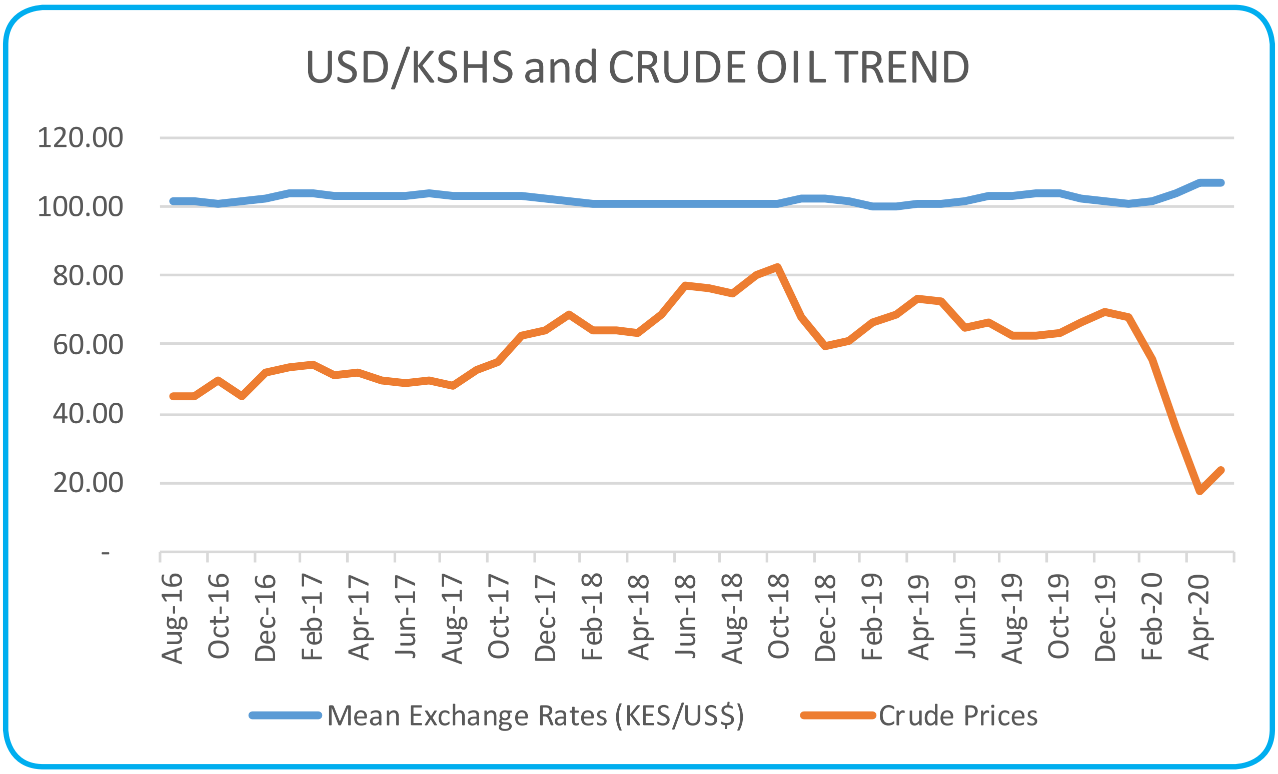
	Import Duty	Current Rate of Excise Duty Kshs/Litre	VAT	Road Mainten. Levy	Petroleum Devel. Levy Kshs/Litre	Current Rate of Import Decl. Fee	Railway Development Levy	Remission Kshs/Litre	Adulteration Levy Kshs/Litre	Adulteration Levy Kshs/Litre
Motor Spirit (Gasoline) Regular	-	20.5095	8%	18.00	0.40	3.50%	2.00%	0.45	-	-
Motor Spirit (Gasoline) Premium	-	20.9196	8%	18.00	0.40	3.50%	2.00%	0.45	-	-
Aviation Spirit	-	20.9196	8%	-	0.40	3.50%	2.00%	0.45	-	-
Spirit Type Jet Fuel	-	20.9196	8%	-	0.40	3.50%	2.00%	0.45	-	-
Special Boiling Point & White Spirit	-	8.9378	8%	-	-	3.50%	2.00%	0.30	-	-
Other Light Oils and Preparations	-	8.9378	8%	-	-	3.50%	2.00%	0.30	-	-
Partly refined (including topped crudes)	-	1.5247	8%	-	-	3.50%	2.00%	0.30	-	-
Kerosene type Jet Fuel	-	6.0514	8%	-	0.40	3.50%	2.00%	0.45	-	-
Illuminating Kerosene (IK)	-	10.8357	8%	-	0.40	3.50%	2.00%	0.45	18.00	18.00
Other Medium oils and preparations	-	5.5730	8%	-	0.40	3.50%	2.00%	0.30	-	-
Gas Oil (automotive, light, amber for high speed engines).	-	10.8357	8%	18.00	0.40	3.50%	2.00%	0.30	-	-
Diesel Oil (ind heavy,black for low speed marine and stationery engines).	-	3.8906	8%	-	0.40	3.50%	2.00%	0.30	-	-
Other Gas Oils	-	6.6245	8%	-	0.40	3.50%	2.00%	0.30	-	-
Residual Fuel oils 125 cst.	-	0.3155	14%	-	0.40	3.50%	2.00%	0.30	-	-
Residual Fuel oils 180 cst.	-	0.6309	14%	-	0.40	3.50%	2.00%	0.30	-	-
Residual Fuel oils 280 cst.	-	0.6309	14%	-	0.40	3.50%	2.00%	0.30	-	-
Other residual fuels	-	0.6309	14%	-	0.40	3.50%	2.00%	0.30	-	-
Lubricating oils	25%		14%	-	-				-	-
Lubricating greases	25%		14%	-	-				-	-
Batching oils	25%		14%	-	-				-	-
Butanes (Petroleum gases)	-		-	-	0.40				-	-
Petroleum Bitumen	10%		14%		0.40				-	-
Bituminous or oil shale and tar sands	10%		14%	-	0.40				-	-
Bituminous mixures	10%		14%	-	0.40				-	-

*The Commissioner General ("CG") of the Kenya Revenue Authority ("KRA") vide Legal Notice No 109 of 2019 dated 9 July 2019 published new excise duty rates on certain excisable goods with specific rates. The new rates have been adjusted for inflation in accordance with Section 10 of the Excise Duty Act effective on 1 July 2019. Additionally, KRA revised rates of Railway Development Levy (RDL) to 2 percent, up from 1.5 percent, and the Import Declaration Fee to 3.5 percent, from 2 percent. These levies apply to all imported goods except raw materials and intermediate goods and took effect from 07 November 2019 under the Finance Act 2019

SOURCE: KRA

Crude Oil Price Trend

Crude Oil Analysis		
Year 2019 - 2020	**Mean Exchange Rates (KES/US$)**	**Crude Prices**
Jan-18	101.44	69.08
Feb-18	101.16	64.15
Mar-18	100.54	63.91
Apr-18	100.87	63.22
May-18	101.01	68.43
Jun-18	101.01	77.20
Jul-18	100.60	76.30
Aug-18	100.71	75.05
Sep-18	100.88	80.35
Oct-18	101.16	82.30
Nov-18	102.44	68.00
Dec-18	102.16	59.50
Jan-19	101.30	60.95
Feb-19	100.17	66.35
Mar-19	100.47	68.60
Apr-19	101.12	73.05
May-19	101.20	72.35
Jun-19	101.89	64.80
Jul-19	103.31	66.15
Aug-19	103.44	62.30
Sep-19	103.79	62.44
Oct-19	103.55	63.6
Nov-19	102.2	66.6
Dec-19	101.32	69.25
Jan-20	100.97	67.8
Feb-20	101.27	56.1
Mar-20	104.05	35.58
Apr-20	106.83	17.64
May-20	106.65	23.52



Pump Prices

Maximum pump prices (15th June 2020 to 14th July 2020)					
PRODUCT	**MOMBASA**	**NAIROBI**	**NAKURU**	**ELDORET**	**KISUMU**
Super Petrol	86.62	89.10	88.96	89.94	89.94
Automotive Diesel	72.09	74.57	74.62	75.59	75.58
Kerosene	59.99	62.46	62.54	63.51	63.51
Maximum pump prices (15th May 2020 to 14th June 2020)					
PRODUCT	**MOMBASA**	**NAIROBI**	**NAKURU**	**ELDORET**	**KISUMU**
Super Petrol	80.85	83.33	83.22	84.20	84.19
Automotive Diesel	75.88	78.37	78.41	79.38	79.37
Kerosene	77.29	79.77	79.98	80.78	80.77
Maximum pump prices (15th April 2020 to 14th May 2020)					
PRODUCT	**MOMBASA**	**NAIROBI**	**NAKURU**	**ELDORET**	**KISUMU**
Super Petrol	90.41	92.87	92.71	93.68	93.67
Automotive Diesel	95.09	97.56	97.53	98.50	98.49
Kerosene	74.82	77.28	77.32	78.29	78.27
Maximum pump prices (15th March 2020 to 14th April 2020)					
PRODUCT	**MOMBASA**	**NAIROBI**	**NAKURU**	**ELDORET**	**KISUMU**
Super Petrol	108.41	110.87	110.63	111.60	111.60
Automotive Diesel	99.17	101.65	101.61	102.58	102.87
Kerosene	92.99	95.46	95.44	96.41	96.41
Maximum pump prices (15th February 2020 to 14th March 2020)					
PRODUCT	**MOMBASA**	**NAIROBI**	**NAKURU**	**ELDORET**	**KISUMU**
Super Petrol	110.40	112.87	112.61	113.59	113.58
Automotive Diesel	101.98	104.45	104.41	105.38	105.37
Kerosene	100.21	102.69	102.65	103.61	103.61
Maximum pump prices (15th January 2020 to 14th February 2020)					
PRODUCT	**MOMBASA**	**NAIROBI**	**NAKURU**	**ELDORET**	**KISUMU**
Super Petrol	108.15	110.20	109.80	110.60	110.60
Automotive Diesel	100.27	102.32	102.12	102.92	102.92
Kerosene	101.91	103.95	103.76	104.57	104.56
Maximum pump prices (15th December 2019 to 14th January 2020)					
PRODUCT	**MOMBASA**	**NAIROBI**	**NAKURU**	**ELDORET**	**KISUMU**
Super Petrol	107.45	109.50	109.10	109.90	109.99
Automotive Diesel	99.74	101.78	101.58	102.39	102.38
Kerosene	100.26	102.31	102.11	102.91	102.91
Maximum pump prices (15th November 2019 to 14th December 2019)					
PRODUCT	**MOMBASA**	**NAIROBI**	**NAKURU**	**ELDORET**	**KISUMU**
Super Petrol	108.53	110.59	110.18	110.98	110.98
Automotive Diesel	102.56	104.61	104.40	105.21	105.20
Kerosene	102.02	104.06	103.87	104.67	104.67
Maximum pump prices (15th October 2019 to 14th November 2019)					
PRODUCT	**MOMBASA**	**NAIROBI**	**NAKURU**	**ELDORET**	**KISUMU**
Super Petrol	105.44	108.05	108.56	109.56	109.56
Automotive Diesel	99.35	101.96	102.67	103.66	103.66
Kerosene	98.47	101.08	101.78	102.79	102.78
Maximum pump prices (15th September 2019 to 14th October 2019)					
PRODUCT	**MOMBASA**	**NAIROBI**	**NAKURU**	**ELDORET**	**KISUMU**
Super Petrol	110.19	112.81	113.3	114.29	114.29
Automotive Diesel	100.44	103.04	103.74	104.74	104.74
Kerosene	98.03	100.64	101.35	102.35	102.35

STATISTICS

EPRA Petroleum Prices

Breakdown of the costs of Super Petrol (PMS), Diesel (AGO) and Kerosene (DPK) in Nairobi: 15th June 2020 to 14th July 2020				
Cost Item	**Cost Description**	**Super Petrol**	**Diesel**	**Kerosene**
		Kshs/Litre	**Kshs/Litre**	**Kshs/Litre**
Landed Cost (a)	Weighted average cost for all imports	27.48	24.40	13.77
Pipeline Transport (Msa - Nrb)	Pipeline (100% PMS, AGO & IK)	2.28	2.28	2.28
Road Transport (Msa-Nrb) - Bridging	Road (0% PMS, AGO & IK)	0.00	0.00	0.00
Pipeline Losses	Pipeline (0.25%)	0.03	0.02	0.02
Depot Losses	0.5% PMS, 0.3% For DPK & AGO)	0.34	0.17	0.13
Delivery within 40kms of Nairobi	Delivery to petrol stations	0.54	0.54	0.54
Storage and distribution (b)		**3.19**	**3.01**	**2.97**
Importers Margin	Wholesale	4.20	4.17	4.17
Dealers Margin	Retail Investment Margin	4.05	4.05	4.05
	Retail Operating Margin	4.14	4.14	4.14
Oil Marketing Companies Margins (C)		**12.39**	**12.36**	**12.36**
Excise Duty	Tax	20.92	10.84	10.84
Road Maintenance Levy	Levy	18.00	18.00	0.00
Petroleum Development Levy	Levy	0.40	0.40	0.40
Petroleum Regulatory Levy	Levy	0.25	0.25	0.25
Railway Regulatory Levy	Levy	0.49	0.45	0.24
Anti-adulteration Levy	Levy	0.00	0.00	18.00
Merchant Shipping Levy	Levy	0.02	0.03	0.02
Import Declaration Fee	Levy	0.87	0.80	0.43
Value Added Tax (VAT)	**Tax**	5.09	4.03	3.18
Taxes and Levies (d)		**46.04**	**34.80**	**33.36**
Retail Prices in Nairobi (a) + (b) + (c) + (d)		89.10	74.57	62.46
Summary		**Super Petrol**	**Diesel**	**Kerosene**
		KShs/Litre	**KShs/Litre**	**KShs/Litre**
Products Costs (a)		27.48	24.40	13.77
Distribution and Storage Costs (b)		3.19	3.01	2.97
OMC Margins (c)		12.39	12.36	12.36
Taxes and Levies (d)		46.04	34.80	33.36
Retail Prices in Nairobi		**89.10**	**74.57**	**62.46**

SOURCE: EPRA

NOTE: The computation of pump prices has taken into account the changes effected by the Tax Laws (Amendment) Act, 2020 which was assented to on 25th April 2020. All the changes in the Act became effective on that date, except the change in the basis of calculating VAT on petroleum products, which became effective on 15th May 2020. While the VAT was retained at 8%, the calculation of VAT now includes excise duty, fees and other charges in line with the East African Community Customs Management Act (EACCMA). Therefore, the basis of charging VAT at the point of entry includes the CIF value, the applicable customs duty and excise tax but excluding IDF fees and Railway Development Levy.

Petroleum and Petroleum Products Data is Accessible from the PIEA Secretariat.
For more information kindly send an email to: analyst@petroleum.co.ke or call Tel. 0722 221120 I 020 2249081 I 020 313046/7

TRAINING CALENDAR FOR YEAR 2020/2021

The School of Petroleum Studies is currently running online courses in place of the physical contact trainings. However, we have retained in house courses on a few select courses and on request basis.
The online courses are delivered in the form of modules where by each course is divided into modules and each module session goes for three (3) hours.
Training participants are expected to complete all the modules listed under each course in order to be certified.
In addition, we have reduced the price of the online courses to make them more affordable that is Kshs. 3, 420 only per module per person. A brief breakdown of the courses in modular form and their scheduled date is as follows:

CODE	COURSE TITLE	DURATION		DATE	LOCATION
			INTRODUCTORY TO THE EA OIL AND GAS SECTOR		
SPS 001	**Introduction to the East Africa Oil and Gas Sector**	3 hours	Module 1	30/06/2020 12.30 p.m-3.30 p.m	Online via Skype
			Module 2	2/07/2020 9.30 a.m-12.30 p.m	
			Module 3	3/07/2020 9.30 a.m-12.30 p.m	
			EA LIQUIFIED PETROLEUM GAS (LPG) COURSES		
SPS 006	**East Africa LPG Operations Safety and Marketing**	3 hours	Module 1	6/07/2020 12.30 p.m-3.30 p.m	Online via Skype
			Module 2	8/07/2020 12.15 p.m-3.15 p.m.	
			Module 3	10/07/2020 12.30 p.m-3.30 p.m	
			RISK MANAGEMENT COURSES		
SPS 033	**Risk Management in the East Africa Oil and Gas Industry**	3 hours	Module 1 Insurance and risk management	28/07/2020 8.40 a.m-11.40 a.m.	Online via Skype
			Module 2 Credit risk management	29/07/2020 8.40 a.m-11.40 a.m.	
			Module 3 Foreign exchange and interest rate risk management	26/07/2020 8.40 a.m-11.40 a.m.	
			High Level Insurance and risk management	30/07/2020 11.00 a.m-12.00 p.m.	
			JOINT INCIDENT COMMAND AND SAFETY TRAINING		
	Joint Incident Command and Safety training (PIEA/SPS& Morendat Institute of Oil and Gas collaboration)	4 hours	Module 1	6/07/2020 9.00 a.m-1.00 p.m.	Online via Skype
			Module 2	8/07/2020 9.00 a.m-1.00 p.m.	
			Module 3	10/07/2020 9.00 a.m-1.00 p.m.	

For a more detailed breakdown of our courses kindly visit our website https://www.petroleum.co.ke/school-of-petroleum-studies to access the full 2020/2021 training calendar.
The registration and training of the courses is done online as long as an individual has a smart phone, desktop computer, tablet or laptop that has an internet connection.
Please do not hesitate to reach us for any enquiries/comments via school@petroleum.co.ke or call us on 0722221120.

Additional Information:

Online courses charges per module per person	**In house courses charges per person**			
3-4 hours	**5 day course**	**3 day course**	**2 day course**	**1 day course**
Kshs. 3000+ VAT	**PIEA members** Kshs. 49,000+VAT **PIEA non-members** Kshs. 62,500+VAT	**PIEA members** Kshs. 35,000+VAT **PIEA non-members** Kshs. 40,000+VAT	**PIEA members** Kshs. 25,000+VAT **PIEA non-members** Kshs. 30,000+VAT	**Subject to discussion with client**
Online collaboration courses	PIEA/SPS & Morendat Institute of Oil and Gas			
Joint Incident Command and Safety training	**3 day course**	Kshs. 20,520 per person		