

NEWSLETTER

WELCOME TO OUR BUSINESS NEWSLETTER

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Because we do it right



From the Director's Desk

There was certainly no letup in terms of industry-wide uncertainty as the Kenyan shilling continued to depreciate against the U.S. Dollar, production costs increased on the back of forex adjustments on electricity heavy input industries and customers went on experiencing liquidity concerns as traditional lending was still not forthcoming. We did see Kenya Commercial Bank (KCB) sign a deal with Swedish International Development Cooperation Agency (SIDA) worth KSh 1 billion to set up a guarantee fund for SME's. So hopefully this should give the market some stimulus

As communicated in the previous quarter, Gas Africa began work on further MGPS projects in the healthcare sector which are progressing well.

September saw a record fuel hike with EPRA announcing, 'the maximum allowed petroleum pump prices in Nairobi are as follows: Super Petrol increases by KSh 16.96, Diesel increases by Ksh 21.32 per litre and Kerosene increases by Ksh 33.13 per litre.'

The regulatory body went on to add 'the prices are inclusive of the 16 per cent Value Added Tax in line with the provision of the Finance Act 2023.'

VAT Hikes on the cards

The cost of essential goods looks set to go up as Treasury Secretary, Njuguna Ndung'u 'has disclosed a plan to stop the zero-rating of value-added tax (VAT) on the supply of tens of goods such as maize flour, cooking gas, ordinary bread, medicaments, agricultural pest control products, and animal feeds' (www.theeastafrican.co.ke)

The knock-on effect of the most basic of goods, like animal feeds, would lead to an increase in the cost of milk and its by-products i.e. cheese, yoghurt etc. The National Treasury are further proposing the increasing the standard level of VAT to increase from 16 to 18 percent to be in line with other EAC states (www.the-star.co.ke). Pressure from the International Monetary Fund is now on

The latest scope of work includes extensions to existing hospital facilities and new constructions. Both facilities are targeted to be ready for use by patients during Q4

Management have become aware of rogue activity rearing its ugly head again – the illegal fillers are back! Gas Africa officials visited several of its clients during the last period and found that cylinders that had been delivered, had been tampered with. The GAS AFRICA engraved name and serial numbers were grinded off and another company's name and number etched on – usually painted in silver. Furthermore, we have seen instances of ISO standards and manufacturing dates, also being

scratched off. These are required by law to be noted on the cylinders.

Not only is this a loss to Gas Africa and gives rise to legal claims that are being pursued, the safety of cylinders are compromised as grinding has the effect of reducing the thickness of the steel which when under pressure, may risk explosion. We would request our loyal clients to keep each suppliers' cylinders separate so as not to risk any other supplier collecting its cylinders – either by accident or intentionally

We hope for a healthy and positive last quarter of 2023 for all stakeholders and thank you for your patronage during the year

- Rajesh Ram, Managing Director



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The Indian School of Business (ISB) reached out to me via LinkedIn during September to discuss partnerships with Gas Africa on knowledge enhancement of their students and to fulfill our talent requirements.

The postgraduate program has been ranked #1 in the research rankings in India as per the latest Financial Times (FT) MBA rankings. So, it's an exciting opportunity

We are considering bringing on board seasoned professionals, with, sometimes decades of experience, to harness the skills of our young team to serve our clients better at the same time

- Rajesh Ram
Managing Director

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Government Restructuring of PAYE Again?

The treasury has commented that 'studies have shown that incentives may not necessarily be effective in influencing the taxpayer's behavior' (www.businessdailyafrica.com). It is in light of this perhaps that a proposal has been made to eliminate the reliefs on pay-as-you-earn (PAYE) from salaried employees' pay slips. All is not lost, however. Whilst the Ksh 2,400 relief would be foregone, the Treasury is considering the adoption of a new tax band at zero percent.



There are further proposals for the reduction of the top end bracket of high-income earners' tax rate to be reduced from 35 to 25 percent.

No doubt the revenue generated by the upper-income earners that make it into the government coffers versus what the removal of the relief could generate, is data known to the government.

We trust, with the cost of living rising the lower end of the pyramid is not adversely impacted by the changes being proposed



Africa Climate Summit 2023

We saw the Africa Climate Summit 2023 held in Kenya in the first week of September with commitments made of some \$26 billion from public, private sector, and multilateral development banks, philanthropic foundations, and other partners in the development financing community.

Kenya itself committed to various commendable targets and projects, including, net zero by 2050, the launch of a new green hydrogen strategy, development of long-term low emissions strategies for 2050, as well as the announcement that Kenya would be the new site of the new Africa HQ for Global Centre for Adaption

Another highlight of the event was the formation of the Accelerated Partnership for Renewables in Africa (APRA) whereby Kenya, Ethiopia, Namibia, Rwanda, Sierra Leona, and Zimbabwe, who already have renewables in their green agenda, came together to further accelerate this on the continent and pursue green industrialization. The partnership is

supported by Denmark, Germany, and the United Arab Emirates

In recognition of what some other countries across our continent have also committed to: Republic of Mauritius – commitment to the development of a regenerative blue economy and implementation of the Great Blue Wall initiative – targeting to mobilize \$15 billion by 2030. The Republic of Senegal announced plans of reforestation of 500,000Ha of indigenous lands to stop the encroachment of desertification to restore biodiversity, agro-pastoral activities, and soil conservation.

Another major benefactor was the UAE, who through their state-owned renewable energy company, Masdar, pledged \$2 billion in equity and a further \$8 billion in project finance to deliver 10 gigawatts of clean energy in Africa by 2030

The Africa Climate Summit was a huge success by any measure and a congratulations to all that participated. We look forward to what prevails on the back of a very positive start

A Systematically Failed Generation?

The number of CVs we come across, with individuals boasting of their credentials, experiences spanning various sectors in high flying positions, is just incredible. Yet when we have a specific role in mind for a position that may have been created out of a desire to fulfill specific duties, it's amazing just how far short candidates come.

The generic background questions and answers everybody is a pass, but when you really dig deep, is this generation really understanding the principals of the underlying work at hand?

Even more so, the intrinsic value to be derived from the position?

The volume of adverts we see on how life is easier now that we have Artificial Intelligence and how you can just type into ChatGPT and it will give you an essay on almost anything. Is that really the direction we want this generation to follow? Because that is what they are becoming we fear – followers, rather than what they are being educated to be – tomorrow's leaders. Whilst employers should have a duty to guide and develop recruits, there should also be a willingness to self-improve to ensure the company is getting something in return for their investment

