AMCHAM

KENYA

AMERICAN CHAMBER OF COMMERCE, KENYA

ASSESSING THE IMPACT OF THE COVID-19 PANDEMIC ON KENYA'S ECONOMIC AND BUSINESS ENVIRONMENT

REPORT AND RECOMMENDATIONS FOR ENHANCING BUSINESS CONTINUITY

JULY 2020

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List of Acronyms and Abbreviations

Africa CDC	Africa Centers for Disease Control and Prevention
AMREF	African Medical and Research Foundation
CEO	Chief Executive Officer
COVID-19	Coronavirus Disease 2019
GDP	Gross Domestic Product
IEA	International Energy Agency
IEA-Kenya	Institute of Economic Affairs, Kenya
IMF	International Monetary Fund
KES	Kenya Shillings
KICD	Kenya Institute of Curriculum Development
KNBS	Kenya National Bureau of Statistics
MSMEs	Micro, Small and Medium-sized Enterprises
NCCRCP	National Coordination Committee on the Response to the Coronavirus Pandemic
PPEs	Personal Protective Equipment
SDGs	Sustainable Development Goals
SMEs	Small and Medium Sized Enterprises
UN	United Nations
UNICEF	United Nations International Children's Emergency Fund
USA	United States of America
USD	United States Dollar
WBG	World Bank Group
WHO	World Health Organization

INTRODUCTION

The Coronavirus and its Global Impact

The COVID-19 (coronavirus) pandemic has brought unprecedented disruption to people's lives and livelihoods, and as a result impacted economic activity, across the world. On January 30, 2020, the World Health Organization (WHO) declared the coronavirus outbreak a global public health emergency and on March 11, 2020 declared the outbreak a global pandemic.

As of July 20, 2020, the World Health Organization (WHO) reported **14, 348, 913 confirmed cases** globally, with 603,698 deaths. The United States of America is leading with the highest number of confirmed infections and deaths with 4,028,733 reported cases and 144,958 deaths. The U.S. also has the highest number of recoveries with 1, 886, 778 people recovered as of July 20, 2020.

The world is faced with a grim reality, where exponential growth of contagion means 100 infected persons become 10,000 in a matter of days.

Impact on the Global Economy

The global economy is undergoing a major slowdown, and according to the International Monetary Fund (IMF), growth in global Gross Domestic Product (GDP) in 2020 is expected to fall to -3 percent. That against a January projection of 3.3% expansion and would likely mark the worst economic downturn since the Great Depression in 1921, dwarfing the 0.1% contraction caused by the 2008/2009 financial crisis (International Monetary Fund, 2020).

Tourism is one of the most affected sectors with 100 percent of all worldwide destinations introducing travel/movement restrictions to curb the spread of the virus resulting in grounding of passenger airplanes and widespread hotel closures. Other sectors most affected by the pandemic are:

- Healthcare
- Transport (especially the Aviation industry)

- Manufacturing
- Education

The impact of this crisis on the global economy reflects the speed and magnitude of infection, greater global integration, and the major role that China plays in global supply chains, travel, and commodity markets.

Impact on Global Financial Markets

Fears about the rapidly spreading coronavirus and its impact on the global economy, which deepened on May 9, 2020, caused oil prices to plummet sharply, prompted investor panic and resulted in a loss of over USD 5 trillion of the S&P 500's market value in just a few weeks (Reuters, 2020). This triggered a temporary trading halt in its biggest one-day loss since the 2008 financial crisis.

The collapse in oil prices came after Saudi Arabia and Russia engaged in a price war that threatened to overwhelm global oil markets with supply, causing crude prices to tumble 20 percent in their deepest daily retreat since the 1991 Gulf War. That price war broke out after major oil producing countries failed to reach an agreement to cut output to make up for lower demand related to the coronavirus.

Impact on the Environment

The International Energy Agency (IEA) has forecast the CO_2 impact of the crisis, suggesting global emissions are expected to decline by an estimated 8 percent, to the levels of 10 years ago (IEA, 2020). This is largely as a result of travel restrictions imposed worldwide (resulting in less cars on the road and less airplanes in the air) as well as decreases in production of manufacturing firms, resulting in less pollution.

Measures to Mitigate the Impact

Governments across the globe have taken swift actions to deal with the health and economic impact of the pandemic, including instituting partial and full lockdowns to enforce social distancing measures and curb the spread, increasing the capacity of healthcare systems and providing financial stimulus and support packages for both individual citizens and business.

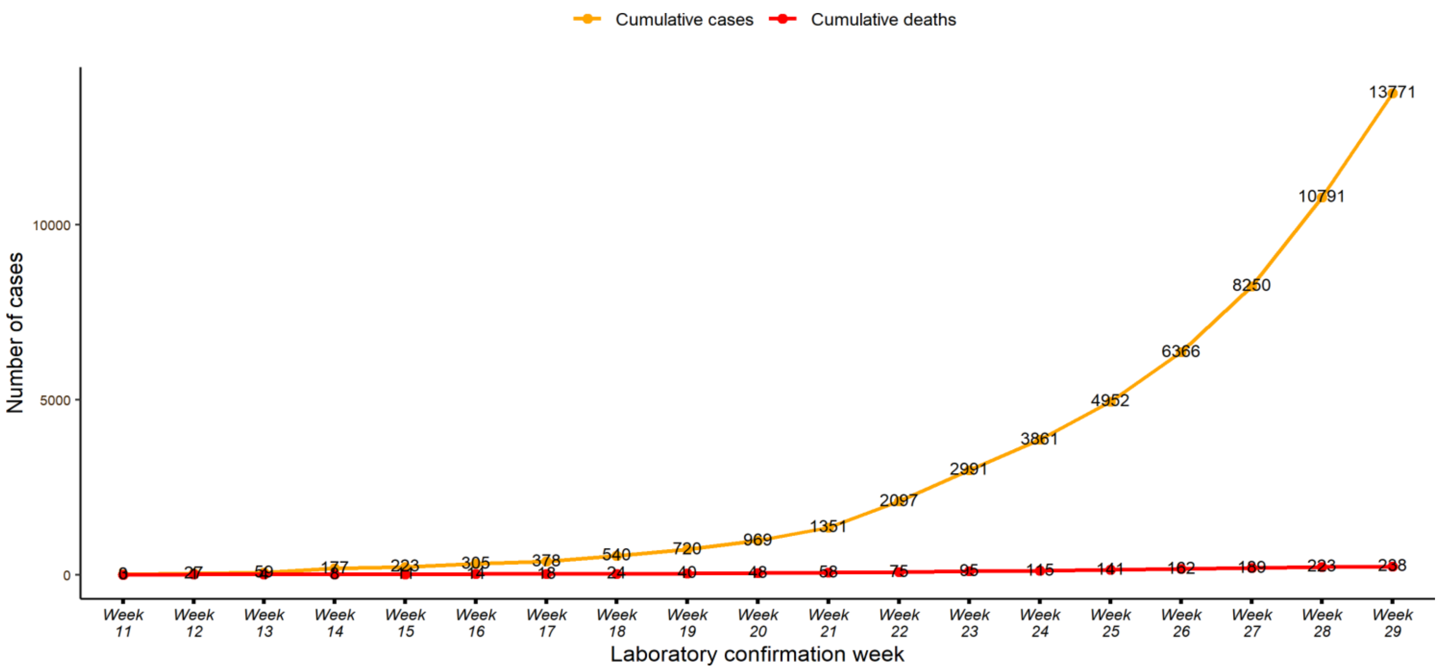
KENYA'S EXPOSURE TO THE COVID-19 PANDEMIC

Introduction

The first case of COVID-19 in Kenya was reported on March 13, 2020. A little over four months later, the number of cases has escalated to **13,771** reported cases, with 5616 discharged recoveries and 238 recorded deaths, giving a case fatality rate of **1.7 percent** as of July 20, 2020. Of these, 12,886 cases (94 percent) were local transmissions indicating established community transmission.

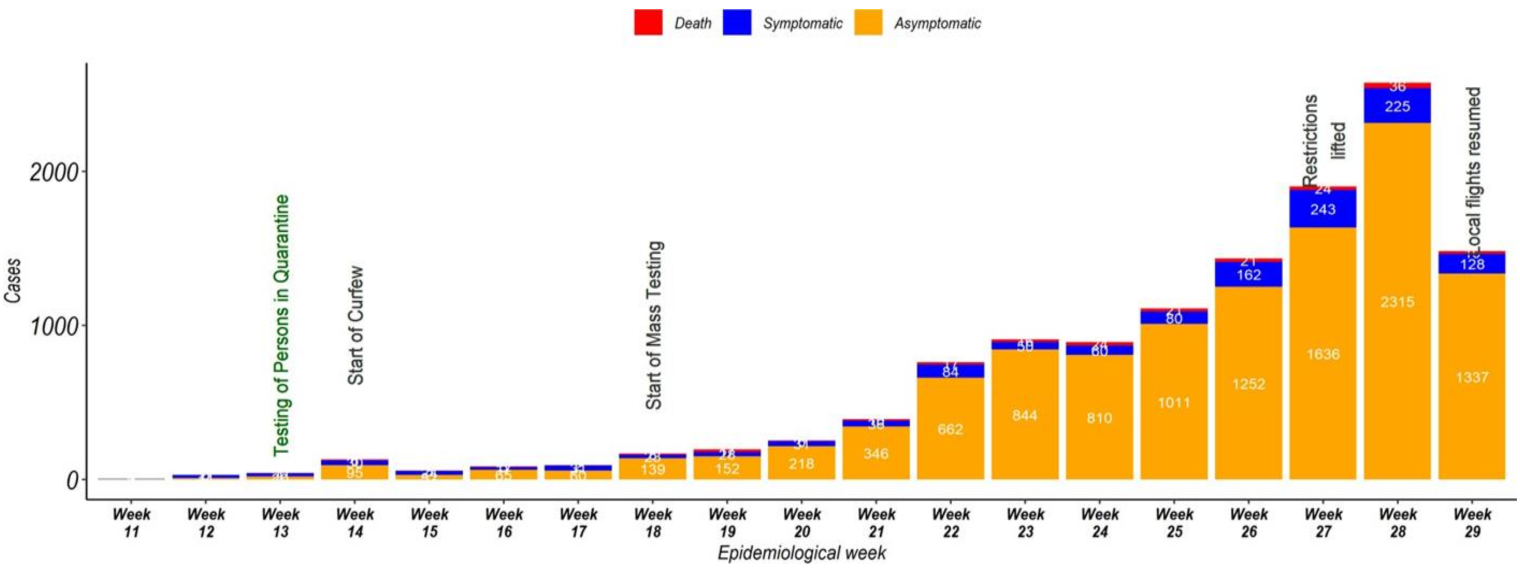
Twelve thousand eight hundred and eighty-six (94 percent) of the 13771 confirmed cases were local transmissions. Graph 1 below shows the total coronavirus cases in Kenya as of July 20, 2020 while graph 2 shows the trends of the outbreak.

Graph 1: Total Cases



Source: MOH Kenya/July 20 2020

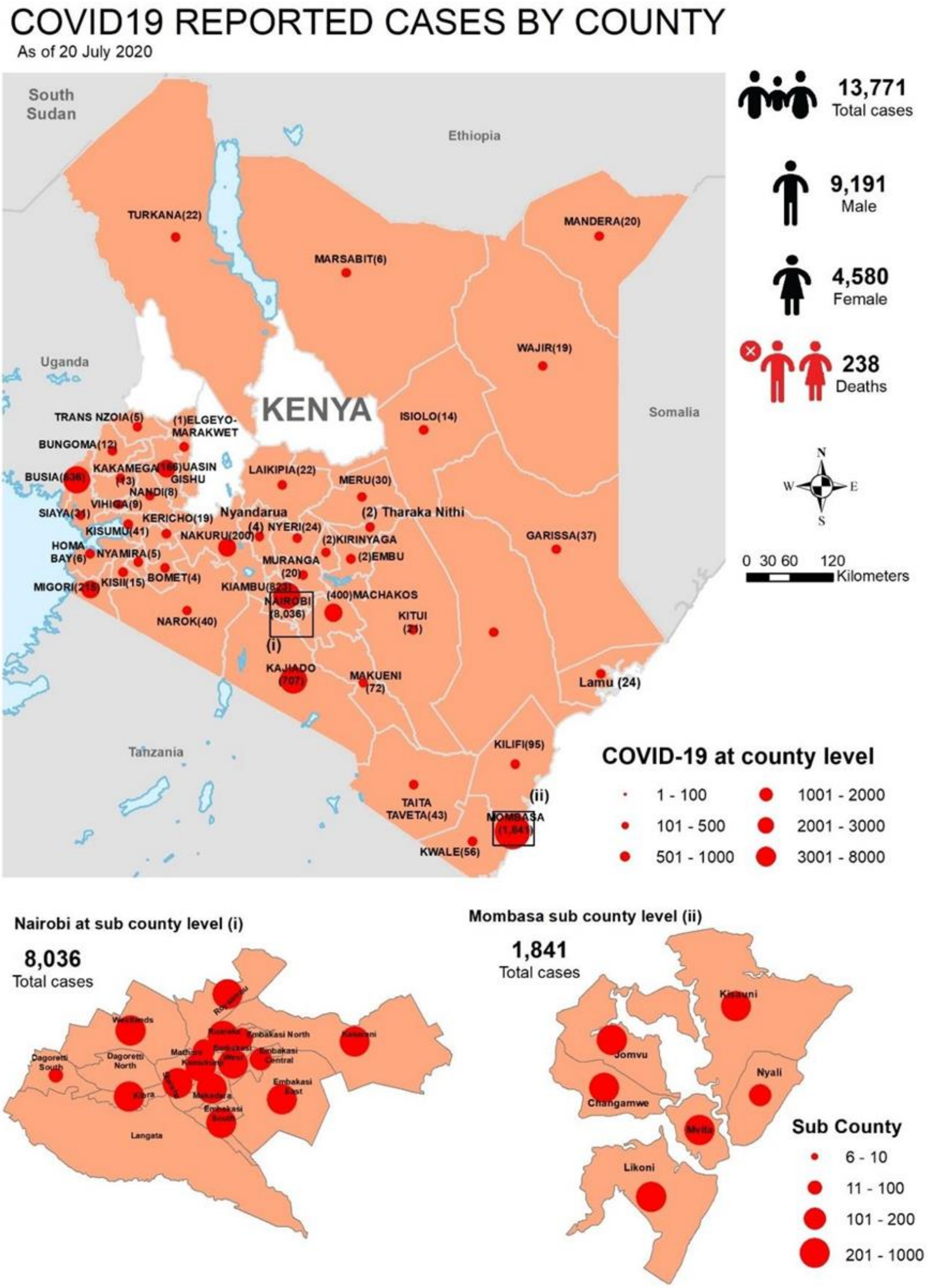
Graph 2: Trends of COVID-19 Outbreak Kenya



Source: MOH Kenya/July 20, 2020

44 out of 47 counties have reported cases. **Nairobi** and **Mombasa** Counties have the highest number of cases with 8036 (58 percent) from Nairobi County followed by Mombasa County with 1841 (13 percent). Nairobi City County has the highest attack rate of 182.8 per 100,000 population followed by Mombasa County at 152.4 per 100,000 population. Figure 1 below shows the distribution of cases in counties in Kenya.

Figure 1: COVID-19 Cases Across Counties



Source: MOH Kenya/July 20, 2020

TESTING AND CARE CAPACITY

As of July 20, 2020, Kenya had conducted **241,394** cumulative tests giving a laboratory test rate of 5075 samples per 1,000,000 people. The positive rate of tests stood at 5.7%. Of the 13,771 confirmed cases, 1261 (10 percent) presented with symptoms.

Active screening and testing of long-distance truck drivers at Nyando and Kisumu Central and active screening at facility ports of entry/exit and strengthening of integrated community surveillance continues across the country.

Other than that, testing capacity is concentrated in private facilities and the national referral hospitals in Nairobi. This has created a huge challenge with delays in receiving testing results and subsequent placement in quarantine of the infected.

The arrival of COVID-19 found Kenya's healthcare system in an already vulnerable state due to years of limited funding. Outside private facilities and the national referral hospitals in Nairobi, many hospitals lacked ventilators, intensive care beds and trained personnel.

INTERVENTION MEASURES TO CURB THE SPREAD

1. Border closures and suspension of international flights

On March 25, 2020, the government suspended all international passenger flights in and out of the country, until further notice. On May 16, 2020, Kenya closed the border points with Somalia and Tanzania (except for cargo vehicles) because of increased cross-border infections. However, domestic air travel resumed on July 15, 2020 with international flights set to resume on August 1, 2020

2. **Temporary closure of non-essential businesses**

Public markets, restaurants and bars were closed, and other businesses encouraged to implement work at home and teleworking for their staff where possible. Restaurants and eateries were however allowed to re-open under guided safety protocols on April 25, 2020.

3. **Reduced passenger capacity on both public and private transportation**

The passenger capacity for both public and private transport was initially reduced in March 2020 to enforce social distancing and avoid the potential spread of the coronavirus through congested public service vehicles. The 14-seater vehicles were directed to carry eight passengers, those with a 25-seater capacity to reduce to 15 passengers while those above a 30-seater capacity were directed to maintain a capacity of 60 percent per trip. The vehicles were also to ensure passengers wash their hands and are sanitized before boarding and the vehicles are fumigated after every trip.

However, on July 15, 2020 following public outcry over the steep increase in fares caused by the regulations, the regulations were reviewed, and a 14-seater capacity now carries 10 passengers as opposed to 8 including driver and crew. A 33-seater is allowed a sitting capacity of 18 including the driver and crew. For personal vehicles, a five-seater car is allowed a maximum of three passengers and a seven-seater car a maximum of five passengers.

4. **School closures**

In-person learning in all education institutions was suspended immediately. The Ministry of Education projects school re-opening in January 2021, although stakeholders have called on revised projections to allow re-opening in September 2020.

5. **Ban on group activities and social gatherings**

All forms of non-essential public gatherings, including religious, political and social gatherings of more than 15 people were banned soon after the confirmation of the first case. However, on July 6, 2020 the government announced commencement of phased re-opening for congregational worship and public (in-person) worship.

6. **Night curfews**

On March 27, 2020, the government announced a nationwide dusk to dawn curfew, from 7 p.m. to 5 a.m. However, on June 7, 2020, the hours were revised to 9 p.m. to 4 a.m. but the curfew remains in effect.

7. **Restriction of cross-region/ internal movements**

On April 5, 2020, the government announced cessation of movement in and out of a number of counties such as Nairobi, Mombasa and Mandera Counties and some high-risk areas within Nairobi and Mombasa. The restrictions were however lifted on July 7 allowing free movement across the country.

8. **Mandatory quarantine for inbound travelers**

There is currently a 14-day mandatory quarantine order in effect for inbound travelers in established isolation facilities.

9. **Mandatory wearing of masks** has been enforced throughout the country.

10. **Hygiene Promotion**

The government has collaborated with various stakeholders to set up hand washing stations across the country especially in vulnerable communities.

11. **Risk Communication**

Kenya is using multiple avenues to communicate information on COVID-19 including interactive voice response (IVR) system supported by the country's largest Telco, Safaricom. As of June 30, 2020, the IVR Hits was 13,103 with 6,429 users going through the complete menu interactions. IVR Calls were 1,579 with 1,549 answered. Members of the public who had accessed information through USSD *719# stood at 92,000.

The government is also using mainstream media for public awareness on COVID-19 through television, radio, and print media. Mobile community sensitization is also ongoing.

INTERVENTION MEASURES TO INCREASE HEALTHCARE CAPACITY

1. **Hiring of additional health workers**

The government disbursed KES 1 billion for hiring of additional healthcare workers.

2. **Upgrading County health care facilities**

The government made a disbursement of KES 5 billion to each of the 47 counties in Kenya to assist them to upgrade their health care facilities and increase capacity to effectively deal with cases. This is in addition to a special fund for each County to upgrade their isolation facilities to have 300 beds.

3. **Allocation of KES 40 billion (0.4 percent of GDP) in funds for additional health expenditure**, including enhanced surveillance, laboratory services, isolation units, equipment, supplies, and communication.

4. **Facilitating testing capacity across the country**

There are as of July 20, 2020, testing centres across the country with the Coast General Hospital molecular lab in Mombasa County being the latest addition to start testing for COVID-19 after reagents were supplied and personal protective equipment including N95 masks were provided to laboratory staff.

5. **Development of Home-Based Care Isolation and Care protocol**

As a result of the rising case load and limited health system capacity, the Ministry of Health launched home and community-based care protocols for asymptomatic patients not requiring hospitalization for the coronavirus disease, to be implemented countrywide and is training care workers and community health volunteers to educate caregivers/households about the program.

CHALLENGES TO KENYA'S COVID-19 HEALTH RESPONSE

The Ministry of Health reported the following challenges in its healthcare response (Kenya COVID-19 SITREP):

- Inadequate resources for operations at the sub – national level for COVID-19 surveillance activities; this is glaring at the sub – county level.
- Sub-optimal support to sub – national level for investigating alerts and contact tracing at sub – national level and delay from counties in submitting reports to PHEOC.
- Sub – optimal utilization of the integrated data management platforms.
- Weak contact listing and follow – up across a number of counties with active cases.
- Limited resources/logistical support for field teams including vehicles to conduct community visits, contact tracing and case follow up at the sub-national level.
- Long turnaround time for relying laboratory results to clients in most counties is causing delay in public health action, sending people to the isolation and quarantine centres.
- Weak diagnostic quality assurance system.
- Risk communication messages that may be out of step with the evolving epidemic and interventions.
- Community complacency despite established community transmission. With relaxed travel and public gathering restrictions there is increased complacency.
- Commodity insecurity at the sub – national level of personal protective equipment.
- Inadequate assessment of households by RRTs for HBC. High level of normalcy assumed with subsequent failure to follow public health guidelines in major towns.

Other aspects such as a lack of running water in most areas are also hindering efforts to curb the spread.

Conclusion

The Kenyan government has been praised for its efforts in limiting the spread of COVID-19 by taking aggressive early measures. Had the government not taken stringent measures in March 2020, it is projected that the rate of infections in Kenya would have peaked to 800,000 cases by July 30, and roughly 75,000 people would have lost their lives.

Government action has focused on containing the spread of the virus and strengthening the healthcare system to care for the infected. These measures, despite their toll on economic activity have also been an important investment in long-term human and economic health.

THE IMPACT OF COVID-19 ON KENYA'S ECONOMIC ENVIRONMENT

Introduction

As with the global economy, the coronavirus is impacting Kenya on multiple economic fronts. Among the worst-hit sectors in Kenya by the virus crisis are tourism, transport and trade (e.g., fresh produce exports), which are key sources of hard currency. In addition, Kenya has a large informal sector that does not account for GDP in the country and which is being impacted by containment and movement restriction measures.

The pandemic threatens to roll back progress made in advancing the Sustainable Development Goals (SDGs), Kenya's Vision 2030 as well as the Big 4 Agenda.

Before the arrival of COVID-19 in Kenya, the country's economy was already facing significant vulnerabilities. Real GDP growth in 2019 was about 5.4 percent, compared to 6.3 percent in 2018. In addition, a major locust invasion and flooding threatened the country's food security and a growing debt burden further reduced Kenya's fiscal space with debt at 61.7 percent of GDP by the end of 2019.

By the arrival of COVID-19 in March 2020 Kenya's debt had hit an all-time high and the IMF raised Kenya's risk of debt distress from moderate to high due to the additional impact of the COVID-19 pandemic (Reuters, 2020).

The impact of COVID-19 on the Kenyan economy is expected to be severe, acting through both global and domestic channels, with downside risks remaining large. While the authorities have taken decisive action to respond to the pandemic's health and economic impacts, the sudden shock has left Kenya with significant fiscal and external financing needs.

Fitch Ratings as of April 2020 said the economic crisis triggered by the pandemic will halt Kenya's fiscal consolidation and increase the country's financing needs, meaning the country is more likely to seek more debt in the wake of falling revenues on the disruption of businesses and the economy by the virus. It is forecast that Kenya's debt is expected to continue rising through the fiscal year 2021/22 to reach about 70 percent of GDP.

Impact on Macroeconomic Factors

National Output (GDP)

Kenya was recently ranked the third largest economy in Sub-Saharan Africa. Before the outbreak of the novel coronavirus, Kenya's economy had decelerated. The real GDP growth in 2019 was about 5.4 percent, compared to 6.3 percent in 2018. This coupled with the convergence of the locust invasion at the beginning of the year that threatened food security, the COVID-19 pandemic and recent floods in the country renders the economy in bad shape.

The COVID-19 shock is expected to further reduce growth in 2020 with large impacts on services (transport, retail trade, tourism, events, leisure, etc.), industry (manufacturing and construction), and agriculture. With this in mind, it is estimated that Kenya's real GDP growth will decline to 1.5 percent this year (World Bank Group, 2020).

Scenario Assumptions

In a baseline scenario, which assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound, the global economy is projected to grow by 5.8 percent in 2021 as economic activity normalizes, helped by policy support (International Monetary Fund, 2020).

Kenya's medium-term growth prospects will be impacted by COVID-19, and much remains uncertain about the magnitude of the impact. According to the Ministry of Health, the peak of the disease is not expected until some point over the next 3 to

6 months, towards the last quarter of the year. Unanticipated large-scale community transmission of COVID-19 could disrupt domestic economic activity more severely and reduce growth below the baseline. Residual risks include potential for drought and a second-round of the locust invasion in mid-2020, which could reduce agricultural output and hurt rural incomes.

On assumption that investor confidence will be restored soon after containment of the pandemic, Kenya's medium-term growth is projected to rebound fast to about 5.6 percent (World Bank Group, 2020).

Inflation

Surprisingly, the highest rate of inflation occurred before the first coronavirus case in Kenya was reported. Inflation in February stood at 6.37 percent, the highest rate since April 2019 (which stood at 6.58 percent). This was largely driven by an increase in prices of food items such as tomatoes – which form part of the daily meal for most Kenyan homes – as a result of heavy rains experienced from late 2019 through to early 2020. In addition, food prices went up by 11.58 percent compared to a similar period last year (Kenya National Bureau of Statistics, 2020).

Table 1: Monthly Average Inflation in Kenya

Month	**Annual Average Inflation (%)**
January	5.78
February	6.37 ↑ 0.59%
March	6.06 ↓ 0.31%
April	5.62 ↓ 0.44%
May	5.47 ↓ 0.15%

Source: KNBS

Inflation for the month of May eased slightly to 5.47 percent from 5.62 percent in April. The downward pressure on inflation for the month of May was brought about in part by the decrease in prices of food items such as avocado, whose prices dipped by 4.5%, Irish potatoes prices dipping by 3.58% and tomatoes by 3%. However, food prices went up by 10.55% compared to a similar period last year. In the same month, the collective prices of housing, water, electricity, gas and other fuels increased marginally by 0.84%.

For the most part, the COVID-19 pandemic has not impacted the rate of inflation. If anything, the decreasing food prices are as a result of most Kenyans having less disposable income because of either being laid-off or the overall uncertainty, leading to reduced spending and consequently, money circulating the economy.

Exchange Rate

The Central Bank of Kenya Governor, Dr. Patrick Njoroge, reiterated that the central bank has no target for the shilling exchange rate and only intervened in the market to smooth out volatility.

The Kenya Shilling is benefiting from the fact that Kenya has a highly diversified economy and trading partners. "When others are hit significantly because they are oil producers, or primary commodity producers, when you look at other countries, their currencies have weakened dramatically," he said.

Unemployment

Protecting lives and allowing health care systems to cope has required isolation, lockdowns, and widespread closures to slow the spread of the virus. Among the places subjected to closures are schools and businesses especially in the recreational space. As a result, many Kenyans are either working from home or have been laid off temporarily or permanently.

On May 30, 2020, the Government of Kenya provided the latest statistics on the extent of the impact of COVID-19 on jobs in the country. It was reported that over 300,000 workers in the formal sector had lost their jobs. Extrapolating that figure to dependents, where it is estimated that one person directly or indirectly supports 10 people, there are therefore approximately 3,000,000 Kenyans (both in the formal and informal sector) whose source of income has been interrupted by the pandemic.

The Kenya National Bureau of Statistics (KNBS) is undertaking surveys whose overall objective will be to assess the economic impact of the pandemic in Kenya. The Bureau has so far conducted two waves of the **Survey on Socio Economics Impact of COVID-19 on Households Report**, covering May up to June 6, 2020.
In the first wave, almost half of the respondents from a random sample who participated in the survey were absent from work and reported that it was due to lockdown or stay away instructions guided by the Government and/or the employers they worked for (Kenya National Bureau of Statistics, 2020).

In the first wave of the survey, 90 percent of persons surveyed reported that they were absent from work due to stay away or lockdown measures were not sure of when they would be returning to work.

In the second wave 61.9 per cent of all persons who reported not having worked in the seven days preceding the survey period and had a job to return to, gave the reason as Covid-19 related issues. The other reasons cited were temporary business closure (15%) and temporary work slack for technical and economic reasons (10.7%).

Moreover, the main reason for the inability of 52.9 percent of households surveyed to pay rent for the month of April was reduced income/earnings due to the pandemic. In the second wave of the survey, 37.0 percent of households indicated that they were unable to pay rent for May 2020. Most (61.0%) of the households that were unable to pay rent cited reduced income as the main reason for defaulting.

For those who reported continued work 48.0 percent of the respondents reported that they had worked less hours than usual.

Impact on Major Economic Sectors

Agriculture

The World Food Programme (WFP) projects that the number of acutely food insecure people in the nine countries in East and the Horn of Africa (Ethiopia, South Sudan, Kenya, Somalia, Uganda, Rwanda, Burundi, Djibouti and Eritrea) is likely to increase to between 34 and 43 million from May through July due to the socio-economic impact of the pandemic. If the number of hungry reaches 43 million, it would have more than doubled the number before the COVID-19 crisis. Among the hungry may be 3.3 million refugees spread across the nine countries.

"COVID-19 is unprecedented as it affects not just one country or region, but the whole world. It is not just a supply side problem, such as drought, or a demand side issue such as a recession - it is both at the same time and on a global scale," said World Food Programme (WFP) Deputy Regional Director Brenda Behan.

More people are expected to die from the socio-economic impact of COVID-19 than from the virus itself, and refugees and the urban poor across the region are at greatest risk.

COVID-19 is spreading across the region at the same time as fears are increasing that new swarms of desert locusts, particularly in Ethiopia, Kenya and near Somalia may eat newly planted crops ahead of the main harvest from July to September. Floods during the current long rains are another additional threat to people and food supplies in much of the region (World Food Programme, 2020).

However, the Kenya National Bureau of Statistics second wave Survey on the Socio-Economic Impact of COVID-19 on Households indicated that Nationally, 78.1 per cent of households reported to be food secure. About four out of five (78.8%) of the households indicated that there was an increase in food prices due to COVID-19 pandemic. Approximately 77.6 per cent of the households reported having no challenges in accessing market/grocery store to purchase food items.

Governments and humanitarian organizations are scrambling to address the loss of food security for many families in urban areas or risk the destabilizing effects of urban unrest.

With governments in the region imposing restrictions delaying cross-border trade because of high rates of infection among truck drivers, the WFP calls for cooperation to keep both commercial and humanitarian goods flowing to stave off a food crisis.

Horticulture

At the start of the pandemic, the flower sector was losing an estimated KES 250m per day and is estimated to lose half of its value (KES 60bn) by end of 2020. Approximately 30,000 temporary workers have been laid off and another 40,000 permanent staff sent on unpaid leave.

The vegetables and fruits markets remains but with exporters reportedly shipping only 25% to 30% of their normal capacity. Kenya's flower exports have so far recorded more than 50% drop in exports with indications that production is currently at less than 10% and facing the risk of total collapse.

Travel, Tourism and Hospitality

Tourism is an economic powerhouse and represents 30 percent of the world's exports of services and 1 in every 10 jobs worldwide (World Tourism Organization (UNWTO), 2020).

According to the World Tourism Organization (UNWTO) Report on COVID-19 Related Travel Restrictions, as of April 20, 2020, 100 percent of all worldwide destinations had introduced travel restrictions in response to the pandemic. International tourism was down 22 percent in the first quarter with a projected 60 to 80 percent decline over the whole year. With 57 million fewer international tourists up to March, this translated to a total of USD 80 billion in lost exports. The UNWTO World Tourism Barometer, projected that the crisis could lead to an annual decline of between 60% and 80% compared to 2019 figures (UNWTO, 2020), placing millions of livelihoods at risk.

The year 2020 looked hopeful for the travel and tourism industry. For Kenya, Tourism earnings in 2019 had risen by 3.9% from 157.4 billion in 2018 to KES 163.6 billion. Air passenger transport numbers increased by 3.1 percent to about 12.1 million with international visitor arrivals increasing by 0.4% to 2.04 million in 2019, surpassing the two-million-mark for the second successive year (Kenya National Bureau of Statistics, 2020).

The industry has been one of the most affected by the pandemic. The Cabinet Secretary of the Ministry of Tourism, Najib Balala, estimated it was down by about 80 to 90 percent. Many businesses in the sector closed down (hotels, tour companies, parks, etc.) and thousands of employees in the country have lost their jobs, or some choosing to go on unpaid temporary leave until further notice.

Scenario Assumptions

The UNWTO has outlined 3 possible future scenarios of monthly change in arrivals from April to December 2020, depending on how the crisis unfolds and supposing that travel restrictions start to be lifted and national borders opened in early July (Scenario 1), in early September (Scenario 2) or in early December (Scenario 3) (UNWTO, 2020):

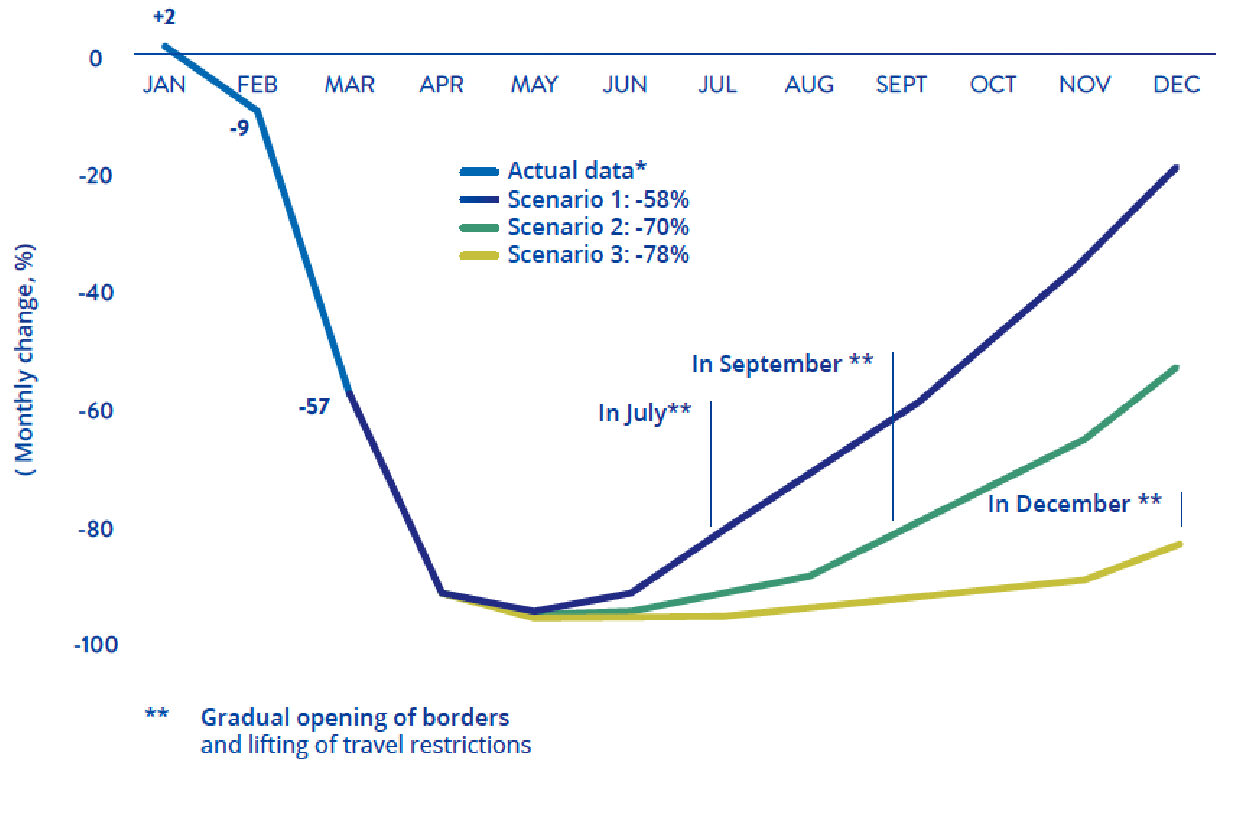
Table 2: Monthly change in tourist arrivals from April to December 2020

Scenario	**Monthly change in arrivals from April to December 2020**	**Possible dates for gradual opening up of international borders and easing of travel restrictions**
Scenario 1	-58%	Early July
Scenario 2	-70%	Early September
Scenario 3	-78%	Early December

Source: UNWTO

Figure 2 below shows the international tourist arrival scenarios for 2020 depending on the pace of normalization.

Figure 2: Tourist Arrival Scenarios



Note: These scenarios are not forecasts. They represent alternative monthly % change in arrivals based on the gradual opening of national borders and lifting of travel restrictions on different dates, still subject to high uncertainty. (as of 7 May 2020)

* Actual data through March includes estimates for countries which have not yet reported results.

Source: UNWTO

Data shows that arrivals in the month of March went down by 57% following the start of the lockdown in many countries, widespread travel restrictions and the shutdown of airports and national borders.

The three scenarios reflect three very gradual paces of normalization in which monthly declines in arrivals start to recede in those respective months and there is no significant or long-lasting worsening of the pandemic that affects travel conditions thereafter.

Under these scenarios, the impact of the loss of demand in international travel could translate into:

- Loss of 850 million to 1.1 billion international tourists
- Loss of USD 910 billion to USD 1.2 trillion in export revenues from tourism
- 100 to 120 million direct tourism jobs at risk

The impact will be felt to varying degrees in the different global regions and at overlapping times, with Asia and the Pacific expected to rebound first.

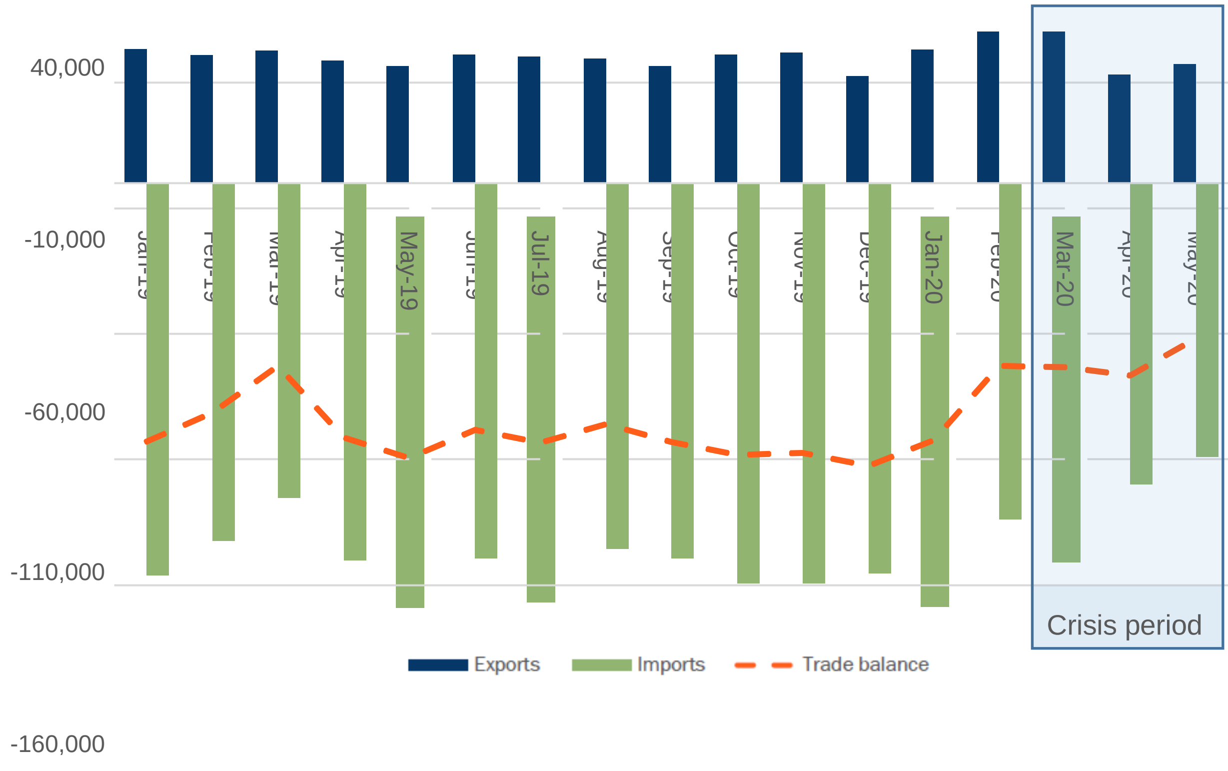
Trade

According to data from the Kenya National Bureau of Statistics published at the end of June and collated in a report on the impact of the pandemic on trade in East Africa, by the Africa Growth Initiative at Brookings, Kenya experienced an improvement in exports in the first quarter of the year 2020. The drop in exports due to the pandemic was realized in April with a 33 percent decline from March but picked up again in May. Not all supply chains were disrupted by the crisis, however, some Kenyan exports like tea and fruit surpassed levels in previous years.

Imports on the other hand registered decline by a quarter over the three months since the crisis began (March-May 2020) with capital goods imports registering marked decline. This trend, if sustained, could have negative implications for long-term economic growth. However, it could also set the scene for a revitalization of local industries, as local producers step up to fill the void.

As a result, Kenya’s balance of trade improved significantly during the crisis period, an unusual outcome for a developing country facing an external shock.

Graph 3: Total Kenyan exports, imports, and trade balance, Jan 2019-May 2020 (million KES)



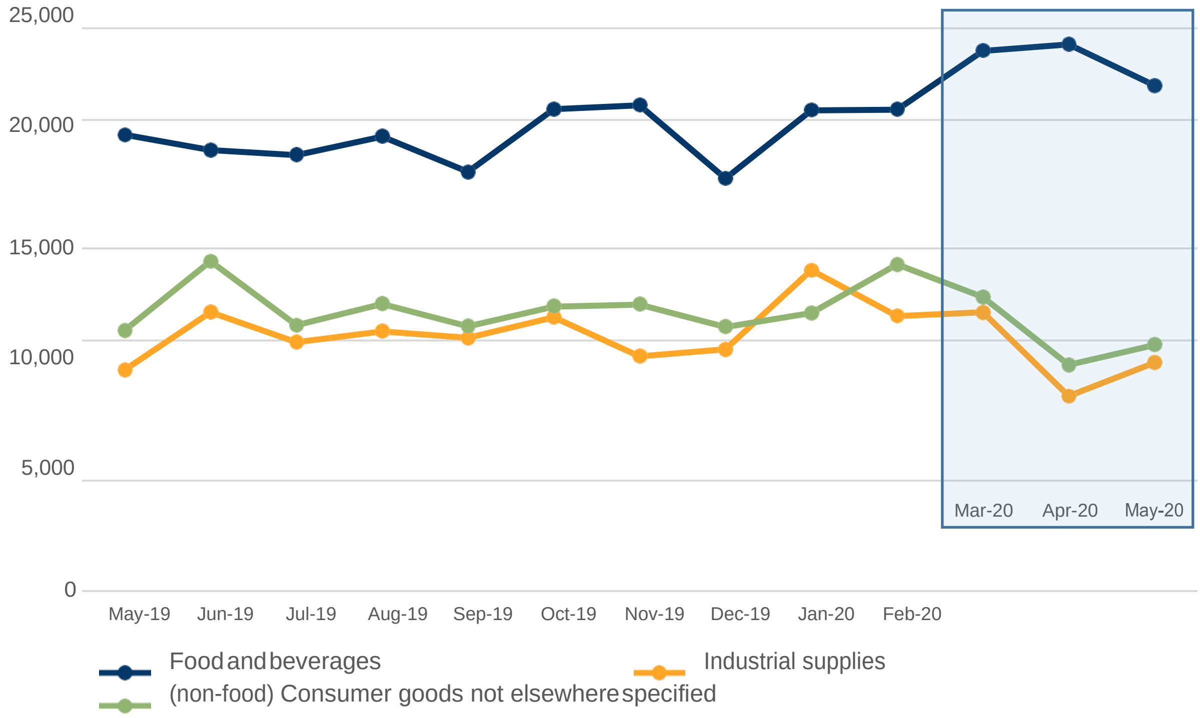
Source: KNBS (2020).

Exports

Kenya is the major exporter and importer of the East African Community (EAC), accounting for around 46 percent of exports and 41 percent of imports for the whole region. Kenya is also responsible for more than half of manufacturing value-added produced by the East African Community (EAC) (Mold, 2017), implying that it has some competitive advantages in merchandise goods (beyond primary exports).

Of the three-largest product categories of exports (accounting for 98 percent of Kenyan exports) industrial supplies and consumer goods exports have been declining since the crisis hit. But Kenya's main exports of food and beverages increased during the crisis.

Graph 4: Kenyan exports by major product categories (million KES): March 2019-May 2020



Source: KNBS (2020).

Kenyan exports to the United States and the Netherlands were severely disrupted in April due to both suspensions of international flights and the collapse of demand in target markets. The declines to the United States partially reflected a fall in April's textile exports under the AGOA arrangement while the declines to the Netherlands were due to the sharp decline in shipments of flowers and vegetables to the European Union (which accounts for more than 80 percent of horticulture exports from Kenya).

However, Kenya's sizeable tea industry (the world's second-largest tea exporter after China) saw little of the disruption with Kenyan tea exports peaking at just under 58,000 tons in April–the highest on record while the volume of fruit exports surpassed the level reached during the 2019 season.

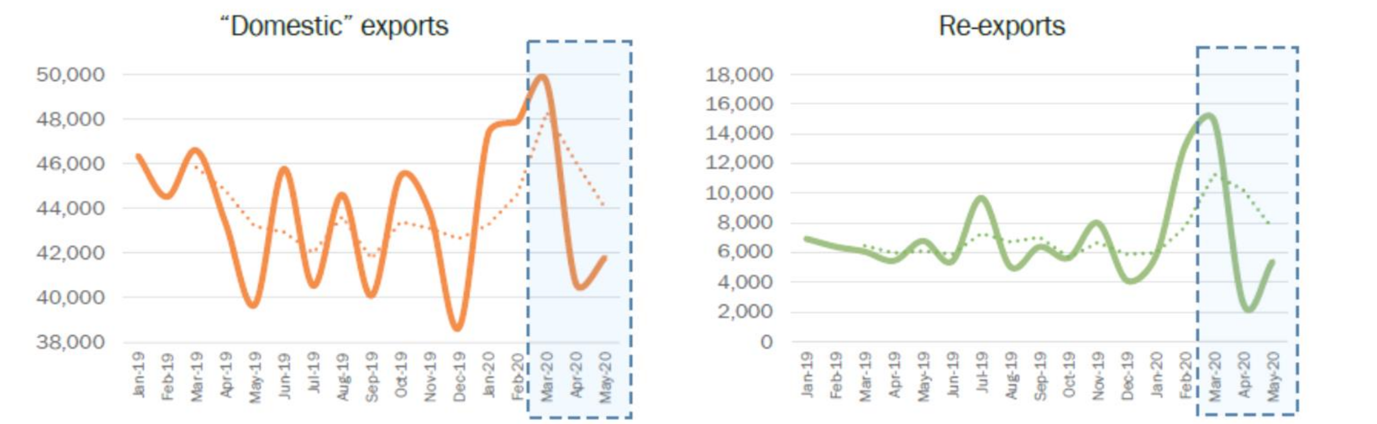
It was the transhipment (re-exports) of goods to and from other East African countries that was hardest hit, falling by 23.1 percent. At the beginning of the crisis, average cargo transit times between Mombasa and Busia, a town on the Ugandan frontier, rose from 4 days in January 2020 to 12 days by the end of March. This deterioration in the flow of trade mostly related to delays at the border following the introduction of COVID-19 safety measures, such as the testing for truck drivers, with long queues developing at the frontiers. (Africa Growth Initiative, 2020).

Table 3: Quarterly trade for Kenya, March-May 2019/March-May 2020 (million KES)

	Domestic exports	Re-exports	Total exports	Total imports	Volume of trade	Home use imports
March-May 2019	129,637	18,303	147,940	431,240	579,181	405,947
March-May 2020	132,129	22,767	154,896	366,440	521,336	302,139
Change 2020/2019	1.9%	24.4%	4.7%	-15.0%	-10.0%	-25.6%

Source: KNBS (2020)

Graph 5: Kenyan monthly trade, Jan 2019-May 2020 (million KES)



Source: KNBS (2020).
Note: Dotted lines represented 3-month moving averages.

Source: KNBS (2020)

Table 4: Cargo throughput at the port of Mombasa

	Total cargo	Import cargo	Export cargo	Transshipment cargo
March-May 2019 average (metric tons)	2,927,472	2,386,368	350,738	180,962
March-May 2020 average (metric tons)	2,594,158	2,083,477	336,223	139,146
Percentage change (%)	-11.4%	-12.7%	-4.1%	-23.1%

Source: Calculated using data from the Kenya Ports Authority (2019, 2020).

Imports

Kenyan imports experienced a sharp decline since the start of 2020. However, in March 2020, they were higher than in March the previous year. Only in April did the drop off in imports become evident.

The most affected were imports from China that saw a sharp fall interpreted as the delayed supply-side shock: As the first country to suffer from the consequences of the pandemic, Chinese global exports declined by 13.3 percent in the first quarter of the year (*Financial Times*, 2020), together with a substantial 13.5 percent decline in industrial production in the first two months of the year (CNBC News, 2020). China is the leading source of imports for Kenya, accounting for around a quarter of all of Kenya's imports in 2019 before the crisis.

As a large net importer of fuel, Kenya has however benefited from the fall in oil prices since the beginning of 2020, and in April experienced a 42 percent decline in the value of imports of fuel and lubricants.

Disruption in food imports has been minimal with a relatively stable level of imports in industrial supplies. However, there has been a sharp contraction of imports of machinery and other capital equipment which, in the six months between November 2019 and May 2020, declining by more than half, raising concerns for the prospects of long-term economic growth. (Africa Growth Initiative, 2020).

Transport and Aviation

The Kenyan government suspended all international flights on March 25, 2020 as a precaution. Consequently, the national carrier Kenya Airways (KQ) applied for a state bailout to avoid collapse as aircrafts were grounded and revenue sources cut-off. During its Annual General Meeting (AGM) held end of June 2020, the airline reported a USD 100 million (Sh10 billion) loss since January 2020 and projected to lose USD 400 million to 500 million (Sh40-50 billion) by the end of the year.

The airline had already sent home most of its workers on unpaid leave from April 1, 2020, with the management team taking a 75% pay cut and the CEO an 80% pay cut. During the AGM, the company CEO further indicated that due suppressed demand for air transport and the continued grounding of a large part of the fleet a decision was reached to carry out an organization wide rightsizing exercise which will see a reduction of the network, assets and staff at the airline, indicating further job cuts in the days to come.

Given that it is estimated that one job in the airline transport industry supports approximately another 24 jobs in the economy, a collapse of the airline transport industry could translate to significant losses in other sectors of the economy.

The airline is set to be nationalized becoming a full government entity once the National Aviation Management Bill 2020 that was tabled in Parliament is accented under a new body, the Kenya Aviation Corporation. It will include a new Kenya Airports Authority and the Aviation Investment Corporation.

Public transport too was not spared with restrictions in carrying capacity affecting revenues. However, public transport operators resorted to increasing fares to cushion their revenues with an overall recorded 51.7 percent increase in the cost of transport on most frequent routes in Kenya (Kenya National Bureau of Statistics, 2020).

Education

The COVID-19 pandemic has disrupted learning for more than 18 million learners in the country. The Kenya Institute of Curriculum Development (KICD) estimates that 47% of learners are accessing lessons through radio, TV or the Internet. This means that over half of Kenya students are not able to access remote lessons, either because they are outside of broadcast range or do not have the necessary equipment.

Before the COVID-19 pandemic hit, going to school gave children in Kenya a safe and supportive learning environment, with access to free school meals and other services. Today, as classrooms remain closed, children continuing their education from their homes are grappling with problems such as intermittent power and limited space to play or exercise (UNICEF, 2020).

An extended period of closure will impact children's wellbeing and have a long-term impact on inequality, as the most vulnerable children will lag behind academically and some vulnerable families may not send children back to school.

The Kenya National Bureau of Statistics Survey on the Socio-Economic Impact of COVID-19 on Households indicated that countrywide, 65.8 percent of the surveyed households reported to have at least one member who usually attend a learning institution. Self-learning at home was reported as the main coping mechanism used by majority (57.5%) of these households. However, 17.0 per cent of households with members who usually attend a learning institution were not using any method to continue with learning. (Kenya National Bureau of Statistics, 2020)

SME Sector

The COVID-19 pandemic has affected businesses' operations and access to liquidity to finance operations, affecting business continuity for SMEs. A survey by the Central Bank of Kenya (CBK) suggests that approximately 75 percent of Small and Medium-sized Enterprises (SMEs) face collapse if they fail to get fresh funds from banks or equity partners by the end of June 2020.

Informal Sector

Informal workers and the youth make up 70 percent of the population in Kenya (World Bank Group, 2020). In 2019, the informal sector accounted for 83 percent share of employment, while the formal sector took up 16 percent share of employment and about 1 percent are self-employed (Kenya National Bureau of Statistics, 2020).

A half of the urban population lives in informal urban settlements or slums, with 25 million people living hand-to-mouth each day.

Measures to stop the spread of COVID-19 have disrupted informal labor markets and led to significant income loss for millions of low-income households, with millions having already lost their jobs as the economy falters amid lockdowns and curfews. Few will have the financial resources to weather the storm, let alone provide additional care for loved ones in need.

MITIGATION MEASURES FOR ECONOMIC IMPACT

Kenya put in place a series of mitigation measures to deal with the economic impact of the pandemic as follows:

Fiscal Stimulus Measures

Involves either reducing taxes or increasing government expenditure, or both.
As of June 6, 2020, the President of Kenya, H.E. Uhuru Kenyatta, had announced the following stimulus measures in an attempt to enhance economic activity by allowing for businesses to increase their existing capacity, with most of them taking effect April 1, 2020:

- 100 percent Tax Relief for persons earning a gross monthly income of KES 24,000 and below.
- Reduction of the Income Tax Rate (Pay As You Earn – P.A.Y.E.) from 30 percent to 25 percent.
- Reduction of the Resident Income Tax (Corporate Tax) Rate from 30 percent to 25 percent.
- Reduction of the Turnover Tax Rate from 3 percent to 1 percent for all Micro, Small and Medium-sized Enterprises (MSMEs)
- Reduction of Value Added Tax (VAT) from 16 percent to 14 percent.
- Disbursement of KES 13 billion for pending bills
- Appropriation of an additional KES 10 billion to the elderly, orphans and other vulnerable members of society through cash transfers by the Ministry of Labor and Social Protection to cushion them from the adverse effects of the pandemic.

The President, Vice President and some Members of Parliament also took voluntary salary cuts of up to 80 percent.

A decrease in production also resulted in a reduction in excise duty.

Monetary Stimulus Measures

Monetary stimulus involves increasing the amount of money in the economy by cutting interest rates. This reduces the cost of borrowing resulting in more people and their businesses having access to affordable credit facilities.

The following measures have been put in place by the Monetary Policy Committee (MPC) to try cushion Kenyans from the economic implications of the coronavirus pandemic:

- The CBK lowered the **Central Bank Rate (CBR)** by 1% to **7.25%** and then cut it a second time further down to **7.0%** to reduce the cost of borrowing and make credit more affordable to MSMEs.

- The **Cash Reserve Ratio (CRR)** was reduced by 1% to **4.25% to provide additional liquidity of KES 35 billion to commercial banks** that will help bridge the gaps that would be created by restructuring loans in order for them to have more money available to lend.

- Increased the maximum tenor of repurchase agreements from 28 to 91 days.

- Gave flexibility to banks regarding loan classification and provisioning for loans that were performing on March 2, 2020 but were restructured due to the pandemic.

- The central bank also encouraged banks to extend flexibility to borrowers' loan terms based on pandemic-related circumstances and encouraged the waiving or reducing of charges on mobile money transactions to disincentivize the use of cash.

- On April 15, the central bank suspended the listing of negative credit information for borrowers whose loans became non-performing after April 1 for six months. A new minimum threshold of $10 was set for negative credit information submitted to credit reference bureaus.

- On April 29, the central bank lowered its policy rate by 25 bps to 7.0 percent.

- The CBK is choosing to take advantage of shocks to international currencies to shield the Kenya Shilling.

Further to this President Kenyatta announced a second stimulus package of KES 53.7 billion. This would however not be made available immediately until July or August 2020, because the amount would be included in the budget of the next fiscal year 2020/21 which was as yet to be tabled and approved in parliament. The stimulus package is set to provide:

- KES 5 billion to hire local labor for rehabilitation of roads
- KES 6.5 billion to hire 10,000 teachers and 1,000 interns
- KES 1.7 billion going to health care to expand bed capacity in public hospitals.
- KES 3 billion to boost farming by providing farm inputs
- KES 2.4 billion for wells and water pans.
- KES 600 million for funding of locally manufactured vehicles
- KES 3 billion seed money for operationalization of the Credit Guarantee Scheme announced in 2019 to enhance lending to high risk segments of the economy.
- KES 10 billion for payment of VAT refunds and other pending payments to SMEs

Canada, the United States of America, and other countries, have also had stimulus packages. Most of their stimulus packages were equivalent to about 5 to 10 percent of GDP. In Kenya's case, KES 53.7 billion spent over the next fiscal year would be less than 1 percent of Kenya's GDP.

Education

There is currently suspension of in-person learning in all education institutions across the country. The Ministry of Education projects school re-opening in January

2021, although stakeholders have called on revised projections to allow re-opening in September 2020.

Transport

Following engagement with all key stakeholders to develop protocols to guide resumption of local air travel, the government allowed local air travel to resume on July 15, 2020 and is set to resume international flights on August 1, 2020. Kenya airways the national carrier has also converted aircraft from passenger to cargo to maintain operations and support flow of trade.

Limitation on passenger capacity for both public and private transportation was also reviewed, and a 14-seater capacity vehicle is now allowed to carry 10 passengers as opposed to 8 including driver and crew. A 33-seater is allowed a sitting capacity of 18 including the driver and crew. For personal vehicles, a five-seater car is allowed a maximum of three passengers and a seven-seater car a maximum of five passengers.

Tourism

In a move to revive the sector, the President allocated KES 6 billion to the sector as a stimulus package. KES 2 billion is to be channeled through the Kenya Tourism Finance Corporation as soft loans to support hotel renovations while KES 1 billion will be allocated to conservancies. The rest will be used to promote destination marketing through the Kenya Tourism Board (KTB), supporting the Utalii College (the government's hospitality industry training institution) and providing support to the Kenya Wildlife Service (KWS) to engage over 5,000 community scouts for a period of one year. The soft loans will be long-term and will offer single digit interest rates.

On June 1, 2020, the government augmented this and provided a further KES 2 billion to be injected into the hospitality industry to cushion them from the impact of the pandemic with priority given to ensuring workers in the industry retain their jobs.

PRIVATE SECTOR CONTRIBUTION TO THE COVID-19 RESPONSE

The Kenyan private sector rallied quickly to support and complement government response to the pandemic. The private sector, through various business associations, engaged with the government to mitigate the negative impacts of the pandemic on the economy covering macro and sectoral issues as well as the path to recovery.

Individual companies also made donations to the COVID-19 Fund created to mobilize resources to meet the pressing costs of fighting the pandemic, donated personal protective equipment, food, water and sanitation equipment, telecommunications support and resources to support digital working and learning.

AmCham Kenya's Contribution

At the start of the crisis, AmCham engaged the Kenyan government on what individual AmCham members could do to support government efforts to combat the pandemic. We rallied members who provided support including provision of sanitation equipment such as handwashing stations in vulnerable areas as well as production and supply of hand sanitizers and personal protective equipment including face masks to healthcare facilities.

With most of the leading global technology and health firms being members of AmCham Kenya, our members further worked to maintain connectivity for critical sites, ensuring continuity and efficiency of health services to support provision of remote health services, faster detection, tracing and monitoring as well as maintenance of health lifesaving equipment and technology already in use.

They supported government staff with the tools, skills and knowledge for remote work, including broadband-connected points of presence/terminals from where government officials can conduct video conferences as well as support on the use of digital tools for mass communication, running public health messaging and campaigns.

AmCham members further facilitated internet connectivity in underserved areas and digital tools to support online learning. They also facilitated logistics and supply of essential goods and services such as transport for healthcare workers, first responders, caregivers and service technicians going on-site to support critical infrastructure.

A detailed description of the initiatives undertaken by members and their progress can be found on the AmCham Kenya website here: https://amcham.co.ke/covid19/what-our-members-are-doing/

International Support

Non-Profit Organizations

The International Monetary Fund

On May 6, 2020, the IMF Executive Board approved the disbursement of USD 739 million to be drawn under the Rapid Credit Facility (RCF), to help to meet Kenya's urgent balance of payments need stemming from the outbreak of the COVID-19 pandemic (International Monetary Fund, 2020).

Moreover, the IMF is in close contact with the Kenyan authorities and stands ready to provide policy advice and further support, as needed.

World Bank Group

On April 2, 2020, the WBG Board of Directors approved USD 50 million in immediate funding to support Kenya's response to the global COVID-19 pandemic under a new operation - the **Kenya COVID-19 Emergency Response Project**, which will provide emergency funding for medical diagnostic services, surveillance and response, capacity building, quarantine, isolation and treatment centers, medical waste disposal, risk communication and community engagement as well as strengthening of the country's capacity to provide safe blood services (World Bank Group, 2020).

The project will be implemented in all 47 counties in the country. The primary beneficiaries will be infected persons, at-risk populations, medical and emergency personnel, medical and testing facilities, and national health agencies.

In addition, USD10 million was triggered under the Contingency Emergency Response Component of the Transforming Health Systems for Universal Care Project to fund the National COVID-19 Contingency Plan.

In addition, on May 20, 2020, the World Bank Board of Directors approved a budget support operation of USD 1 billion for Kenya, which would help narrow the fiscal financing gap, help Kenya navigate the current COVID-19 crisis to cushion the impact on livelihoods and jobs, while supporting reforms that help advance the government's inclusive growth agenda, including affordable housing and support to farmers' incomes (World Bank Group, 2020).

Given Kenya's classification as a lower middle-income blend country, the USD 1 billion financing comprised of USD 750 million credit from the International Development Association (IDA) and a further USD 250 million loan from the International Bank for Reconstruction and Development (IBRD).

World Health Organization

Kenya is among 54 countries in Africa affected by the pandemic to benefit from WHO's initiatives. Since the outbreak began, WHO has developed national response plans to mobilize over USD 300 million for public health interventions.

More than 900 WHO staff have been repurposed to support the response in the region, and WHO has trained more than 10,000 African health workers in a variety of topics related to COVID-19, such as infection prevention and control, methods of treatment, logistics, laboratory testing and risk communication.

Over the past 3 months, WHO has supported the delivery of 2 million pieces of PPEs for health workers, including surgical face masks and more than 100,000 screening kits. The organization is working with various partners to ramp up the delivery of key supplies over the coming months in order to respond with agility to the COVID-19 health crisis (World Health Organization, 2020).

UNICEF

UNICEF Kenya is focusing on providing access to out-of-classroom learning via radio, television and online to the most vulnerable children, including those in informal settlements, refugees, and children with disabilities. UNICEF has distributed 27,500 solar powered radios for learners without access to lessons, as well as textbooks to 18,350 students in refugee camps. They have also provided academic and physical fitness tutorials through smartphones (UNICEF Kenya, 2020).

Moreover, UNICEF Kenya, is working with the Ministries of Health and Education to prepare guidelines for schools to reopen safely, helping in the disinfection of any school buildings that have been used as quarantine facilities and ensuring that children have access to hand washing facilities.

With support from UNICEF, trained community health volunteers visit water stations and households, educating people on hand washing techniques, social distancing and the steps to take if they suspect they have contracted the virus (UNICEF Kenya, 2020).

Also, as part of the United Nations (UN), UNICEF Kenya is supporting the government's response to COVID-19 by delivering water, sanitation and hygiene supplies to affected areas and working with partners to help keep crucial health services going.

United States Centers for Disease Control and Prevention (CDC)

On April 28, 2020, the U.S. Centers for Disease Control and Prevention (CDC) committed USD 6.6 million (approximately KES 705 million) to Kenya to support prevention, preparedness and response to COVID-19 through surveillance resources, laboratory supplies, and surging staff costs (U.S. Embassy in Kenya, 2020).

Jack Ma Foundation

On March 24, 2020, Kenya received 100,000 medical face masks, 20,000 test kits and 1,000 protective suits donated by Chinese billionaire and philanthropist, Jack Ma, to help fight the pandemic.

Foreign Countries

The United States has taken the lead in supporting Kenya's efforts to curb the spread of Coronavirus and mitigate its socio-economic impact. On July 1, 2020 the U.S. Agency for International Development (USAID) announced $50 million (KES 5 Billion) to support Kenya's response and recovery efforts to meet the immediate and longer-term challenges that COVID-19 is posing to be distributed as follows:

- KES 1.5 billion ($15 million) to strengthen health and water systems and ensure effective communication and community engagement.
- KES 2.8 billion ($27.8 million) to ensure small businesses can stay afloat, the agribusiness sector can maintain an operational food supply chain, and short-term emergency food as well as longer-term food security.
- KES 610 million ($6,166,000) to ensure children keep learning to read through distance learning, young people gain jobs in emerging areas, and

citizen-responsive governance helps mitigate possible conflict, violence, and civil unrest.

In addition, to date the U.S. has trained 1,600 health workers in 35 counties in Kenya; printed and distributed 272,000 Ministry of Health posters on the prevention and symptoms of COVID-19 across 23 high-risk counties; provided personal protective equipment (PPE) to protect health care workers; provided diagnostic and capacity-building support to labs to meet the ever-increasing testing demand; and are supporting three water service providers to ensure that their operations continue.

Countries such as the United Arab Emirates (UAE) and China also sent aid planes containing medical supplies to Kenya to support medical professionals as they work to combat the virus.

RECOMMENDATIONS FOR BUSINESS CONTINUITY AND RECOVERY

This crisis requires a long-term strategy. Lessons from the COVID-19 pandemic have taught us the need for self-reliance while at the same time strong multilateral cooperation to complement national policy efforts to overcome the effects of the pandemic. The following are some recommendations that Kenya could adapt to boost efforts to support the economy and deal with the crisis as suggested by various bodies, industry experts and lessons learnt from various countries.

Fiscal Space

The IMF has called for sustained fiscal consolidation by the government in the medium term to lower the debt to a prudent level (Reuters, 2020). Further, a new Debt and Borrowing Policy sets Kenya up to manage its public debt more strategically and transparently, including by specifying clear oversight and audit responsibilities over the use of borrowed funds. Authorities have however committed to resume their fiscal consolidation plans once the crisis abates to reduce debt vulnerabilities (International Monetary Fund, 2020).

The WBG also advises that it is important to customize COVID-19 spread containment measures to reflect local context and peculiar constraints faced by government such as limited fiscal space, and much less operational capacity to respond to help households and firms weather the crisis.

The hardship from the crisis would disproportionately befall the poorest and the most vulnerable households in Kenya. Many of these depend on farming (for those in rural areas), self-employment and informal wage (for those in urban areas). Protecting their earnings and reaching households through cash transfers is considerably more challenging due to a nascent system of social safety nets, lack of proper physical address system, and updated welfare registers. It is critical, therefore, for the country to scale up available social assistance programs to provide poor households with food, water, and other basic supplies to cope with the crisis (World Bank Group, 2020).

Private Sector

According to estimates by economists at IEA-Kenya, production valued between KES 28 billion (best-case scenario) and KES 50 billion (worst-case scenario) is being lost each month that the economy is closed. They suggest that the government spend at least KES 1 billion to test as many Kenyans as possible per week to give people confidence to go back to work. The government could incentivize employers by having them test their employees, say, every two months, and refund the expenditure with a tax break.

David Ndii, a leading Kenyan economist, advised the government to put together a Lifeline Fund for any micro and small enterprise in the formal sector that wishes to sustain their workforce.

Supporting small businesses and protecting jobs to cope with the negative effects of COVID-19 crisis is particularly critical at this time. This could be done by ensuring that vulnerable households have cash-on-hand, workers continue to receive salaries - even when temporarily laid-off-and that firms have enough cash flow (to pay workers and suppliers) and avoid bankruptcies (World Bank Group, 2020).

For the time being, however, businesses need to be agile and proactive, and ensure that they are well prepared to respond to the challenges posed by the pandemic. Anticipating the impact on operations, cashflows and stakeholders and managing these aspects proactively will go a long way towards building business resilience in this time of uncertainty (PwC Kenya, 2020).

Public Health and Social Measures

The health policy measures are quite costly to the economy by reducing social interaction, production and demand across all sectors. It is therefore recommended that to ensure a coordinated healthcare response as the crisis unfolds the following are continuously reviewed:

- Redeployment of health personnel based on risk profile and population size of county
- Continuous review of the containment policies to minimize economic impact
- Coordination and collaboration between National and County Governments

WHO has issued interim guidance to Member States, which encourage a gradual adjustment of public health and social measures, while constantly assessing risks. As countries ease restrictions, health authorities will need to ensure continuity of essential health care services while also resuming the full gamut of routine health services. This challenge will be compounded by ongoing global supply bottlenecks, shortages, and the necessity of repurposing staff for the COVID-19 response (World Health Organization, 2020).

Although breakthroughs have been reported in vaccine development there is not as yet an approved vaccine or cure for coronavirus.

Trade

According to a paper on the impact of the COVID-19 crisis on trade in East Africa published July 2020 by the Africa Growth Initiative at Brookings, East African countries should focus on the following to protect against the negative impact of the COVID-19 crisis on trade:

1. Reduce undue impact on the flow of trade such as addressing the challenges to harmonizing issuance and recognition of COVID-19 certificates for truck drivers to speed up port and border clearance procedures in East Africa (East African Business Council, 2020).

2. Develop and rapidly implement regional protocols and initiatives like TradeMark East Africa's $23 Million Safe Trade Emergency Facility (TradeMark East Africa, 2020), which focuses on making ports, borders, and supply chains safe for trade. The East Africa region and Africa in general needs more initiatives of this nature for intra- regional trade.

3. Be flexible in the utilization of different modes of transport. Kenya's rapid decision to retool its passenger aircrafts for cargo for example is a step in the right direction. Rwanda has followed a similar strategy and found success: Its air cargo (imports and exports) increased from $57 million in April to $134 million by May. Indeed, whereas in May 2019, just 18 percent of Rwandan exports were shipped by air, by May 2020 that figure had reached 73 percent (National Institute of Statistics of Rwanda, 2020). Air transport is, of course, more costly and as a long-term measure it may not be viable for all traded goods. However, as a short-term measure, it is a way to avoid the collapse of both export revenues and essential imports.

4. Provide additional support to border communities where livelihoods are heavily dependent on informal cross-border trade.

5. Turn the marked decline in capital goods imports into an opportunity for a revitalization of national and regional industry to stem negative implications on long-term economic growth.

6. Urgently implement the African Continental Free Trade Agreement together with new trade facilitation measures, to significantly mitigate COVID-19's negative impact on the entire continent's economy.

Transport

To assist the transport sector, including transport authorities, companies, independent or informal drivers, and passengers, in addressing COVID-19, the Africa CDC set out the following guidelines (Africa CDC, 2020):

- Maintain hygiene
- Transport authorities, companies and passengers should minimize use of public transport and only take essential journeys
- Consider banning standing passengers and limit the occupancy of sitting passengers per vehicle to 50 percent of the normal capacity
- Use posters and announcements to remind travelers and staff to wash their hands often, follow general hygiene advice and not travel or work if they are unwell.

Education

To assist staff, students and caregivers in schools, institutions of higher learning, and other educational institutions, the Africa CDC set out the following guidelines (Africa CDC, 2020):

- Support online and distance learning possibilities
- Explore possibility for online platforms for home learning and identify possible partners to assist with this
- Education systems need a 'Plan B' for safe and effective learning delivery when schools are closed. Producing accessible digital and media resources based on the curriculum will not only allow a quicker response, but their use in ordinary times can enrich learning opportunities for children in and out of school.
- Infrastructure investment in remote and rural areas to reach marginalized children should be a priority (UNICEF, 2020)
- Teacher training should change to include management of remote 'virtual' classrooms, improving presentation techniques, tailoring follow-up sessions with caregivers and effective blending of technology into lessons.

- Increased focus on implementation research is needed to develop practical ways to improve teacher training, content production, parental engagement, and to leverage the use of technologies at scale.

Tourism

The UNWTO has proposed an initiative known as the COVID-19 Tourism Recovery Technical Assistance Package which is structured around three main pillars:

- **Economic Recovery**: through measuring the quantitative and qualitative impacts of COVID-19 on the tourism sector and preparing research-based recommendations for economic recovery and support to tourism related businesses, in particular to MSMEs.
- **Marketing and Promotion**: through the review of marketing and promotion strategies, identifying and targeting markets that can help accelerate recovery, addressing product diversification, and recommendations and guidelines in terms of pricing and packaging.
- **Institutional Strengthening and Building Resilience**: especially aimed at assisting governments and tourism businesses to adapt their services to meet the post COVID-19 working conditions in terms of health, safety, and restoration of consumer confidence; and promote tourism governance, public-private partnerships and collaborative efforts for tourism recovery, including crisis preparedness and management systems, protocols and skills. UNWTO Priorities for Tourism Recovery (UNWTO, 2020) UNWTO Global Guidelines to Restart Tourism (UNWTO, 2020)

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