

ECONOMIC DEVELOPMENTS IN EAST AFRICA

MONTHLY BRIEFING
NOVEMBER 2020



Image: President Magufuli gives a toast
Credit: [Paul Kagame](#)



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CONTENTS

SUMMARY	1
I. MACRO ISSUES	1
1.1. AFRICA	1
1.2. EAST AFRICAN COMMUNITY (EAC).....	2
1.3. KENYA.....	2
1.4. TANZANIA.....	3
1.5. RWANDA	4
1.6. UGANDA.....	4
2. SECTOR UPDATES	5
2.1. AGRICULTURAL INPUTS (KENYA)	5
2.2. AQUACULTURE (EAST AFRICA).....	5
2.3. COTTON & TEXTILES (TANZANIA & EAST AFRICA).....	5
2.4. FORESTRY (EAST AFRICA).....	5
2.5. LIVESTOCK (KENYA).....	6
2.6. TEA (EAST AFRICA).....	6
2.7. WATER (KENYA).....	6
3. DONOR UPDATES	6
3.1. BILATERAL DONORS	6
3.2. MULTILATERALS.....	6
3.3. PRIVATE FOUNDATIONS / INDIVIDUALS.....	6

SUMMARY

Macro issues

- The story of the day in East Africa is politics:
 - In Tanzania, incumbent president John Magufuli won a landslide election – securing 84% of the vote according to the National Election Commission. The result has been questioned by rights groups, the international media and the country's opposition.
 - In Kenya, the findings of the Building Bridges Initiative (BBI) report were released this month. The report advocates for a number of legislative changes, such as the creation of a Prime Minister position, meant to temper the power of Kenya's executive branch. The timing of the report coincides with a heating up of election campaigning for 2022.
 - In Uganda, opposition leader Bobi Wine has been arrested, shortly after declaring his intention to run for president in 2021. Prior to his arrest, Wine's team has complained about government interference, with security forces having raided his team's offices.

Sector updates

- Tea farmers in Kenya will receive an increased bonus from KTDA due to a larger than expected harvest and increased exports to Turkey. This payment comes off the back of significant reform efforts in the sector and threats to boycott harvesting from farmers.
- A research institute in Uganda has made a breakthrough into a genetic vaccine to stop ticks that have long hampered the region's livestock sector.
- The global outlook for textiles, cotton and apparel is improving, with cotton prices stabilising and turnover improving since the start of the COVID-19 epidemic.

Donor community

- The UN and FAO have announced \$918 000 in new funding for a Forest and Farm Facility (FFF) Phase II in Tanzania
- The EU has pledged a number of funding commitments to support trade and logistics in Uganda as well as climate change adaptation in the ASAL regions of northern Kenya.

I. MACRO ISSUES

I.1. AFRICA

COVID-19

- According to the [BBC](#), Africa's low death rate due to COVID-19 can be explained by a combination of quick action, high public support for preventative measures, a young population *vis a vis* other continents, effective public health systems, and a favourable climate.
- Related, in a thoughtful write-up for the [Boston Review](#), Kenyan writer and activist Nanjala Nyabola explores the framing of the question 'why aren't more Africans dying of COVID-19?', arguing that it is presumptuous and offensive, where more useful questions are those that avoid "biases about how the world must work and invite us to imagine alternatives."
- A number of commentators at [Brookings](#), including former Malawian President Joyce Banda, have offered six proposals for how the world can aid in Africa's recovery from COVID-19, focused on sufficient resources and investment, supporting the AfCFTA, investing in MSMEs, supporting the digital transformation agenda, ensuring equity in development outcomes, and enabling the growth and development of effective institutions.

TRADE

- [UNCTAD](#) reports indications of a slight recovery in global trade in Q3 (down 4.5% on a year earlier, and 7-9% down for 2020 as a whole),

POLITICS

- [Freedom House](#) has recently released a special report arguing that there is a disturbing trend towards the suppression of rights and freedoms around the world in the context of COVID-19, exacerbating what they refer to a growing 'crisis of democratic governance'.

URBANISATION

- The [OECD](#) has just released a comprehensive report on emerging urbanisation dynamics across Africa, arguing for a 'spatial' approach to understanding cities that incorporates informal settlements emerging on the edges of large metropolises.

I.2. EAST AFRICAN COMMUNITY (EAC)

COVID-19

- [The East Africa Tourism Platform \(EATP\)](#), the top private sector body for tourism in the region, has recently called for the harmonisation of re-opening protocols to allow international travellers to move freely on trips to the region.

TRADE

- [KenTrade](#) has recently completed a 3-day fact finding mission to understand the current situation, and cause of delays, related to trade at the Kenya-Uganda border in Busia. The mission follows a similar mission undertaken by the East African Business Council, which called for an easing of movement restrictions to reduce the economic impact of COVID-19 in the region.
- According to reporting from [Voice of America](#), truck drivers at Busia have been bribing officials to receive negative coronavirus tests, with bribes ranging from \$14-\$40.

ENVIRONMENT & CLIMATE CHANGE

- Widespread flooding continues around the East Africa region, especially in Uganda, where [Catholic Relief Services](#) estimates that close to 580 000 people have been impacted.
- The [FAO](#) has announced that it hopes to have the locust invasion - that has impacted large swathes of the EAC region - under control by the end of 2020.

I.3. KENYA

COVID-19

- [Education Cabinet Secretary George Magoha](#) plans to sit down with president Kenyatta on November 4th to discuss a plan for re-opening schools in the country. [Education experts](#) have called for calling for emphasis on better training, professional development and leadership skills for teachers in the face of COVID-19.
- According to [Nation](#), Kakuma refugee camp is becoming a COVID-19 hotpot, with the majority of new cases in Turkana county coming from the camp.

TECHNOLOGY

- According to [CGTN](#), internet usage in Kenya rose over 5% between April and June as services moved online due to COVID-19.

FINANCE

- With the Standard Gauge Railway recording losses of \$200+ million over its first three years of operations, [Quartz Africa](#) reports that concerns are being raised about the long-term viability of the project and Kenya's ability to pay back Chinese loans.
- A recent report from the [World Bank](#), Kenya has lost close to KSH 87 billion after refusing debt relief support from a group of bilateral lenders, with the treasury fearing that accepting the deal would risk the country's credit rating.
- According to an opinion piece in [Business Today](#), Kenya's recent SME credit guarantee will only be viable if its design focuses adequately on coverage ratio, total funding, minimum guarantee amount, duration, and eligibility.

WORK & JOBS

- [The New Kenyan](#) reports that 3000 traders have been left jobless after their businesses were torn down for being erected on Kenya Railway land in Nakuru town.

POLITICS

- The contentious [Building Bridges Initiative's \(BBI\) report](#) was launched on October 25th at the Bomas of Kenya. A core proposal in the report is an expansion of Kenya's executive branch as a means of dissipating the country's winner-take-all politics, a proposal [Vice President Ruto](#) vehemently opposes. [The Star](#) has recently outlined the steps needed for the proposals outlined in the BBI report may become law.
- [Africa is a Country](#) has recently covered the continued political unrest in Ethiopia's Oromo region in the context of connections between Oromo peoples in Ethiopia and northern Kenya, arguing that Kenyan is 'living in the shadow' of a liberation war.
- According to [Nation](#), two people were killed in Kenol town in clashes between the Tangatanga and Kieleweke factions of the Jubilee Party. The former supports the presidential aspirations of Deputy President William Ruto, while the latter has been linked to current president Uhuru Kenyatta.
- Recently, opposition leader [Raila Odinga](#) visited with prominent leaders in the Kikuyu community in Kenya's politically important Mount Kenya region. Although the visit was ostensibly about peace and reconciliation between Odinga's Luo community and Kikuyus, the presence of senior figures within President Kenyatta's administration has [fuelled speculation](#) that they are endorsing Odinga's presidential ambitions.

ENVIRONMENT & CLIMATE CHANGE

- The [Kenyan Association of Manufacturers](#) is leading the development of a Plastic Producer Responsibility Organisation (PRO) to help ensure that producers see their responsibility for waste management extending to the entire product lifecycle.

URBANISATION

- As a previous briefing noted, the Kenyan government has demolished a series of high-profile public spaces, particularly in the capital of Nairobi. [Reuters](#) has recently profiled one woman's fight to save these spaces.

AGRICULTURE

- According to the [Kenya National Bureau of Statistics](#), Kenya lost 1.9 million tonnes of food worth KSh150 B (\$1.4 billion) post-harvest in 2017 due to inefficiencies in its supply chains. Nonetheless, [The Christian Science Monitor](#) has noted that the country faces a food glut as the country has had record rains and a large number of people turning to farming due to unemployment related to COVID-19.
- An opinion piece in [Farm Kenya](#) has recently argued that agriculture needs to be mechanised to remain profitable for African farmers.
- The [Council of Governors](#) have signalled their displeasure with Ministry of Agriculture Cabinet Secretary Peter Munya, arguing that a series of proposed reforms to the sector did not involve adequate consultation with county representatives. They have lobbied the senate to halt five reform proposals, pending further consultation.

ECONOMIC GROWTH

- According to recently released data from the [National Bureau of Statistics](#), the Kenyan economy contracted by 5.7% between April and June of this year. More recent figures continue to point towards strong recovery, with the Kenyan economy set to grow 3.1% over the course of 2020.
- Two Kenyan start-ups, Fuzu (an online career accelerator), and Pezesha (a digital loans provider) are being featured in the prestigious [Seedstars](#) demonstration day alongside 16 other international start-ups.

1.4. TANZANIA

COVID-19

- The [BBC](#) has recently profiled Magufuli's response to the COVID-19 pandemic in the context of the October 28th election.

ECONOMIC GROWTH

- According to [Rand Merchant Bank's](#) 'Where to Invest in Africa' 2020 report, Tanzania is set to surpass Kenya as East Africa's economic powerhouse by 2030, backed by key infrastructure projects such as the East Africa Oil pipeline being connected from Uganda.

POLITICS

- Incumbent President [John Magufuli](#) won a landslide victory in Tanzania's October 28th national election, taking roughly 84% of the popular vote. [Speculators have noted](#) that this gives him the majority needed to lift a constitutional limit on the number of terms a president can serve in office.
- Tanzania's opposition argue that the vote was flawed, however, and the [Centre for Strategic and International Studies](#) has pointed to incidents of media suppression, limiting the rights of opposition parties to peacefully assemble, and arrests of prominent opposition figures.
- On the latter point, [The Guardian](#) reports that a number of opposition leaders have been arrested on terrorism charges after protesting the election results, including Freeman Mbowe, chairman of the opposition Chadema Party, as well as Tundu Lissu, who was on the ballot for Chadema.
- The situation in Zanzibar has been particularly tense, where [the opposition](#) has claimed police shot and killed three individuals in clashes at the polls. Previously, the leader of Zanzibar's primary opposition party, ACT Wazalendo, Maalim Sheif Sharif had claimed that he was arrested while attempting to vote, according to a report from the [BBC](#).
- Prior to the election, [Amnesty International](#) had raised concerns about rights to peaceful assembly and freedom of movement, citing the government suspension of opposition candidate Tundu Lissu's presidential campaign for seven days.

ENVIRONMENT & CLIMATE CHANGE

- Large wildfires have erupted around Mount Kilimanjaro in recent weeks due to dry weather conditions, which in turn could leave the area more susceptible to future fires, [The New York Times](#) reports.

INDUSTRIALISATION & MANUFACTURING

- Tanzania has recently launched the Agro-Industries Development Flagship (TAIDF), which [The Citizen](#) has argued will support the country in unlocking structural transformation by moving away from exporting raw commodities.

AGRICULTURE

- The [Tanzania Agricultural Research Institute](#) has announced its intention to see Tanzania become the world's largest exporter of groundnuts
- [Tanzanian Deputy Ministry of Agriculture](#), Hon. Hussein Bashe, has announced a new 10-year strategy to improve seed production in Tanzania, including for export. He highlighted investment in improving the performance of the Tanzania Agricultural Research Institute (TARI), the Agricultural Seed Agency (ASA) and the Tanzania Official Seed Certification Institute (TOSCI). TOSCI's recent accreditation by the International Seed Testing Association (ISTA) and the OECD Seed Certification Scheme also pave the way for potential seed exports.

I.5. RWANDA

COVID-19

- [This profile](#) takes a positive look at Rwanda's response to COVID-19, comparing it favourably to that of the United States.
- Rwandan Minister of Agriculture and Animal Resources, [Gerardine Mukeshimana](#), has noted that the pandemic continues to affect agricultural supply chains and food security in the country.

TRADE

- Rwanda appears to be on a bilateral charm offensive with high level meetings recently taking place between country representatives from [Vietnam](#), [Morocco](#) and [Ghana](#) in recent weeks.

WORK & JOBS

- [Rwanda's](#) unemployment rate dropped from 22% to 16% between May and August of this year, following the re-opening of the economy. The biggest employment growth came from the construction sector.

ENVIRONMENT & CLIMATE CHANGE

- This interesting piece in the [Canadian Architect](#) explores what climate smart building design looks like in Kigali, and how environmentally friendly design could be utilised elsewhere.
- [UNESCO](#) has declared Gishwati-Mukura National Park as a biosphere reserve, the second park in Rwanda to receive such a designation.

I.6. UGANDA

TRADE

- [Uganda's balance of trade](#) continues to decline as imports have increased and exports declined over the COVID-19 period. The biggest proportion of imports comes from Asia, with China alone accounting for 13.7% of the country's total imports as of August 2020.

FINANCE

- The [Ugandan government](#) has announced plans to expand its FY 2020-2021 budget by UGX 2 trillion, with the majority of the newly allocated funding going to road construction connecting to Congo in the west of the country.

WORK & JOBS

- According to the [Global Press Journal](#), Uganda's booming construction sector has come at the risk of the health and lives of its often low paid and informal workforce, where safety standards are not keeping pace with developers' scrambling to meet the demands of a burgeoning urban population.
- In response to many women losing jobs and incomes due to COVID-19, [Diva Taxi](#) was established as an all-female taxi service in the country. They now have 72 drivers making an average of 32 rides per week.

POLITICS

- Opposition leader Bobi Wine has been arrested after announcing his candidacy for President, according to [The Guardian](#). Earlier this month, the [Associated Press](#) reports that Ugandan security forces raided the headquarters of Wine, confiscating documents, security cameras, and replicas of Wine's famous red beret. [Wine](#) has accused President Museveni of seeking to block his campaign through a series of 'trumped up' legal charges and a variety of intimidation tactics.

ENVIRONMENT & CLIMATE CHANGE

- According to [Reuters](#), French activists have accused Total of human rights violations of up to 100 000 people related to the operations of its Tilenga project, with the groups accusing Total of intimidating and failing to properly compensate landowners impacted by the company's operations.
- In more positive news, [the Ugandan government](#) has committed to planting 100 million trees in the country by 2021.

INDUSTRIALISATION & MANUFACTURING

- Liaoshen Industrial Park in Nakaseke has recently been recognised by [President Museveni](#) as a model for the development of future industrial parks in the country. [The president](#) has continued to champion industrialisation as the pathway for Uganda's growth and development, becoming increasingly vocal about pursuing an import substitution strategy to reduce the country's reliance on foreign imports.

2. SECTOR UPDATES

2.1. AGRICULTURAL INPUTS (KENYA)

No specific updates to report this month. See previous briefings at <https://www.gatsby.org.uk/africa/latest> for more information.

2.2. AQUACULTURE (EAST AFRICA)

- According to the [New Kenyan](#), fishing communities around Lake Turkana continue to suffer the ill effects of COVID-19, with import restrictions into their largest market, the DRC, have precipitated a massive drop in prices as fishermen attempt to sell locally.

2.3. COTTON & TEXTILES (TANZANIA & EAST AFRICA)

GLOBAL

- [UNCTAD](#) has reported strong growth in the global textiles and apparel driven in part by personal protective equipment.
- The [International Textile Manufacturers Federation \(ITMF\)](#) global survey of textile manufacturers found that the expected decline in turnover for 2020 fell from 32% in April, to 16% in September 2020. Vertically integrated firms fared better, but 42% of firms had reduced production by at least 20%.
- The [Cotlook A Index international lint price](#) stabilised somewhat in September and October, exceeding \$0.69 per lb for much of the period. This is thought to have been supported by some recovery in textiles operations and purchasing by the Chinese State Reserve.

KENYA

- Kenyan textiles factories that adapted operations to produce personal protective equipment are now facing reduced orders from the [Kenya Medical Supplies Authority \(KEMSA\)](#) due to an ongoing probe over corruption allegations.
- A British Council commissioned report, entitled [Fashion DNA Needs Analysis Study of the Fashion Designer SME ecosystem in Kenya](#), has recommended the country leverage e-commerce opportunities, the "Made in Kenya" brand, and focusing on higher value products to develop the SME fashion industry in Kenya.
- As part of efforts to revive the cotton industry in Western Kenya, the [Lake Basin Development Authority \(LBDA\)](#) aims to build ginneries and oil mills in Kisumu County, Kenya.

TANZANIA

- A recent study funded by the [Tanzania Commission for Science and Technology](#) highlighted the need for improved agricultural extension services, fertilisers, pesticides, entrepreneurship skills to raise cotton productivity. The study estimated that whilst the application of good agricultural practices increased costs by 72%, it increased incomes by 88%.
- The [Deputy Minister of Agriculture in Tanzania](#) has launched two cooperative union ginneries with TADB financing. The TADB financed the revival of the Kahama Cooperative Union (KACU)'s ginnery. KACU has 14 000+ smallholder cotton farmer members, from 76 AMCOs and it has purchased 1,321 MT of seed cotton. It also financed the revival of the [Chato Cooperative Union \(CCU\)'s ginnery](#), at a cost of 6.71 bn TZS (GBP2.2mn).
- [The China Foreign Trade Centre](#) signed cooperation agreements with several trading partners including the Tanzania Private Sector Foundation (TPSF) at the 128th Canton Fair, with a view to promoting trade.

2.4. FORESTRY (EAST AFRICA)

- [Community Forest Associations](#) surrounding Kaptagat forest in Kenya have recently elected new leadership and management.
- The [Kenya Forestry Research Institute](#) has announced plans to plant 250 000 mangrove trees along the coast in an effort to mitigate the impacts of climate change.

- [Kenya Forest Service](#) has partnered with the Kenya Space Agency on GIS technologies to develop forestry solutions in fire monitoring and mapping, land cover, and analysing types of forested areas.

2.5. LIVESTOCK (KENYA)

- A recent study published the Germany-based [League for Pastoral Peoples and Endogenous Livestock Development](#), which covers Uganda and Kenya, argues that a scarcity of data makes it difficult to quantify the contribution of millions of pastoralists to economies, ecosystems, and wildlife. The authors argue for greater recognition of, and research into, the role pastoralists play in economic development.
- According to recently released statistics from the [Kenya Bureau of Statistics](#), the country's food manufacturing sector contracted by 2.5% over the course of 2020 to date. Notable for the livestock sector was a contraction in the packaging and processing of meat over the course of the COVID-19 pandemic.
- [Uganda's](#) livestock sector has been impacted by continued COVID-19 related trade delays and continued confusion at the Kenyan border.
- There has been a recent breakthrough in research into a biotech vaccine against ticks, with trials being led by the [National Livestock Resources Research Institute \(NaLRRRI\)](#) in Uganda, leading to promising early results. According to Dr. Sam Okuthe, head of the Emergency Center for Transboundary Animal Diseases in East Africa, ticks can account for over 50% of a livestock farmer's costs of production.

2.6. TEA (EAST AFRICA)

- [Kenya Tea Development Authority Chairman](#) Peter Kanyango has stated that due to a large harvest and sales to Turkey, their farmers will receive a Ksh 5 billion bonus this year (up to Ksh 56 B). KTDA has been under pressure to reform recently from both farmers who threatened to boycott harvesting unless they received better pay, as well as the Ministry of Agriculture.
- Recent data from Kenya's [Tea Directorate](#) shows export volumes for Kenyan tea for the period January to August dropped from 337 000 tons in 2019 to 323 000 tons in 2020.
- This piece in [The Star](#) profiles Irungu Nyakera, Chairperson of the Kenya Tea Sector Lobby, who is leading efforts to reform what he refers to as Kenya's 'corrupt' tea sector.

2.7. WATER (KENYA)

No specific updates to report this month. See previous briefings at <https://www.gatsby.org.uk/africa/latest> for more information.

3. DONOR UPDATES

3.1. BILATERAL DONORS

No specific updates to report this month. See previous briefings at <https://www.gatsby.org.uk/africa/latest> for more information.

3.2. MULTILATERALS

- The EU has recently provided 21.5 million Euros to support the Ugandan government's efforts to revitalise the Tororo-Gulu Railway Line that will help connect Northern Ugandan to the Port of Mombasa. This coincides with the construction of a Gulu logistics hub, with support from [TradeMark East Africa](#).
- The [EU](#) has announced KSh 7.5 billion in funding for communities in Kenya's Arid and Semi Arid Lands (ASALs) to support climate change adaptation and drought relief.
- [The UN and FAO](#) have announced \$918 000 in new funding for a Forest and Farm Facility (FFF) Phase II in Tanzania to support communities in adapting to climate change and diversifying livelihoods.

3.3. PRIVATE FOUNDATIONS / INDIVIDUALS

- [Coca-Cola](#) has committed KSH 125 million to supporting MSMEs in Kenya recover from the impacts of COVID-19 on their businesses.