

COVID-19 IMPACT IN EAST AFRICA

—
Fortnightly Briefing
Week Commencing 8th June



Image: Empty Nairobi street during Kenya's lockdown
Credit: Sambrian Mbaabu for the World Bank



Better Markets, Better Lives

MSINGI

BUILDING EAST AFRICA'S INDUSTRIES
OF THE FUTURE



GATSBY
AFRICA

COVID-19 IMPACT & RESPONSE
FORTNIGHTLY BRIEFING
WEEK COMMENCING – 8 JUNE 2020

CONTENTS

SUMMARY.....	1
I. THE MACROECONOMIC IMPACT	1
1.1. AFRICA	1
1.2. EAST AFRICAN COMMUNITY (EAC).....	2
1.3. KENYA.....	2
1.4. TANZANIA.....	4
1.5. RWANDA.....	4
1.6. UGANDA.....	5
2. THE SECTOR IMPACT.....	6
2.1. AGRICULTURAL INPUTS (KENYA).....	6
2.2. AQUACULTURE (EAST AFRICA).....	6
2.3. COTTON & TEXTILES (TANZANIA & EAST AFRICA).....	6
2.4. FORESTRY (KENYA & TANZANIA).....	7
2.5. LIVESTOCK (KENYA).....	7
2.6. TEA (EAST AFRICA).....	7
2.7. WATER (KENYA).....	7
3. THE DONOR RESPONSE.....	7
3.1. BILATERAL DONORS.....	7
3.2. MULTILATERALS.....	8
3.3. PRIVATE FOUNDATIONS / INDIVIDUALS.....	8
USEFUL LIVE TRACKERS & RESOURCE LIBRARIES.....	9
A SHORT BIBLIOGRAPHY OF KEY REPORTS.....	9

SUMMARY

<i>The macroeconomic impact</i>	Across Africa, manufacturing output may contract 10% this year and governments could face a \$114B shortfall in financing. To alleviate fiscal pressure, countries like Kenya are attempting to negotiate debt relief with China. Owing to heavy rains and the breakdown of pesticide supply chains, a locust swarm 400x larger than the previous swarm is expected to hatch in June, with countries in East Africa (esp. Kenya, Ethiopia & Somalia) facing an unprecedented threat to livelihoods & food security. Within the EAC, a regional economic cargo & drivers tracking system has now been adopted, which should help reduce congestion at border posts as partner states share testing data re: COVID-19. In Kenya, the National Bureau of Statistics believes 750K+ young people may have lost their jobs over the last quarter and the Central Bank of Kenya estimates 75% of SMEs may be forced to close by the end of June, owing to a lack of liquidity. In Tanzania, a recent World Bank study suggests the economy will grow 2.5% this year (vs. 6.9% last year), with some 500K citizens at risk of slipping below the poverty line. In Uganda, the government has announced a \$268.6M low credit facility in a bid to support manufacturers / commercial agriculturalists and spur industrialisation.
<i>The sector impact</i>	The global garments sector has been one of the hardest hit by the pandemic, with a majority of firms reporting decreases in revenue and China's apparel market set to shrink by \$60B this year. In the midst of the crisis, Kenya is negotiating a Free Trade Agreement with the US which aims to build on AGOA, although the country's lack of textiles manufacturing capacity could undermine its position. In the forestry sector, global saw log prices have remained consistent although the outlook for construction in sub-Saharan Africa continues to darken (analysts anticipate 2.5% growth vs. a pre-COVID-19 estimate of 6% growth). In the livestock sector, trade between East Africa & Saudi Arabia is slowly picking up, although the impact of COVID-19 on The Hajj is set to cripple demand over the Summer. In the tea sector, Kenya has reported a 6% fall in exports during Q1 & KTDA has been unable to source fertiliser from Europe for its thousands of growers, forcing them to buy more expensive manure on the local market.
<i>The donor response</i>	As the UK slides into a recession, DFID has informed suppliers it is putting funding decisions on hold in light of anticipated cuts to the development budget. While USAID has announced \$3.6M in support for Tanzania's COVID-19 response, the agency has so far only released \$386M of the \$1B committed to more than 100 countries around the world. The AfDB has loaned Kenya Ksh 22B & the EU has provided Rwanda with a grant of RWF 55.5B to protect the food security of 630K households. The World Bank has set up a Pandemic Emergency Financing Facility (\$195.8M) to support 64 of the world's lowest income countries: East African states could access up to \$15M each in grants. Taylors of Harrogate – which sources tea from Kenya, Rwanda & Tanzania – has pledged £500K to support farming communities through the crisis.

I. THE MACROECONOMIC IMPACT

I.1. AFRICA

GROWTH & JOBS

- According to [The Economist](#), COVID-19 has undermined decades of progress in the fight against poverty. This year is set to be the first year in over two decades that the global rate of poverty will increase.
- [McKinsey](#) estimates that Africa's manufacturing output will contract by at least 10% in 2020 (i.e. by more than \$50B), owing to depressed demand & disrupted supply chains
- [Around the world](#) and [in Africa](#), the urban poor have been hardest hit by the crisis (in health & economic terms)

TRADE

- According to [an economist at the World Bank](#), disruptions to global trade represent a crisis and an opportunity for Africa. To grasp the opportunity, countries will need to focus on strategic sectors, embrace digital technologies, strengthen intra-regional trade and deepen trade ties with other world regions.

PUBLIC FINANCES

- The IMF and World Bank estimate that Africa will face a [government financing gap of at least \\$114B](#) this year
- [35-40 countries in sub-Saharan African have requested emergency assistance from the IMF](#). So far, 27 countries have received c. \$10B in financial support.
- [Oxfam](#) is calling for open budgets and accountability checks to ensure COVID-19 financial support reaches those in need
- While China has signalled support for debt relief in Africa, large infrastructure loans under the [Belt & Road Initiative \(BRI\)](#) may be excluded from consideration

FOOD SECURITY

- [Oxfam](#) is warning that millions of people in East & Central Africa are at risk of increased hunger / poverty – as heavy rains (exacerbated by climate change) & the breakdown of pesticide supply chains (owing to COVID-19) create the perfect conditions for the breeding of locusts. The next generation of locusts are due to hatch in June – when crops are to be harvested – and this latest swarm could be 400x larger than earlier swarms.
- [The locust situation in East Africa](#) continues to cause alarm – as Kenya, Ethiopia, and Somalia appear set to face an unprecedented threat to food security & livelihoods
- A recently released report by the World Food Programme suggests [more than 25M people will experience acute hunger in East Africa in 2020](#) – owing to locusts & COVID-19. The FAO is hoping to raise \$300M+ in its locust appeal.
- COVID-19 highlights the importance of resilient food systems. [The Africa Report](#) is calling for better data on food systems; greater deployment of digital technologies; and stronger delivery of social protection initiatives. [In Kenya](#), the Ministry of Agriculture, Livestock, Fisheries and Cooperatives has highlighted the need for a well-functioning and safe global food system – to help shield communities from the impact of COVID-19.
- [In Lagos](#), citizen-led groups are reportedly addressing the challenge of food vulnerability more effectively than government-led programmes, exemplifying the idea of “people as infrastructure”

CLIMATE

- According to the IMF's latest [sub-Saharan Africa Regional Economic Outlook](#), climate change is set to deepen the current food insecurity crisis. Adapting to climate change will cost sub-Saharan Africa \$30B-50B over the next 10 years (i.e. 2-3% cent of regional GDP). In addition, the paper emphasises the links between the spread of zoonotic diseases, environmental destruction and pollution (that damages human immune systems).

PUBLIC HEALTH

- According to [Africa CDC](#), cases on the continent have now exceeded 163K and deaths have reached 4.6K. The total number of cases is likely to be much higher than the official count, [owing to a relative lack of testing](#)
- Nonetheless, the [Director of Africa CDC](#) has suggested the curve of new infections is flattening across Africa, with new cases stabilising at 20K per week
- According to evidence from [South Africa](#), COVID-19 lockdowns appear to have led to a reduction of deaths from other causes - such as road traffic accidents
- Experts at [Pharmacopeia](#) note that Africa is underutilising its capacity to manufacture PPE, tests and medicines (e.g. current pharma production in Nigeria uses c. 40% of actual installed capacity)

DEMOCRACY

- According to [The Conversation](#), COVID-19 may have serious implications for the functioning of democracy across Africa. Ethiopia has decided to postpone its elections this year, triggering a constitutional crisis.

I.2. EAST AFRICAN COMMUNITY (EAC)

GROWTH & JOBS

- Across the EAC, [banks have reported flat profits for Q1](#) (or even losses in some cases). Analysts anticipate investment in the private sector to decline – as investors favour low-risk government securities.
- [The major airlines in the EAC](#) are all struggling to stay afloat, owing to the impact of COVID-19

TRADE & FOOD SECURITY

- The [World Food Programme](#) says the screening of lorry drivers in EAC is putting the delivery of vital food supplies at risk. The WFP is having difficulty reaching Uganda's 1.4M refugees with essential food supplies – as cargo is held up in traffic at the Kenya / Uganda border.
- In a bid to ease the movement of essential goods within the region, [the EAC has adopted a regional electronic cargo and drivers tracking system](#). The digital platform will allow partner states to share truck driver health information in real-time.

I.3. KENYA

GROWTH & JOBS

- At least [342K jobs have been lost since March](#) owing to COVID-19 – with manufacturing & hospitality worst hit
- According to the [Kenya National Bureau of Statistics](#), c. 771K young people have lost jobs over the last quarter
- According to a survey by [Stanbic Kenya](#), Kenya's Purchasing Managers Index (PMI) was 36.7 in May and 34.8 in April. A reading 50+ signals an improvement in business conditions, while readings below 50 signal deterioration.
- According to [The Star](#), Kenya faces a difficult dilemma - opening the economy up too soon (and risking a spike in infections) vs. staying in lockdown (and entrenching economic hardship). A recent survey by the National Treasury found that 91% of respondents were not sure if and when they would return to work.

SMEs & THE INFORMAL SECTOR

- [Kenya's informal sector is being hit particularly hard](#) with job losses and reduced incomes
- [The governor of the Central Bank of Kenya](#) has said 75% of the country's SMEs are facing closure by the end of June owing to a lack of funds
- [KEPSA](#) is urging public sector landlords (a.k.a. "parastatals") to waive license fees for SMEs in 2020

TRADE

- According to [KenTrade](#), there has been a 50% decrease in the number of import permit applications between January and April this year (vs. last year). Since the business community heavily relies on imports, the cost of goods and services has been rising as a result.
- According to [Kenya Revenue Authority](#), Kenya's exports were down KSh 21.3B in April 2020 (vs. April 2019)
- [An agreement has been signed between the transport ministers of Kenya & Tanzania](#), which will ensure truck drivers are subjected to WHO-approved COVID-19 testing at both sides of the shared border

PUBLIC FINANCES

- The [Treasury](#) is forecasting that annual debt repayments will exceed KSh 1T during Kenyatta's final year in office. This represents a 4.5x increase in servicing obligations since 2013.
- After opting out of the G20 debt relief initiative, [the government is engaging in bilateral talks with China re: a possible debt relief deal](#)
- According to the [Central Bank of Kenya](#), Kenya's current account deficit is projected to remain stable this year – at 5.8% of GDP. The lower cost of oil imports is "more than offsetting" the expected decline in exports & remittances ([remittances](#) – Kenya's leading foreign exchange earner - are expected to drop this year by 12%).
- According to the [IMF](#), Kenya should seek the release of \$10B that international donors have committed to lend but not yet disbursed. This state of affairs is forcing the country to rely more on commercial borrowing.
- According to the [Daily Nation](#), a debate is taking place within government re: what agency should assume responsibility for maize importation, since the Strategic Food Reserve Trust Fund has been disbanded

FOOD SECURITY

- [Overall inflation stood at 5.47% in May – slightly down from 5.62% recorded in April](#). The cost of food remains relatively high in Kenya. Although favourable weather has led to increased food production, the COVID-19 disruption of supply chains continues to affect prices (esp. for onions, tomatoes & beans).

GENDER

- According to [a senior lecturer at the University of Nairobi](#), the government needs to reflect on the gender implications of its economic response to COVID-19, which largely focuses on the formal sector. Women are disproportionately represented in the informal sector.

NEWS FROM SECTORS IN THE WIDER ECONOMY

- Kenya's [horticulture](#) exports have recovered from 30% in March to c. 80% of pre-COVID-19 volumes – as cargo movement to Middle East, Europe & US resumes
- [Kenya Airways](#) reported a \$130M full-year loss and a [42% drop in share price](#) – the Kenyan state is the largest shareholder of the national carrier and is considering a \$70M funding request
- The government is giving KSh 2B to hoteliers in a bid to cushion workers in Kenya's [hospitality](#) industry. In addition, the Ministry of Tourism has launched a [virtual safari campaign](#) to showcase wildlife online.
- The Kenya Poultry Association has called for a suspension of imported [poultry](#), owing to issues of oversupply
- The [tele-medicine sector](#) has huge growth potential – allowing doctors to diagnose patients at a distance

GOVERNMENT STATEMENTS

- In a [Madaraka Day](#) speech, President Kenyatta announced that he has directed various ministries to develop protocols for easing of restrictions (esp. schools and places of worship)
- In a [televised presidential address on 6 June](#), Kenyatta recognised the increasing public pressure to ease restrictions. He outlined that the country's health system is not prepared for a spike in cases – so reopening the economy will depend on a robust regime of surveillance, treatment and contact tracing being in place.

ECONOMIC STIMULUS IN KENYA (UNLESS OTHERWISE STATED, THIS IS TAKEN FROM [IMF](#) OR [ODI](#))

FISCAL	MONETARY	GDP FORECAST
From 1 st July, GoK plans to spend \$503M on a stimulus package to support businesses hit by the pandemic. The State House has outlined how the spending will be allocated across the economy.	Encouraging commercial banks to lower interest rates for borrowers, the Central Bank of Kenya has: <ul style="list-style-type: none"> • Cut interest rates by 1% and then a further 0.25% - now at 7%, a nine-year-low (see here) 	GoK : 2.5% growth (revised down from estimate of 6.2% growth) IMF : 1% growth

<p>Preceding this latest announcement, the additional spending pledged was KSh 39.8B (or 0.4% of GDP) (see p.5 here):</p> <ul style="list-style-type: none"> • KSh 6.8B to health sector • KSh 13.8B to clear pending bills • KSh 10B for VAT refunds • KSh 10B to scale up cash transfers <p>Other fiscal measures include:</p> <ul style="list-style-type: none"> • 100% income tax relief for persons earning below KSh 24K per month • Reduction of top band tax rate for individuals from 30% to 25% • Reduction of the base corporate income tax rate from 30% to 25% • Reduction of the turnover tax rate on SMEs from 3% to 1% • Reduction of VAT on all goods from 16% to 14% 	<ul style="list-style-type: none"> • Lowered banks' cash reserve ratio by 1% (to 4.25%) – this provides KSh 35.2B in additional liquidity for commercial banks • Encouraged banks to provide relief to individual borrowers & SMEs on their loans – with up to one-year extension (see p. 28 here) – apparently loans amounting to \$868M have already been restructured (see here) • Encouraged the waiving or reducing of charges on mobile money transactions - to disincentivize use of cash (see here) • Released KSh 7.4B to support the government's effort to contain COVID-19 (using gains from demonetisation in September 2019) (see here) 	<p>World Bank: 1.5% to -1% growth</p> <p>-</p> <p>Kenya's growth in 2019 was 5.6%</p>
---	---	---

I.4. TANZANIA

- The World Bank's latest [Tanzania Economic Update](#) forecasts economic growth to slow sharply in 2020 – to 2.5% (down from 6.9% growth reported in 2019). The crisis could push 500K citizens below the poverty line – and tourism operators in the country expect revenues to contract by 80% this year. Find a brief summary of the paper [here](#).
- [The Southern African Development Community \(SADC\)](#) is satisfied with the precautionary measures put in place by its members – and is gearing up for a full reopening of cross-border trading
- The government is advising customers & businesses to engage in more [e-commerce](#) as a means of limiting the spread of COVID-19
- Dar es Salaam is gearing up to host its [44th international trade fair](#) (from July 1 – July 13)

ECONOMIC STIMULUS IN TANZANIA (UNLESS OTHERWISE STATED, THIS IS TAKEN FROM [IMF](#) OR [ODI](#))

FISCAL	MONETARY	GDP FORECAST
<p>The government released \$302M for health spending. The funds come from cancelling and postponing some budgeted spending such as foreign travel and training; national ceremonies; and procurement of vehicles.</p> <p>To support the private sector the government has indicated that it expedited the payment of verified expenditure arrears with priority given to the affected SMEs.</p> <p>The government has granted VAT and customs exemptions to additional medical items requested by the Ministry of Health.</p>	<p>The Bank of Tanzania has...</p> <ul style="list-style-type: none"> • Lowered its minimum reserve requirements from 7% to 6% - to provide further liquidity to banks • Lowered the discount rate from 7% to 5% (a signal that lower interest rates are coming) • Reduced interest on government securities (Treasury Bills – from 10% to 5% / Treasury Bonds – from 40% to 20%). This will help reduce collateral requirements for bank borrowing. • Instructed financial institutions to restructure loans on a case by case basis • Instructed mobile money operators to increase the daily transaction limit (from TZS 3M to 5M) and daily balance (from TZS 5M to 10M) 	<p>IMF: 2% growth</p> <p>World Bank: 2.5% growth</p> <p>-</p> <p>Tanzania's growth in 2019 was 6.3%</p>

I.5. RWANDA

- COVID-19 has led to a surge in the use of [mobile money](#) in the country - the value of transactions has increased 6x since the outbreak of the pandemic
- Owing to COVID-19 restrictions, expansion work at [Kigali International Airport](#) is well ahead of schedule
- An opinion piece in [The New Times](#) advocates for greater investment in agriculture following COVID-19 – owing to how the crisis has exposed the importance of food security
- On May 31, [Rwanda reported 11 new COVID-19 cases](#), the highest number in two weeks. This has led to the government postponing some plans to reopen the economy on June 1 (e.g. transportation between provinces).

- The government has started [mass testing of “Taxi-Moto” operators](#) – as they prepare to resume work on June 1. There are 26K operators in Kigali – and they make up 60% of public transport capacity.

ECONOMIC STIMULUS IN RWANDA (UNLESS OTHERWISE STATED, THIS IS TAKEN FROM [IMF](#) OR [ODI](#))

FISCAL	MONETARY	GDP FORECAST
<p>The GoR are set to increase spending next FY by 7.5% (July 2020 – July 2021). Donors will fund 15.2% of the increase & the rest will come from revenue, debt and borrowing externally (c. RWF 783.4B).</p> <p>Support for vulnerable individuals / households:</p> <ul style="list-style-type: none"> Regular in-kind transfers of basic food stuffs Cash transfers to casual workers – now unemployed Cash transfers to farmers – for input purchases <p>Support for businesses:</p> <ul style="list-style-type: none"> Preparing to launch a RWF 100B fund to support affected businesses – targeting hard hit sectors (e.g. hospitality) <p>Tax relief measures:</p> <ul style="list-style-type: none"> Suspension of down payments on outstanding tax Softening of enforcement for tax arrears collection Extension of deadline for filing corporate income tax Fast tracking VAT refunds to SMEs 	<p>The National Bank of Rwanda has cut interest rates by 0.5% (from 5% to 4.5%) and announced the following liquidity support measures:</p> <ul style="list-style-type: none"> An extended lending facility worth RWF 50B (0.5% GDP) – to support banks for next 6 months Treasury bond purchases through the rediscount window for the next 6 months Lowering the reserve requirement ratio from 5% to 4% Easing of loan repayment conditions for impacted borrowers <p>Operators and banks have agreed to zero charges on all mobile money transfers and all transfers between bank accounts / mobile wallets.</p>	<p>GoR: 2% growth</p> <p>IMF: 3.5% growth</p> <p>-</p> <p>Rwanda’s growth in 2019 was c. 10%</p>

1.6. UGANDA

- In a recent [State of the Union](#) address, President Museveni stated that Uganda’s “real” economy is growing despite COVID-19 - pointing to examples in agriculture, industry and ICT. He suggested the pandemic presents an opportunity for industrialisation and set aside [\\$268.6M](#) to offer low interest credit facilities to manufacturers / commercial agriculturalists.
- After securing the deferral of PAYE taxes, the [Federation of Uganda Employers](#) is now calling for an outright waiver, highlighting the prolonged and unforeseen economic consequences of COVID-19
- While Uganda slowly re-opens its economy, [concerns have been raised re: how to enforce social distancing in Kampala](#), where infections are rising

ECONOMIC STIMULUS IN UGANDA (UNLESS OTHERWISE STATED, THIS IS TAKEN FROM [IMF](#) OR [ODI](#))

FISCAL	MONETARY	GDP FORECAST
<p>In 2019/20 financial year, the government passed two supplementary budgets (additions of \$80M & \$288M) – to support critical sectors (e.g. health) & vulnerable populations.</p> <p>In the recently passed national budget for the 2020/21 financial year, the government has set aside \$268.6M to offer low interest credit facilities to manufacturers and commercial agriculturalists via the Uganda Development Bank.</p> <p>The government is finalising the details of a stimulus package. The key measures under consideration include:</p>	<p>The Bank of Uganda has reduced the central bank interest rate from 9% to 8% and...</p> <ul style="list-style-type: none"> Committed to provide liquidity assistance to financial institutions for up to one year Ensured contingency plans are in place at supervised financial institutions Put in place a mechanism to minimise likelihood of sound businesses going into insolvency due to lack of credit Waived limitations on restricting of credit facilities at financial institutions at risk of distress 	<p>IMF: 3.5% growth</p> <p>-</p> <p>Uganda’s growth in 2019 was 4.9%</p>

<ul style="list-style-type: none"> • Food distribution campaign to vulnerable • Expedited repayment of government arrears to private sector suppliers • Boosting lending capacity of Uganda Development Bank – to provide credit to support private sector firms in reorienting production towards COVID-19 equipment • Deferment of tax payment obligations for most affected sectors • Introduction of tax exemptions for medical items • Support with water & electricity utilities • Expansion of labour-intensive public works programmes 	<ul style="list-style-type: none"> • Worked with mobile money providers / commercial banks to ensure reduction of charges on mobile money transactions • Directed all supervised financial institutions to defer payments of dividends / bonus for 90 days • Provided liquidity to commercial banks for a longer period – issuance of reverse Repurchase Agreements (REPOs) of up to 60 days • Purchased treasury bonds held by microfinance & credit institutions • Granted exception permission to supervised financial institutions to restructure loans of corporate & individual customers affected by the pandemic (i.e. loan holidays for 12 months max...) 	
---	---	--

2. THE SECTOR IMPACT

2.1. AGRICULTURAL INPUTS (KENYA)

No specific updates to report at this time

2.2. AQUACULTURE (EAST AFRICA)

- [In Nyeri county in Kenya](#), the local government hopes fish-processing will create jobs for young people in the COVID-19 recovery

2.3. COTTON & TEXTILES (TANZANIA & EAST AFRICA)

GLOBAL OUTLOOK

- [A global survey on the impacts of COVID-19 on businesses and supply chains](#) finds that the garments sector is among those worst affected, with 67% reporting significant declines in revenue. 56% of businesses reported labour surpluses & 77% reported either reducing headcount or numbers of shifts.
- While there has been modest recovery in cotton prices in recent weeks, the [Cotlook Forward 'A' Index](#) price for 2020/21 is lower than last year's
- Despite the reopening of much of China's economy, a recent study by [Oliver Wyman](#) forecasts a contraction of \$60B in the Chinese apparel market in 2020

INNOVATIVE SECTOR SUPPORT SCHEMES

- [IDH](#) has facilitated an insurance scheme for 180K farmers in India's cotton and tea sectors, to be paid out as a lump sum if they contract COVID-19. They have also launched a [free PPE platform](#) to connect buyers and sellers of face masks & gloves.

KENYA

- The [United States Trade Representative](#) released its negotiating objectives for the proposed US-Kenya Free Trade Agreement to succeed the African Growth and Opportunities Act (AGOA), of which the garments sector is the largest beneficiary in Kenya. Whilst the intention is to retain the spirit of the AGOA duty free access to the US market, debate around rules of origin and other issues have been raised in feedback. [Kenya's lack of textile manufacturing capacity could undermine its access if rules of origin are tightened and regional investment in textiles manufacturing is not realised.](#)
- According to [The Star](#), the government in Kenya needs to provide tailored support to the textiles & garments industry. This support should incentivise technological upgrading, workforce development and backward linkages.

A NOTE ON SUSTAINABILITY

- Several recent publications highlight the growing importance of sustainability and traceability within the cotton, textile and apparel value chain. The recently published [Global Fashion Agenda CEO Agenda 2020](#) has a focus on sustainability and biodiversity, highlighting issues such as promoting better wage systems, supply chain traceability, efficient energy, water and chemical use and using a more sustainable material mix. The latter highlights the potential for other natural fibers produced in East Africa, such as silk and sisal, as well as cotton. Experts specifically highlight opportunities for [hemp](#), including for denim. The [Textile Exchange's Material Change Insights](#)

[Report 2019](#) similarly highlights the growing importance of sustainable and organic (“preferred renewable”) cotton, accounting for around 40% of sourced fibers for reporting firms in 2018.

- The [ZDHC Foundation](#) – in partnership with GIZ - are set to implement its first public-private partnership to enhance sustainable chemical use in Ethiopia’s textile and garment sector

2.4. FORESTRY (KENYA & TANZANIA)

- The growth forecast of sub-Saharan Africa’s [construction sector](#) has been revised to 2.3% (down from a 3.3% projection made in mid-April & a 6% pre-COVID-19 estimate)
- Despite COVID-19, [global sawlog prices](#) have remained consistent so far this year

2.5. LIVESTOCK (KENYA)

- There are signs that [livestock trade between East Africa & Saudi Arabia is picking up again](#) – although livestock exports are anticipated to decline 30-50% between June & August, owing to the impact of COVID-19 on Hajj activities
- A \$3.5M livestock export zone project – the Bachuma Livestock Export Processing Zone (LEPZ) - [has been cancelled due to limited progress](#). The project’s contractor has claimed delays were due to COVID-19, while the Kenyan government has argued that progress was non-existent prior to the pandemic.

2.6. TEA (EAST AFRICA)

- The [Kenya Tea Development Agency](#) has failed to import subsidised fertiliser from Europe due to COVID-19 – forcing farmers to procure manure at domestic market rates (i.e. +40% price)
- [Kenya’s tea exports declined by 6% in Q1 of 2020](#) (vs. Q1 of 2019) – with exports down to Pakistan (-15%), Egypt (-10%) & UK (-10%)

2.7. WATER (KENYA)

- In neighbouring Tanzania, [the AFD have agreed to provide a €70M concessional loan to improve the water supply and sanitation services for the residents of Morogoro](#). In the context of COVID-19, the AFD’s country director said these facilities were “more useful and urgent than (...) ever...”

3. THE DONOR RESPONSE

3.1. BILATERAL DONORS

INSTITUTION (A-Z)	EAST AFRICA SUPPORT
AFD – France (has committed \$1.5B and will move ahead with planned increase of ODA in 2021)	<i>No specific East Africa support announced yet</i>
BMZ – Germany (has committed €1B)	As part of the global competition #SmartDevelopmentHack, the BMZ awarded innovative digital projects offering solutions to combat COVID-19 in low-income countries. Among the winners is the project "Drone and Data Aid" which uses drones to deliver essential medical supplies to remote areas in Rwanda and Malawi.
DFID - UK (has committed £744M – although is anticipating cuts to its budget)	Trade Mark East Africa (funded by DFID) has announced a \$20M safe trade emergency facility
JICA – Japan (has committed \$768M)	<i>No specific East Africa support announced yet</i>
USAID - US (has committed \$1B+ - although only \$386M has been released so far)	<ul style="list-style-type: none"> • East Africa: Kenya & Tanzania are benefitting – among other countries – from a \$22M programme to prevent the spread of COVID-19 • Kenya: \$6.6M for COVID-19 activities & facemasks for border police unit & journalists covering the pandemic • Tanzania: \$3.6M to support surveillance, laboratories and infection prevention / control efforts

3.2. MULTILATERALS

INSTITUTION (A-Z)	EAST AFRICA SUPPORT
AfDB (has raised a \$3B bond & established a \$10B facility)	Kenya : KSh 22B loan
African Export-Import Bank (has established a \$3B facility)	<i>No specific East Africa support announced yet</i>
EU (is mobilising €15.6B)	<ul style="list-style-type: none"> Kenya: KSh 20B in grants Rwanda: RWF 55.5B grant to support social protection response to COVID-19 crisis, protecting food security of 630K households
IMF (stands ready to mobilise its full \$1T)	<ul style="list-style-type: none"> Kenya: Access to Rapid Credit Facility (\$739M) Rwanda: Access to Rapid Credit Facility (\$109.4M) & Catastrophe Containment & Relief Trust (\$10.96M) Uganda: Access to Rapid Credit Facility (\$491.5M)
UN	<ul style="list-style-type: none"> East Africa: UN's IFAD has launched a Rural Poor Stimulus Facility - providing an initial seed capital of \$40M in order to mobilize an additional \$200M Kenya: \$3.1M committed to mitigate the impact and spread of the virus
World Bank (expects to deploy \$160B in emergency financing over the next 15 months)	<p>East Africa</p> <ul style="list-style-type: none"> The World Bank has set up the Emergency Locust Response Programme - a \$500M scheme to assist rural households in East Africa & the Middle East The World Bank has set up a Pandemic Emergency Financing Facility (\$195.8M) to support 64 of the world's lowest income countries. East African states could access up to \$15M each in grants. <p>Kenya</p> <ul style="list-style-type: none"> \$1B loan for budget support (to secure the loan, the government has promised pro-poor policies e.g. better targeting of subsidised agricultural inputs through electronic vouchers) \$50M immediate funding to support the Kenya COVID-19 Emergency Response Project <p>Rwanda</p> <ul style="list-style-type: none"> €91.4M loan agreement between Rwanda & the World Bank's International Development Association (IDA) \$14.25M in immediate funding to support the Rwanda COVID-19 Emergency Response Project

3.3. PRIVATE FOUNDATIONS / INDIVIDUALS

INSTITUTION (A-Z)	EAST AFRICA SUPPORT
Bill & Melinda Gates Foundation (pledged \$250M)	<i>No specific East Africa support announced yet</i>
Bloomberg Philanthropies (pledged \$40M)	<i>No specific East Africa support announced yet</i>
Facebook (pledged \$20M)	<i>No specific East Africa support announced yet</i>
Google (pledged \$800M)	<i>No specific East Africa support announced yet</i>
IKEA Foundation (pledged €10M)	<i>No specific East Africa support announced yet</i>
Jack Dorsey (moved \$1B to "Start Small" fund)	<i>No specific East Africa support announced yet</i>
Jack Ma & Alibaba Foundation	Sent medical equipment to numerous countries, including Rwanda & Tanzania
Mastercard Foundation	<ul style="list-style-type: none"> East Africa: Mastercard has launched a COVID-19 Recovery & Resilience Programme (which will support Kenya, Rwanda & Uganda) Kenya: \$5M for the purchase of personal protective equipment for frontline medical staff
Michael & Susan Dell Foundation (pledged \$100M)	<i>No specific East Africa support announced yet</i>
Rockefeller Foundation (pledged \$50M)	<i>No specific East Africa support announced yet</i>
Skoll Foundation (pledged \$200M)	<i>No specific East Africa support announced yet</i>

Shell Foundation (is making additional funding available for programmes)	<i>No specific East Africa support announced yet</i>
Taylor's of Harrogate (pledged £500K)	Taylor's of Harrogate will support tea farmers in Kenya, Tanzania & Rwanda (among other countries) - by providing humanitarian relief, honouring contracts and shortening payment terms
Waitrose & Partners Foundation (pledged £200K)	Kenya : £88K to support 7 supplier farms and their 12K employees

USEFUL LIVE TRACKERS & RESOURCE LIBRARIES

- [Center for Global Development](#): a round-up of analysis re economic impact of COVID-19 globally & in Africa
- [DCED](#): a library full of links to articles re the potential economic impacts of COVID-19 globally & in Africa
- [Donor Tracker.org](#): this website monitors press briefings released from the world's major bilateral donors
- [FAO](#): this "locust watch" is regularly updated – reporting on how the swarm is moving throughout East Africa
- [IMF](#): this page lays out how every government around the world is responding – in monetary & fiscal terms
- [Johns Hopkins University](#): this live dashboard reflects case numbers & deaths from COVID-19 around the world
- [ODI](#): this page lists articles that explore vulnerable African sectors & how African governments are responding
- [Tony Blair Institute](#): this page contains resources to help African governments respond

A SHORT BIBLIOGRAPHY OF KEY REPORTS

- [African Union](#) (April 2020) *Impact of The Coronavirus (COVID-19) on The African Economy*
- [ILO](#) (April 7 2020) *COVID-19 & The World of Work. Second Edition.*
- [McKinsey & Company](#) (April 2020) *Tackling COVID-19 in Africa*
- [McKinsey & Company](#) (April 2020) *Finding Africa's Path*
- [McKinsey & Company](#) (May 2020) *Reopening & Reimagining Africa*
- [UN Economic Commission for Africa](#) (April 2020) *COVID-19 in Africa: Protecting Lives & Economies*
- [World Bank](#) (April 2020) *Assessing The Economic Impact of COVID-19 and Policy Responses in Sub-Saharan Africa*
- [World Bank](#) (April 2020) *Kenya Economic Update: Turbulent Times for Growth in Kenya – Policy Options During The COVID-19 Pandemic*