



The Impact of Covid-19 on Freight and Logistics in East Africa

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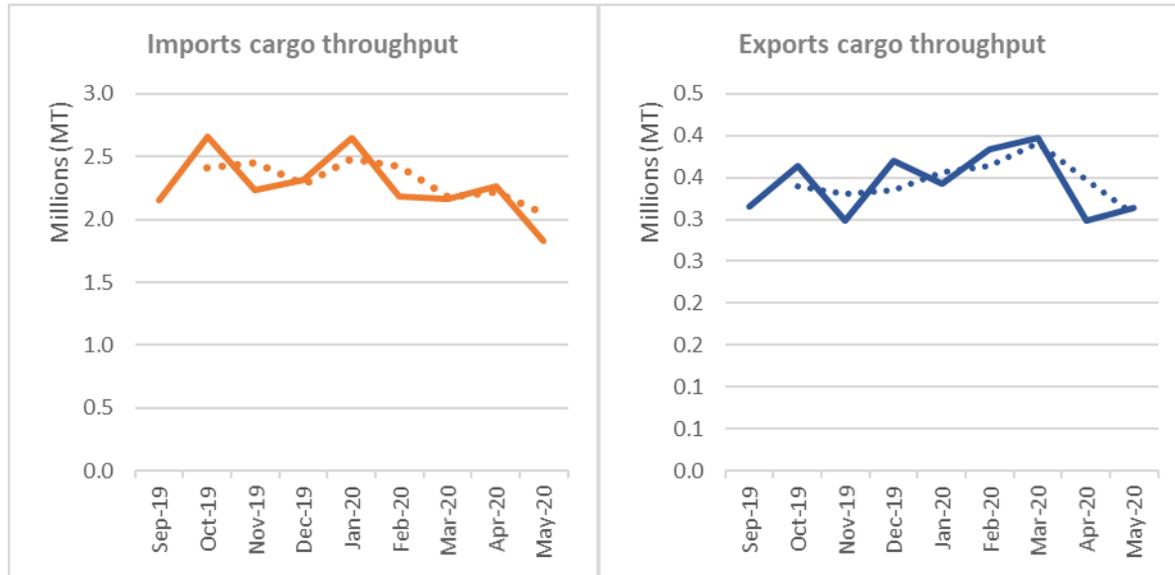
Impact of Covid-19 in Africa



- Sub-Saharan Africa to experience its first recession in 25 years with projections suggesting a drop from 2.4% in 2019 to -5.1% in 2020.
- Pandemic could cost the region between US\$ 37 billion and US\$ 79 billion in terms of output losses for 2020.
- Aviation and related industries projected to lose up to US\$ 6 billion in passenger revenue with 3.1 million jobs lost by the end of 2020.
- Tourism and travel sector to be impacted by at least US\$ 50 billion in revenue losses and more than 2 million in job losses
- Total exports projected to drop by 35% (about US\$ 270 billion) with export revenue from fuel estimated to fall at around US\$ 101 billion
- Foreign Direct Investment estimated to drop at between 5% to 15%
- Africa could lose up to 20%-30% of its fiscal revenue
- Spending on infrastructural development estimated to drop by at least 25%
- Approximately 20 million jobs to be lost both in the formal and informal sectors

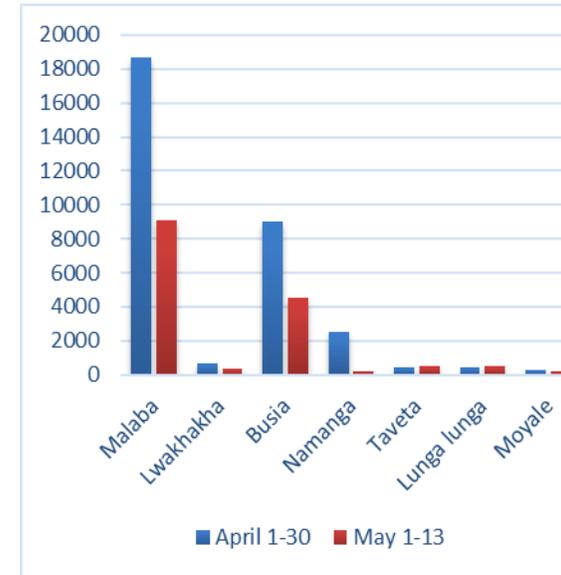
COVID-19 has had a significant impact on international and intra-regional trade in the EAC

Imports and Exports Cargo Throughput at the Port of Mombasa

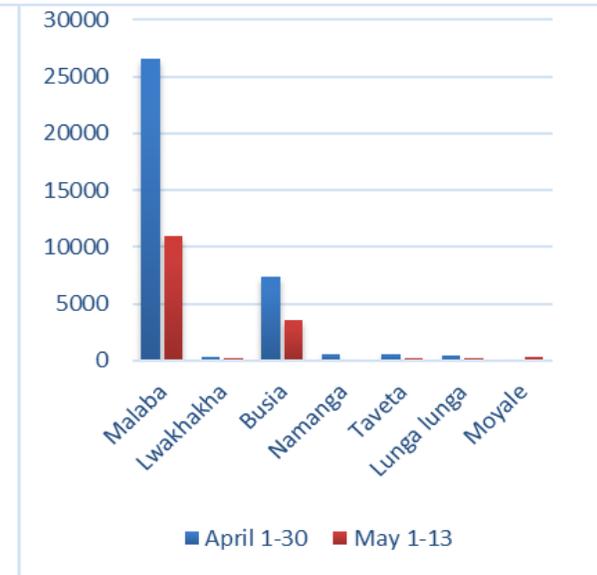


Imports, exports, and transshipment cargo fell by 4.5%, 1.3% and 18.3%, respectively.

No. of Import trucks



No. of Export trucks



Import trucks declined by 51.1% and 49.7% while export trucks declined by 58.8% and 52.1% for the busiest OSBPs at Malaba and Busia respectively. Despite this transit times at Malaba has increased by 60% in April 2020 as compared to April 2019

Significant issues seen on the trade corridors

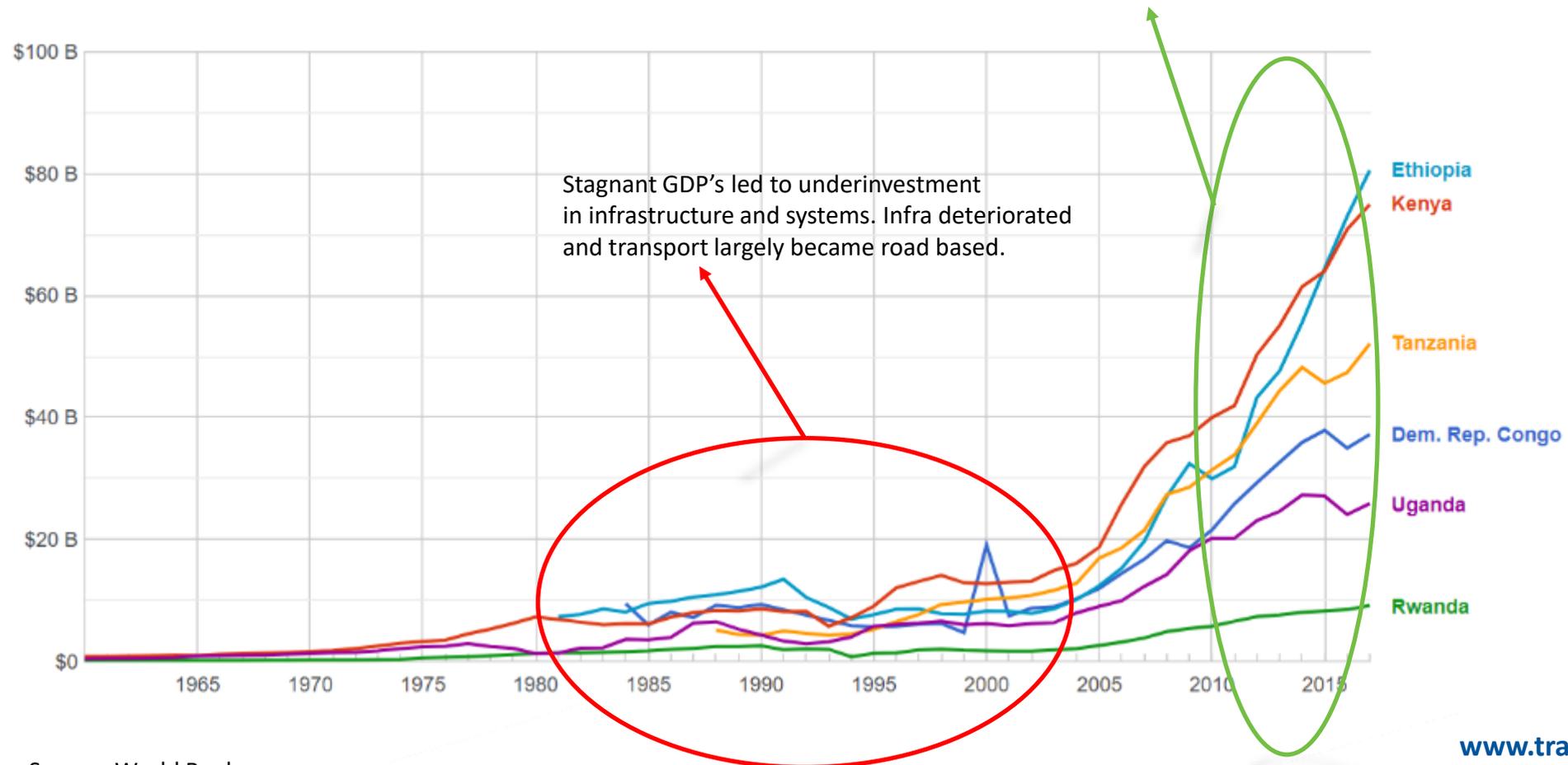


Long tailbacks (more than 20km long) at borders due to mandatory driver testing and confusion, disputes, deportations

- Transit times have grown significantly:
 - From 4 days to 7-9 days in Kampala
 - From 14-16 days to 7-8 days in Kigali
 - From 9-10 days to 21-26 days from South Sudan.
- Limited availability of personal protective equipment (PPE) at the ports and borders have impacted operations. Mombasa Port, for example, recorded 34 infectious cases of COVID-19 amongst its staff.
- Border closures have adversely affected cross-border trade across the East African Community. Cross-border women traders at Busia suffered enormous reductions in trading profits since the onset of the COVID-19 crisis (93.8% in Uganda and 76.2% in Kenya).

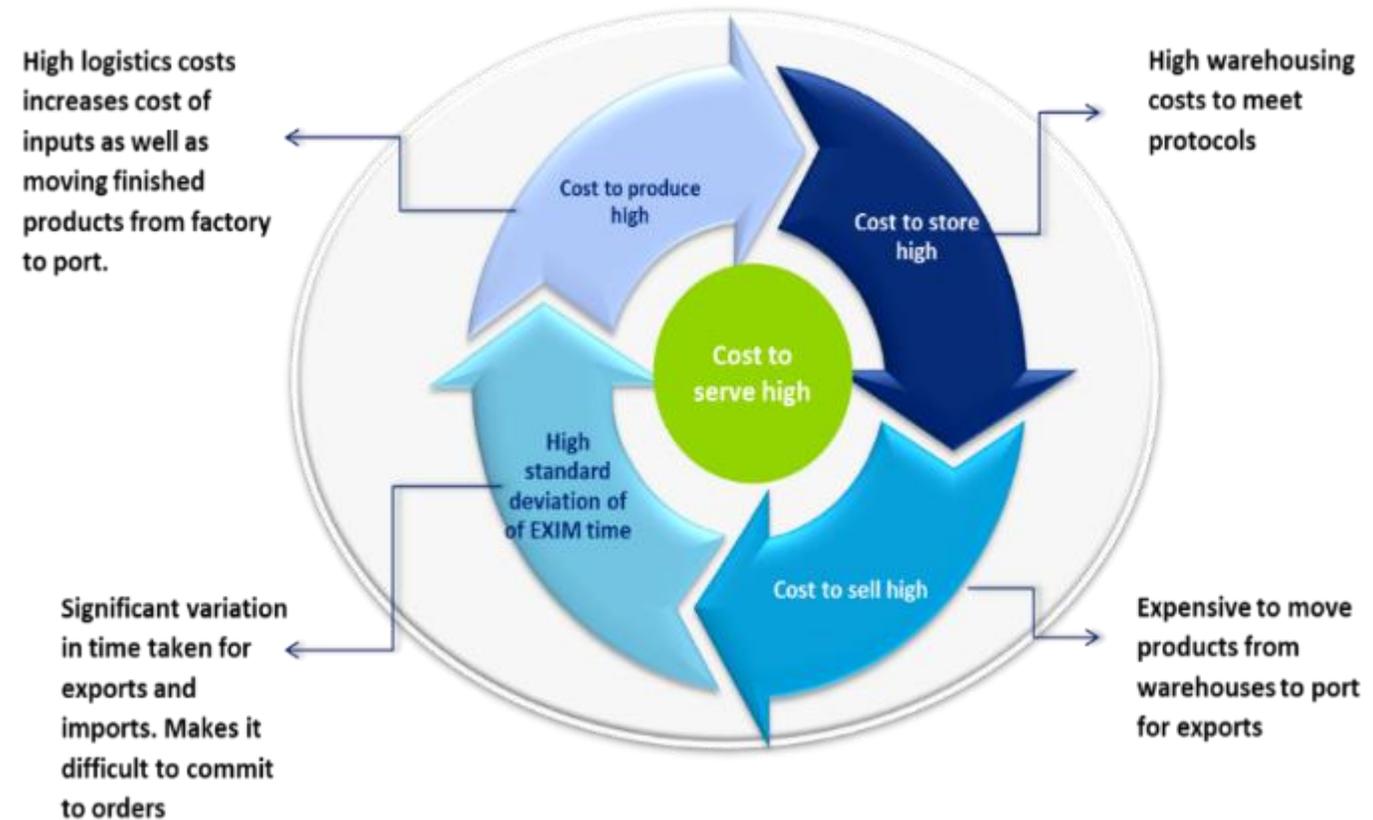
Improvements brought about by recent GDP growth in Eastern Africa may be reversed

Significant GDP growth rate gave the fiscal head space for increased investment in infra



The trade issues are eroding competitiveness

- As COVID-19 crisis keeps unfolding, it threatens to erode progress made in reducing time and costs on the trade corridors in the region.
- Increased time and expenses incurred due to COVID-19 crisis are going to increase costs to export from EAC economies, thereby significantly reducing their competitiveness in export markets (Figure 8).
- The cost of complying with COVID-19 restrictions has increased both the direct and indirect costs (e.g., transportation and warehousing costs) reducing competitiveness.
- Additionally, the variability of implementation of regulations is resulting in significant uncertainty in the time taken for export and import.



TMEA Response to Covid-19

- Approximately \$23 million budget
- Funders: Canada, Denmark, EU, Netherlands, Finland, UK & US (pending) and reallocations
- Combines a range of short to medium-term pillars to:
 - **Make ports & borders safe**
 - **Guarantee food security & access to medicines**
 - **Prevent job losses & build resilience**
- Burundi, Eastern DRC, Djibouti, Ethiopia, Kenya, Malawi, Rwanda, Somaliland, South Sudan, Tanzania, Uganda and Zambia
- Partners: customs, port & health authorities, regional private sector and cross border apex bodies, humanitarian organisations



Issues facing Logistics Services in the EAC	TMEA's approach to meet the challenges		
	Specific Interventions	Cross cutting interventions	
Safety related issues related to limited availability of personal protective equipment (PPE) at the ports and borders	Procuring and distributing Personal Protective Equipment at key borders	<i>Working on a corridor-based approach to interventions</i>	<i>Understanding regional and local politics and adapting programme accordingly</i>
Issues related to compulsory testing of drivers at the borders	Developing a sustainable approach to testing <ul style="list-style-type: none"> Supporting Ministries of Health in Kenya and Uganda on joint testing and mutual recognition of testing Developing a driver tracking application Supporting development of designated stop over areas along the corridor 		
Issues affecting cross border trade due to border closures for movement of people on foot or by other means	Concept and design of Safe Trade Zones (STZs) to support informal cross border traders		
Supply chain issues related to imposition of lockdowns	Using a multi-disciplinary approach to meet the trade challenges posed by COVID-19		
Safety related issues related to physical processing of documents			
		<i>Following a partnership approach to build a strong coalition to take on the COVID-19 challenge</i>	



Number of interventions being carried out to meet the challenges



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