

Country Update

COVID 19: Impacts, Responses and Issues

By Collins Owegi

Introduction

At 580,367 square kilometres (224,081 square meters), Kenya is the world's 48th largest country by geographical scope. The Kenya National Population Census Report for 2019 puts its population at 47.6 million people, making it the 29th most populous country in the world. The East African state is headquartered in Nairobi City.

Country profile

Kenya's real Gross Domestic Product (GDP) expanded by 5.4 per cent in 2019 compared to a growth of 6.3 per cent in 2018. This growth was generally across the whole economy, but was more predominant in the services sector. The Kenya Institute for Public Policy Research and Analysis (KIPPRA) through its Policy Monitor January to March 2020 indicates that the GDP growth rate for 2020 was forecasted at 6.0 per cent¹. According to the Kenya National Bureau's (KNBS) Economic Survey 2020, Kenya's GDP per capita was at Kshs. 204,783 in 2019. This translates to approximately USD 1,873. Its Human Development Index (HDI) in 2019 was at 0.579.

In 2019, total employment excluding those engaged in small-scale farming and pastoralist activities, is estimated to have increased from 17.3 million in 2018 to 18.1 million (KNBS Economic Survey, 2020). Total new jobs generated in the economy were 846.3 thousand in 2019. The informal sector was estimated to have created 767.9 thousand new jobs in 2019 compared to 744.1 thousand new jobs

created in 2018 (KNBS Economic Survey, 2020). The most current KNBS Labour report shows an unemployment rate of 5.2 per cent in the first quarter of 2020, up from 4.9 per cent in the previous quarter². According to the report, the youth in the 20-24 age bracket had the highest proportion of the unemployed- 12.7 per cent.

In international trade, the KNBS Economic Survey, 2020 reports that balance of trade deteriorated by 5.2 per cent to a deficit of Kshs. 1,209.7 billion. This was as a result of a 2.9 per cent decline in the value of exports and a 2.4 per cent increase in the value of imports. According to the survey, the value of total trade transactions increased from Kshs. 2,378.8 billion in 2018 to Kshs. 2,403.0 billion in 2019. The leading exports were tea, coffee and horticulture accounted for 46.8 per cent of total domestic export earnings in 2019 while the leading import products were industrial supplies (33.6 per cent), fuel and lubricants (18.3 per cent) and machinery and capital equipment (18.1 per cent)³. The leading export destinations were Uganda (Kshs. 64,106.1M), the United States of America (Kshs. 1,921.6), Netherlands (Kshs. 48,004.8M), United Kingdom (Kshs. 40,082.3M), and Tanzania (Kshs. 33,864.9M) while top importing countries included Uganda (Kshs. 64,106.1M), U.S.A (Kshs. 51,921.6M), Netherlands (Kshs. 48,004.8M), Pakistan (Kshs. 45,239.5M) and United Arab Emirates (Kshs. 38,685.0M), (KNBS Economic Survey, 2020).

In terms of food security, Kenya was ranked at position 86 with an overall score of 50.7 (affordability-56.7, availability- 48.0, quality and

¹ <https://kippra.or.ke/index.php/publications/download/6-kippra-policy-monitor/162-kippra-policy-monitor-jan-mar-2020>

² https://www.knbs.or.ke/?page_id=3142

³ <https://kippra.or.ke/index.php/publications?task=download.send&id=226&catid=4&m=0>

safety- 43.2) in 2019⁴.

This note, compiled through a desk review provides an analysis of COVID-19 pandemic in Kenya while highlighting its impact, responses and major arising issues.

Covid19 situation and impacts

Covid-19 trajectory

The Ministry of Health (MoH) confirmed the first COVID-19 in Kenya on 12th March 2020. The case was a Kenyan citizen who had returned to the country from U.S.A. through London seven days earlier and later developed flu-like symptoms and was diagnosed with the virus upon testing⁵. However, the first fatality caused by COVID-19 related complications occurred on 26th March 2020. Since then, the number of new cases as well as deaths have continued to rise. The figure below shows the pandemic's statistics as at 22nd November 2020.

Figure 1: Kenya COVID-19 statistics



Source: MoH webpage

Protective measures

Since the onset of the pandemic, the government has put in place several measures to contain the spread of the virus. These have mostly been issued through presidential orders and official gazette notices. This section provides a brief digest of these measures.

Executive Order No. 2 of 2020⁶ formed the National Emergency Response Committee (NERC) on coronavirus. The terms of reference (ToR) for the committee included, among others, coordinating capacity building of medical personnel to effectively respond to the pandemic, surveillance at all points of entry into the country and coordination of the supply of medical equipment.

In a Presidential Press Statement of 16th March 2020⁷, while acknowledging the first confirmed COVID-19 case in the country, the President put in place protocols for containment and treatment of suspected cases. The following figure contains excerpts from the press statement.

⁴ <https://foodsecurityindex.eiu.com/index>

⁵ <https://www.health.go.ke/first-case-of-coronavirus-disease-confirmed-in-kenya/#:~:text=Press%20Releases-,FIRST%20CASE%20OF%20CORONAVIRUS%20DISEASE%20CONFIRMED%20IN%20KENYA,in%20China%20in%20December%202019.>

⁶ <https://www.health.go.ke/wp-content/uploads/2020/06/Executive-Order-No-2-of-2020-National-Emergency-Response-Committee-on-Coronavirus-28.2.20.pdf>

⁷ <https://www.mfa.go.ke/?p=3115/>

Figure 2: Presidential Press Statement of 16th March 2020

1. The Government is suspending travel for all persons coming into Kenya from any country with reported Coronavirus cases.
2. Only Kenyan Citizens, and any foreigners with valid residence permits will be allowed to come in provided they proceed on self-quarantine or to a government designated quarantine facility.
3. All persons who have come into Kenya in the last 14 days must self-quarantine.
4. We have suspended learning in all our education institutions with immediate effect.
5. Where possible, government offices, businesses and companies are encouraged to allow employees to work from home, with the exception of employees working in critical or essential services.
6. In order to avoid the risk of transmission through physical handling of money, we encourage the use of cashless transactions such as mobile money and credit cards. We appeal to mobile operators and banks to take into consideration the situation, and reduce the cost of transactions during this period.
7. In line with the directive to avoid crowded places, citizens are encouraged to:
 - a. Avoid congregating including in places of worship;
 - b. Minimize attendance to social gatherings including weddings and funerals, and restrict the same to immediate family members;
 - c. Avoid crowded places including shopping malls and entertainment premises;
 - d. Minimize congestion in public transport wherever possible;
 - e. Limitation of visitors to hospitalised patients in both public and private hospitals.
8. Hospitals and shopping malls are encouraged to provide soap, water and hand sanitizers and ensure that all their premises are regularly cleaned and disinfected.

The Presidential Address on Enhanced Measures in Response to the COVID-19 Pandemic⁸ of 6th April 2020, while noting high prevalence rates of the virus in urban centres, placed a partial lockdown in the Nairobi metropolitan area as well as the coastal towns of Mombasa, Kwale and Kilifi. However, these restrictions were conditionally waived for special services providers such as food transporters, health workers, etc. Simultaneously, a 21-day national dusk to dawn curfew was announced. This forbade movement of persons between 1900hrs and 0500hrs for a period of 21 days⁹. Though the curfews are still implemented to date, there have been several revisions to the timings- it is currently from 2200hrs to 0400hrs.

The Public Health (Prevention, Control and Suppression of Covid-19) Regulations, 2020¹⁰

outlines the roles and powers of MoH in controlling the COVID-19 pandemic. These include powers to search, disinfect/order the disinfection of premises, detain suspected carriers into quarantine facilities, as well remove and dispose of bodies of COVID-19 fatality cases.

Health Impacts

The social conditions in Kenya have adversely affected the identification, management and treatment of COVID-19 in the country. For instance, the economic status, physical environs, the social context of the African culture has made it difficult to implement and observe practises such as social distancing, isolation of suspected cases and hand washing¹¹. A practical example of this can be drawn from the urban poor living in slums where social

⁸ <http://www.kenyalaw.org/kl/fileadmin/pdfdownloads/presidential-address-6th-April-2020.pdf>

⁹ http://kenyalaw.org/kl/fileadmin/pdfdownloads/LegalNotices/2020/LN51_2020.pdf

¹⁰ http://kenyalaw.org/kl/fileadmin/pdfdownloads/LegalNotices/2020/LN49_2020.pdf

¹¹ https://pubs.asha.org/doi/10.1044/2020_PERSP-20-00097#d1e283

distancing is difficult to implement. The hand-to-mouth nature of this segment of society has implies that they must find casual/temporary jobs on a daily basis in order to provide for themselves. A similar situation is prevalent in rural areas where observance of protocols such as social distancing is unachievable since many residents live in single rooms. Similarly, WHO has linked the use of public transport as one of the factors contributing to the spread of the virus. It is estimated that each *matatu* (public transport minivan) carries about three hundred passengers daily, with limited efforts to fumigate and offer sanitization facilities to passengers¹².

The situation is further exacerbated by the devolved functions of healthcare in the country. The Constitution of Kenya, 2010 mandated each of the 47 counties to take charge of their healthcare services. However, coordination and planning challenges have been noted in health systems between the national and county governments¹³. For instance, at the national level, there is strong leadership in management of the COVID-19 situation, while the county governments are lagging behind. In addition to this, there's a huge lack of resources. A recent study reveals that only 22 counties have at least one intensive care unit (ICU) while the available ventilators would not suffice in case of a major outbreak¹⁴.

The study also indicates that the capacity of Kenyan hospitals to contain increases in COVID-19 related caseload is inhibited by the availability of oxygen, with only 58 per cent of hospital beds having oxygen supply.

Lack of adequate financial resources has also impacted on the ability of the national and county governments to manage the pandemic. For instance, it has not been possible to conduct mass testing, isolation and quarantine of infected persons and contact tracing which are critical to lowering the number of new infections¹⁵. Additionally, the high cost of acquiring personal protective equipment (PPE) has impacted on the cost of healthcare, especially in private hospitals where the costs are passed on to the patients¹⁶.

Economic impacts

● *Economic growth*

The KIPPRA-Treasury Macroeconomic Model (KTMM) estimates the 2020 GDP growth rate at 1.7 per cent¹⁷. This is attributed to several factors including a prolonged global recession which is undermining the country's export, tourism and remittance inflows. The domestic economy has also been affected by the measures put in place to contain the spread of COVID-19.

¹² <https://www.who.int/news-room/feature-stories/detail/kenya-s-public-minibuses-help-drive-the-covid-19-prevention-message-home>

¹³ <https://theconversation.com/covid-19-exposes-weaknesses-in-kenyas-healthcare-system-and-what-can-be-done-143356>

¹⁴ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7371160/>

¹⁵ <https://www.acalconsulting.co.ke/the-impact-of-covid-19-on-the-healthcare-system-in-kenya.html>

¹⁶ <https://www.business-humanrights.org/en/latest-news/kenya-private-hospitals-allegedly-inflating-medical-bills-for-covid-19-patients-industry-association-responds/>

¹⁷ <https://kippra.or.ke/index.php/publications/download/6-kippra-policy-monitor/228-implications-on-socio-economic-activity-of-measures-taken-to-deal-with-covid-19-pandemic-in-kenya-issue-11-4-april-june-2020>

Figure 3: Medium-term prospects

	2016	2017	2018	2019	2020	2021	2022
Rates (%)							
GDP growth	5.9	4.8	6.3	5.4	1.7	3.1	4.2
Inflation	6.3	8.0	4.7	5.2	6.1	6.4	6.5
Interest rate	8.5	8.4	7.8	6.9	7.0	7.2	7.2
Volumes (%)							
Private consumption	7.0	7.4	7.0	4.6	1.8	3.2	4.1
Government consumption	5.6	3.9	5.6	4.9	2.9	3.1	4.2
Private investments	-7.2	8.3	2.4	3.1	-7.9	2.6	3.4
Government investments	7.8	-3.1	-8.4	-1.0	-11.2	2.8	4.5
Export goods and services	-2.2	-6.2	3.9	-0.2	-9.4	1.8	2.6
Import goods and services	-3.4	8.6	2.5	-2.0	-8.2	2.7	3.5
% of GDP							
Current account balance	-5.8	-7.2	-5.8	-5.8	-2.3	-3.1	-2.3
Fiscal deficit	-5.4	-6.1	-6.3	-5.3	-6.5	-5.8	-5.4
Expenditures	25.1	26.8	26.2	25.9	23.5	24.1	24.6
Index							
Ksh per dollar	101.5	103.4	101.3	102.1	106.1	106.2	106.1

Source: KIPPRA Policy Monitor, April-June 2020

Unemployment

In a report released by KNBS on 1st September 2020, the country's unemployment rate has risen to 10.4 per cent, up from 5.2 per cent in March 2020, with as many as 1.7 million reported job losses¹⁸. Furthermore, KNBS has released two waves of the

Survey on Socio Economic Impact of COVID-19 on Households. Wave 2 of the survey which was released on 30th June 2020 indicates that the proportion of respondents not reporting to work during the survey period due to COVID-19 related issues was 61.9 per cent. Additionally, poverty levels especially among the poor and vulnerable communities have continued to rise due to the dwindling livelihoods sources.

Figure 4: Percentage not reporting to work by reason



Source: KNBS Survey on Socio Economic Impact of COVID-19 on Households, 2020

¹⁸ <https://www.aa.com.tr/en/africa/kenya-rising-unemployment-leads-people-to-line-for-dirty-jobs/1965212#:~:text=1%2C%20the%20unemployment%20rat>

[e%20has.million%20Kenya%20have%20lost%20jobs.&text=The%20number%20of%20employed%20individuals.is%20from%2020%2D29%20years.](https://www.aa.com.tr/en/africa/kenya-rising-unemployment-leads-people-to-line-for-dirty-jobs/1965212#:~:text=1%2C%20the%20unemployment%20rat)

● Food security

A recent study indicates that the proportion of food insecure people in Kenya has increased by 38 per cent¹⁹. This is as a result the difficulties faced by farmers in accessing their farms, accessing inputs and reliable transportation services to the markets due to the COVID-19 induced lockdowns and travel restrictions. This is particularly predominant among the peasant farmers who earn relatively low incomes.

● International trade (Imports and Exports)

The closure of borders and all points of entry had a direct effect on the trade volumes for both exports and imports. However, these have significantly increase over the third quarter of the year with the gradual opening of borders. The KNBS Leading Economic Indicators (LEI) report of August 2020 shows an increase in the volume of trade from Kshs. 190.76 billion in July 2020 to Kshs. 191.94 billion in August 2020. The value of total exports increased to Kshs. 54.16 billion in August 2020, up from Kshs. 52.00 billion in July 2020. On the other hand, imports declined from Kshs. 138.76 billion in July 2020 to Kshs. 137.77 billion in August 2020.

Figure 5: Comparative volumes of imports and exports

Indicator	July 2019	July 2020	August 2019	August 2020
Exports (Billion Kshs.)	50.22	52.00	49.60	54.16
Imports (Billion Kshs.)	153.59	138.76	132.80	137.77

Source: KNBS LEI- September 2019 and August 2020

¹⁹ https://www.eurekalert.org/pub_releases/2020-09/c-nrh092120.php

²⁰ <https://www.hivos.org/assets/2020/05/Hivos-Rapid-Assessment-2020.pdf>

²¹ https://www.researchgate.net/publication/342514992_COVID-

● Women

A discussion with Wawira Nyaga, Collaborative Centre for Gender and Development (CCGD-Kenya), "Women in Kenya are adversely affected by the effects of the COVID-19 pandemic". An ongoing study by CCGD on the impact of COVID-19 on women traders reveals that women have been affected more than men as they form the majority of the small-scale traders. They have been also been affected in terms of reduced incomes (especially because of the hand to mouth tendencies). The unpublished study has also found that women have also been exposed to sexual harassment, e.g. sex for trade and sex for money, among others, while many families have broken during this period due to domestic violence. A rapid assessment study conducted by Hivos notes a massive layoff of temporary and seasonal women workers in the horticultural sub-sector²⁰.

● Education

Online and distance learning through radio, television and internet was introduced to enable continuity of education since the closure of schools. However, this has worsened the inequality situation since learners from poor, vulnerable and marginalized communities with no access to technology have been left out²¹. Furthermore, the closure of schools may exacerbate vices such as teenage pregnancies, drug abuse, gender-based violence and other forms of abuse among children²².

Impact forecast

● Economic growth

The Financial Sector Deepening (FSD-Kenya) has simulated three GDP growth scenario processes based on three macroeconomic trajectories for the country moving into 2021²³. The first one is a short V-shaped bounce back predicting positive growth rates from the last quarter of 2020 which will achieve reasonable growth rates by the end of quarter 2 of 2021. The second prediction assumes a limp back

¹⁹ https://www.eurekalert.org/pub_releases/2020-09/c-nrh092120.php

²⁰ <https://www.hivos.org/assets/2020/05/Hivos-Rapid-Assessment-2020.pdf>

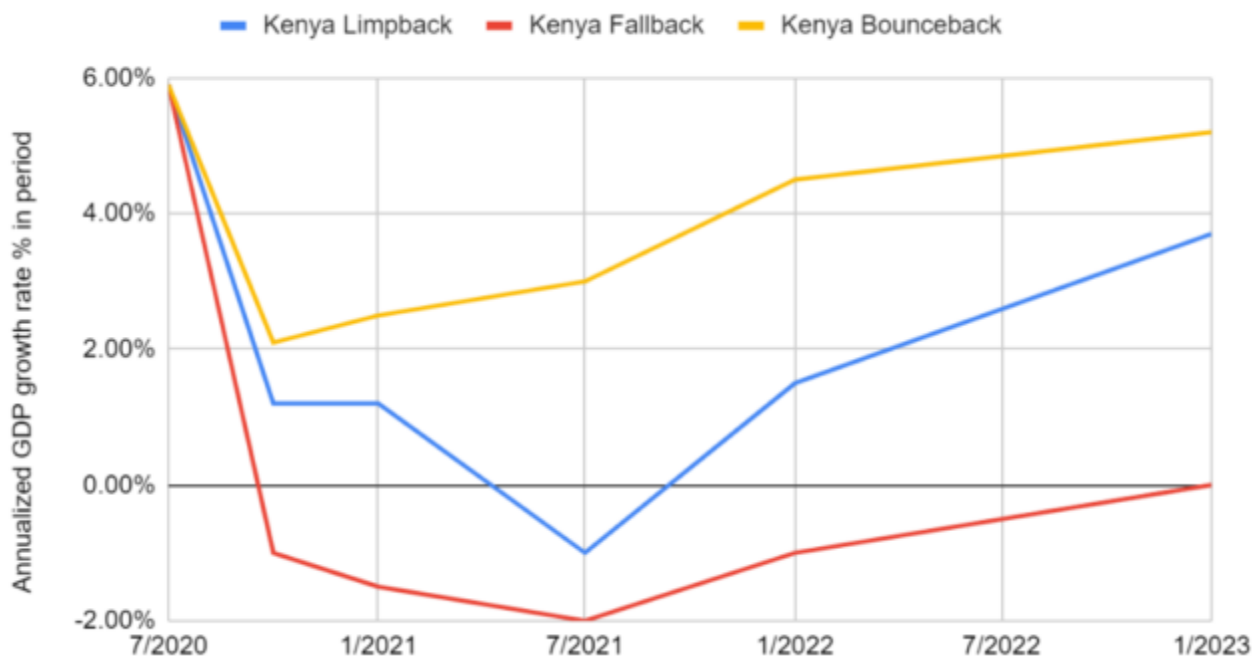
²¹ https://www.education.go.ke/images/Kenya_basic_Education_COVID-19_Emergency_Response_Plan-compressed.pdf

²² <https://fsdkenya.org/blog/economic-prospects-for-kenya-in-the-context-of-the-covid-19-crisis/>

which takes a gradual U-shape. Lastly, the fall back trajectory is a longer and more debilitating U-shaped limp back in which recovery is slower, with 2019

growth rates likely only reached by 2023; and finally more fundamental fall back in which positive economic growth could be realized beyond 2023.

Figure 6: Kenya GDP Growth Scenarios



Source: FSD-Kenya

● **Trade**

Kenya’s international trade status is forecasted to improve from the last quarter of 2020 into the 2021. The horticultural sector, for instance, which was losing approximately USD 1 million per day is currently rebounding and it is expected to gradually increase production and exports²⁴. This has been facilitated by relaxation of trade restrictions and reopening of borders, seaways and air spaces. The operationalization of the African Free Continental Trade Area (AfCFTA) on 1st January 2021 will also increase the volumes of imports and exports.

● **Unemployment**

There aren’t any official statistics on the status of employment in Kenya post-COVID. However, according to a research blog by the University of Nairobi, the reopening of the economy is bound to return millions of Kenyans to their former jobs and also create new ones²⁵. In the agricultural sector, the

opening of the economy will allow free movement of agricultural products thus creating livelihood opportunities for over 78 per cent of Kenyans who rely on it. The resumption of flights will also have a positive effect on the tourism sector which came to a slump with the restrictive measures that were put in place. Similar scenarios are also expected in the manufacturing, retail and business process outsourcing (BPO) sectors.

● **Gender**

Economic empowerment of women post-COVID is deemed the best strategy to improve their socio-economic sounding. To this end, the government has put in place measures to promote women economic empowerment which include access to affordable credit facilitation for women through Women Enterprise Fund (WEF) and the National

²⁴ <https://tradingroom.co.ke/kenya-econ-exp-to-grow-on-covid-reb/>

²⁵ <https://uonresearch.org/blog/covid-19-was-it-wise-to-open-the-kenyan-economy/>

Government Affirmative Action Fund (NGAAF)²⁶.

● Education

Moving to the post-COVID era, the education ecosystem in the country is set to undergo some changes. Blended and individualized instruction to learners will be a new normal and will integrate classroom learning with virtual learning programmes²⁷.

Support response measures

Government

A presidential speech themed State Interventions to Cushion Kenyans against Economic Effects of COVID-19²⁸ outlined some measures to cushion Kenyans against the financial effects of the pandemic. These included a 100 per cent tax relief for persons earning gross monthly income of up to Kshs. 24,000 (approximately USD 240), reduction of Pay-As-You-Earn tax rate from 30 per cent to 25 per cent, reduction of Resident Income Tax (Corporation Tax) from 30 per cent to 25 per cent, and a reduction of the turnover tax rate from 3 per cent to 1 per cent for all Micro, Small and Medium Enterprises (MSMEs). Other proposals in this address included;

- Additional cash transfers to the elderly, orphans and the vulnerable.
- Temporary suspension of the listing with Credit Reference Bureaus (CRB) of certain categories of loans.
- Reduction of the Central Bank Rate (CBR) from 8.25 per cent to 7.25 per cent. This would in turn reduce interest rates charged by commercial banks on loans.
- The lowering of the Cash Reserve Ratio (CRR) to 4.25 per cent from 5.25 per cent to

provide liquidity to commercial banks to directly support borrowers that are distressed as a result of the economic effects of the COVID-19 pandemic.

These proposals were assented into law on 25th April 2020 when the president assented to the Tax Laws (Amendment) Bill, 2020²⁹. The Amendment Bill, published on 30th March 2020, affected several tax-related laws including the Income Tax Act (CAP 470), the Value Added Tax Act of 2013, the Excise Duty Act (2015), the Tax Procedures Act (2015), Miscellaneous Levies and Fees Act (2016) and the Retirement Benefits Act (1997).

In May 2020, the government introduced the National Hygiene Program (NHP), dubbed *Kazi Mtaani*³⁰. This initiative aims at cushioning the most vulnerable but able-bodied citizens living in informal settlements from the effects and response strategies of the COVID-19 pandemic and employs informal settlement dwellers to improve the environment and service delivery infrastructure at a pay of approximately USD 6 per day. The programme is engaging about 260,000 youth across the country.

International organizations

The World Bank is offering support to Kenya's pandemic response initiatives through emergency funding for strengthening provision of medical services and reducing the spread of the virus, as well as budget support to help close the fiscal financing gap while supporting reforms that help advance the government's inclusive growth agenda³¹.

In April 2020, the G20 announced a moratorium on bilateral debts with poor countries, including Kenya. This would potentially free up to USD 900 million which could be used by the individual countries to strengthen their response strategies to the pandemic³². However, Kenya declined the offer citing its stringent conditions.

²⁶ <https://allafrica.com/stories/202009150088.html>

²⁷ <https://uonresearch.org/blog/follow-the-bridge-covid-19-and-remote-learning-in-kenya/>

²⁸ <https://www.president.go.ke/2020/03/25/presidential-address-on-the-state-interventions-to-cushion-kenyans-against-economic-effects-of-covid-19-pandemic-on-25th-march-2020/>

²⁹ http://kenyalaw.org/kl/fileadmin/pdfdownloads/AmendmentActs/2020/TaxLaws_Amendment_Act_No.2of2020.pdf

³⁰ <https://housingandurban.go.ke/national-hygiene-programme-kazi-mtaani/>

³¹ [https://www.worldbank.org/en/country/kenya/overview#:~:text=Real%20gross%20domestic%20product%20\(GDP,\)%20to%201.5%25%20in%202020.](https://www.worldbank.org/en/country/kenya/overview#:~:text=Real%20gross%20domestic%20product%20(GDP,)%20to%201.5%25%20in%202020.)

³² <https://www.businessdailyafrica.com/bd/economy/un-faults-kenya-for-ignoring-g20-covid-debt-relief-offer-2732218>

The World Food Programme (WFP) has scaled its budget and operations to provide more food relief to food-insecure, vulnerable and marginalized communities as a result of the COVID-19 crisis³³. Additionally, on 30th October 2020, in collaboration with the national government and the County Government of Mombasa, it launched a USD 40 per month cash transfer programme to 24,000 families whose livelihoods have been negatively affected by the pandemic³⁴.

Key issues to address

Post-Covid19 recovery challenges

Availability of financial resources is the single-most significant challenge facing Kenya with respect to post COVID-19 recovery. For instance, in 2020, the country's COVID-19 response fund is a meagre 0.8 per cent of its GDP³⁵. This figure is projected to be much less in 2021 due to the low economic performance anticipated in the current year. Given the foregoing, public expenditure in other sectors might have to be offset to cover the financial gap.

Additionally, the public healthcare system in the country suffers a fundamental shortcoming in the discord between needs and the available care, for instance, specialist care and the workforce (clinical and non-clinical personnel) needed to run it³⁶. Furthermore, a recent study assessing the hospital surge capacity of the Kenyan health system in the face of the COVID-19 pandemic reports that the healthcare system as currently constituted cannot accommodate patients in case of a surge in infections³⁷.

The new advancements of distance and online learning in the education sector will widen the learning gap especially for children from poor backgrounds as well as remote and marginalized areas³⁸. In this case, many parents will not afford the

requirements such as daily internet bundles and the requisite gadgets (smartphones, computers, etc.)

Post-COVID19 recovery strategies

Containment of the virus remains a top priority for the government. For this to be effectively achieved, the Government of Kenya should therefore seek and team up with its development partners strengthening its health systems capacity to contain the spread COVID-19. Additionally, more budgetary allocations should be made for this course.

The government and other relevant stakeholders to continue providing reliable health and safety information. For instance, social distancing, frequent hand washing should be promoted across the country.

In the medium-term, the government should focus on improving the state of public healthcare systems³⁹. The government needs to implement adaptive measures and make budgetary provisions for expanding the hospital surge capacity for COVID-19 through acquisition of essential services such as oxygen as well as infrastructure such as intensive care unit (ICU) beds and ventilators⁴⁰.

The African Continental Free Trade Area (AfCFTA) which comes into operationalization on 1st January 2021 offers Kenya an opportunity to expand and diversify its trade within the continent. Some commentators allude to this, and note that African countries have not been able to integrate into global value chains (GVCs) and should instead focus their attention on the regional ones (RVCs). The AfCFTA provides this opportunity for Kenya and other African countries⁴¹.

Support to MSMEs and the protection of jobs will also be key in the post-COVID era. The government should therefore create a favourable environment of the invigoration of this sector in order to ensure that

³³ <https://docs.wfp.org/api/documents/WFP-0000119214/download/>

³⁴ <https://www.wfp.org/news/wfp-and-kenya-government-launch-cash-transfers-families-impacted-coronavirus-mombasa>

³⁵ https://www.eurodad.org/kenya_covid_19_debt

³⁶ <http://healthbusiness.co.ke/4949/covid-19-exposes-weaknesses-in-kenyas-healthcare-system/>

³⁷ <https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0236308>

³⁸ <https://www.right-to-education.org/blog/impact-covid-19-right-education-kenya>

³⁹ <https://adamsmithinternational.com/articles/covid-19-in-kenya-recovering-from-the-economic-crisis/>

⁴⁰ <https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0236308>

⁴¹ <https://www.brookings.edu/blog/africa-in-focus/2020/04/15/trade-in-uncertain-times-prioritizing-regional-over-global-value-chains-to-accelerate-economic-development-in-east-africa/>

vulnerable households have reasonable cash at hand for their sustenance.

Safe access to markets, including reliable transportation and crop collection points where adequate safety measures are taken will be important in alleviating the food security and safety situation in the country⁴². Particularly, working capital (inputs) and extension services should be provided to small scale farmers who should also be

encouraged to retain food reserves for domestic consumption.

A joint study by the European Commission Joint Research Centre (JRC) and KIPPRA identifies several policy areas that could support short term economic recovery in the country⁴³. The recommendations are as contained in the following figure.

Figure 7: JRC-KIPPRA Recommendations

Sector	Recommendations	Rationale	Responsible
MSME	Flexible loans to MSMEs that employ large numbers, have demand and those offering essential services	Create numerous informal sector jobs, thus, can stimulate demand and income generation	Central Bank of Kenya, commercial banks, development partners, national and county governments
Tourism	Tax cuts on salaries and wages spending by companies	Will help the sector retain workers	Kenya Revenue Authority
Exports	Export facilitation measures and increased freight capacities	Currently available freight capacity cannot meet demand (especially for horticultural products with reopening of economies)	Agriculture and Food Authority (AFA), National and County ; Governments, International airlines
Trade	Invest in the digital economy to support trade and increase access to commodities	Digital trade reduces physical interaction; restriction of movement has slowed down trade	National and County Governments
Agriculture	Zero rate or reduce taxes on inputs	Will reduce production costs and simultaneously stimulate demand for food items	National and County Governments
Education	Create a favourable environment for growth of e-learning Suspend/waive business permits for private schools	Mitigate loss of livelihoods especially in private institutions	National and County Governments
Social security	Tax reduction on essential services e.g. PPEs, energy, food, etc. Restructure/defer mortgages and loans for people whose jobs have been affected	Will stimulate demand and increase purchasing power	National and County Governments Financial sector
Fiscal deficit	Restructure public debt towards longer maturity loans and uptake of new loans on concessional basis; fight graft	Creates a balance between short-term fiscal support and long-term fiscal sustainability; country loses about one third of national budget through graft.	The National Treasury and Ministry of Planning

⁴² <https://www.agrilinks.org/post/face-covid-19-we-must-invest-more-resilient-food-systems-africa>

⁴³ https://publications.jrc.ec.europa.eu/repository/bitstream/JRC121284/jrc_technical_report_-_covid-19_kenya_final.pdf

The medium to long term strategies should be holistic and synergetic to build inclusive and resilient socio-economic conditions and systems. The formidable challenges posed by Covid 19 can and should be the opportunity to develop and implement such strategies that meaningfully contribute to the achievement of SDGs on the one hand, and increase the resilience to face such shocks better in the future on the other.



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37-39, Rue de Vermont, 1202 Geneva, Switzerland
geneva@cuts.org • www.cuts-geneva.org
Ph: +41 (0) 22 734 60 80 | Fax: +41 (0) 22 734 39 14 | Skype: cuts.grc
Also at: Jaipur, Lusaka, Nairobi, Accra, Hanoi, Delhi, Calcutta and Washington, D.C

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