18th May 2020

Dear EAGC Members and Stakeholders,

WEEKLY UPDATE ON THE COVID-19 PANDEMIC FOR THE GRAIN SECTOR IN EASTERN AFRICA – WEEK 8

Greetings from the Secretariat.

This Communique is a continuation of our weekly updates to EAGC Members and Stakeholders on developments in the grain sector in Eastern Africa in the face of the Novel Coronavirus (COVID-19). Previous editions of this Communique are accessible here.

In the last one week, the Eastern and Southern Africa region has documented an increase in Covid-19 cases. The 10 EAGC mandate countries have registered a 13% and 10% increase in Covid-19 infections and fatalities respectively in the past one week. The total number of infected cases in the region stand at 3,907 while those of fatalities are 126. In response, governments are continually introducing more appropriate measures to clamp down the spread of the disease while seeking to promote access to essential commodities.

Source: WHO database as of 15th May 2020
A. New Measures taken by Governments in Eastern Africa

Regional COVID-19 response

The EAC Heads of State held a virtual consultative meeting on 12th May 2020 with the COVID-19 pandemic top of their agenda. In noting the continued adverse socio-economic impact of the pandemic in the region, the Heads of State issued the following directives:

- Partner States to adopt a *harmonized system for certification and sharing of COVID-19 test results* in synergy with respective national COVID-19 response plans of Partner States;
- Ministers from Partner States to finalize and adopt an *EAC digital surveillance and tracking system* for truck drivers and crew on COVID-19 for immediate use by Partner States;
- Partner states to *prioritize regional value/supply chains* to support local production of essential medical products and supplies including masks, sanitizers, soaps, coveralls, face shields, processed food, ventilators as part of efforts to combat COVID-19 in the region;
- Partner States to *facilitate farmers to continue farming activities during this pandemic and post-COVID-19 period*, support agro-processing and value chains as an import substitution measure and establish special purpose financing schemes for small and medium enterprises, to cushion them from the negative effects of the covid-19 pandemic;
- *The Ministers responsible for Health, Transport and EAC Affairs shall be the focal persons* for the regional COVID-19 response under the leadership of the Ministers of Health;
- The focal persons to immediately work on a *regional mechanism for COVID-19 testing, certification and monitoring of truck drivers* and to report back to the Heads of State;

In addition, the EAC Secretariat received a grant of €500,000 from the EAC Network of Public Health Reference Laboratories for Communicable Diseases (Mobile Lab Project) to support the strengthening of laboratory capacity for COVID-19 response in the Partner States. The funds are intended to, among other things, purchase and supply adequate tests to facilitate scale-up of testing in East Africa (1,000 COVID-19 test kits per Partner State) and the supply of essential Personal Protective Equipment (PPEs) in addition to those already procured under the Support to the Ebola response.
Tanzania

The Bank of Tanzania has approved various policy measures to cushion the economy from adverse effects of COVID19 as follows:

✓ The lowering of the Statutory Minimum Reserves (SMR) requirement from 7 percent to 6 percent, effective from 8th June 2020, to provide additional liquidity to banks.
✓ The reduction of discount rate from 7 percent to 5 percent, effective from 12th May 2020, to provide additional space for banks to borrow from the Bank of Tanzania at a lower cost, prompting lower lending rates by banks.
✓ Reducing haircuts on government securities, from 10 percent to 5 percent for Treasury bills, and from 40 percent to 20 percent for Treasury bonds, with effect from 12th May 2020, in order to increase the ability of banks to borrow from the Bank of Tanzania with less collateral than before.
✓ Banks and other financial institutions are required to thoroughly assess financial difficulties experienced by borrowers due to COVID-19 in respect of loan repayment, look into the possibility of restructuring of loans/loan repayment moratorium, and therefore grant loan rescheduling on a case-by-case basis. The Bank of Tanzania will provide regulatory flexibility to banks and other financial institutions that will carry out loan restructuring in a transparent and impartial manner.
✓ Mobile money operators to increase daily transaction limit to customers, from Tzs 3,000,000 to Tzs 5,000,000 and daily balance from Tzs 5,000,000 to Tzs 10,000,000 to encourage digital payment platforms for transactions
✓ Banks will incentivize their customers to increase usage of digital payment systems for transactions, such as online banking and point of sale systems.
✓ The Bank of Tanzania to continue monitoring the impact of COVID-19 on various sectors of the economy and take appropriate policy actions to limit the impact.

• The government has relaxed some restrictions on international flights effective May 14, 2020 to allow some categories of flight movements, following the suspension of scheduled and non-scheduled international passenger flights into and out of the country on April 11, 2020. The relaxation touches repatriation flights, to humanitarian aid operations, medical and relief flights, technical landings where passengers do not disembark and other safety-related operations. All travellers entering Tanzania are subject to mandatory quarantine for 14 days at their own cost at designated facilities identified by the government.

Kenya

Some new measures have been introduced in the past week as follows:

• On 16th May 2020, H.E. President Uhuru Kenyatta announced the closure of Kenya’s borders with Somalia and Tanzania. This comes after a total of 43 confirmed cases in the past one week originated from those two neighbours. The announcement, however, exempts cargo trucks, but their drivers must undergo compulsory Covid-19 tests and be declared negative before being allowed through the border posts.
• The President also extended the dusk to dawn curfew up to 6th June 2020 to reduce spread of the disease.
• The government is also set to deploy a mobile testing lab at Namanga border to boost COVID-19 testing capacity and hopefully reduce congestion of trucks at the border. The government is also upscaling security on border points.
Kenya (cont’d)

Some new measures have been introduced in the past week as follows:

- Hotels and restaurants are required to strictly adhere to protocols issued by government, which has now reduced testing fee of their employees from KES 4,000 to 1,000. Nairobi County will also not charge hoteliers for Compliance permits and processing of the same will be done within 24 hours.
- Cessation of movement in and out of Eastleigh in Nairobi and Old Town in Mombasa remains in place. Malls, eateries and restaurants will remain closed.
- Citizens returning home from abroad during this period are still required to provide a health certificate proving that they are free of COVID-19 from country of origin.

Rwanda

New measures have been put in place in the past week:

- Track owners, importers or cargo owners and warehouse operators who wish to travel regularly to the entry borders of Rusumo and Kagitumba for cargo evacuation are required to register for travel facilitation.
- To aid the economy in the recovery of the Covid19 impact, the government has announced the following:
  - Computation of the quarterly
  - Payment for Corporate Income Taxes (CIT) and Personal Income Tax (PIT) will be based on the transactions of the current year. Implementation modalities will be determined by the Tax Administration.
  - Transport Motor Vehicles will pay the quarterly fixed personal income tax this year pro rata to the period of operation.
  - Pay As You Earn (PAYE) will be waived for a period of 6 months (from April to September 2020) for teachers of private schools earning up to Frw 150,000 net salary. This waiver will also apply to for a period of 3 months (from April to June 2020) for employees of companies operating in the tourism and hotel sector who earn up to Frw 150,000 net salary.
  - Masks made in Rwanda to prevent the spread of Covid19 are exempt from Value Added Tax (VAT).
- The government has devised an economic recovery plan that focuses on ensuring social protection, food security and support of affected businesses with special emphasis on SME’s.
- Previous measures introduced remain effective for the stated period of time.

Uganda

- All cargo destined to the bonded warehouses and Internal Cargo Depot in Kampala shall be permitted ONL park inside the Bonded Warehouse. This does not include roads along the ICDs.
- All trucks departing from the borders and destined to the bonded warehouses in Kampala arriving at 4.00pm shall be required to park at Mandela National stadium- Nambole or Mukono RVR Kyetume which are the designated general parking areas for trucks in transit or home bound in Kampala. Such trucks are not allowed to stop or park in any other area other than the gazetted points.
- Departure from Nambole to the ICD will be upon confirmation that there is adequate space to receive the truck by URA officials.
B. Updates on cross-border trade situation

The EAC cross border points have paralyzed movement of goods within the region, following a standoff between truck drivers and border control officials at the various border posts. The standoff has been brought by the mandatory COVID-19 border point testing and worsened by truck drivers who are boycotting work to protest against perceived mistreatment. This has created massive traffic jams at the border control points, even as the EAC partner states fail to agree on how to stop regional spread of the Covid-19.

Zambia had temporarily shut its border with Tanzania after the country witnessed the highest spike of Covid-19 infections recording 76 cases on a single day in Nakonde, the border town with Tunduma in Tanzania, with reports indication that about 1,000 trucks were stuck as the...
border closure entered its second day. However, the border was again reopened this past weekend.

Rwanda has witnessed cross border protests by drivers who opposed new measures where Tanzanian truck drivers are expected to drive the trucks up to Rusumo border post where they hand them over to their Rwandan counterparts who take the goods up to their final destination. In Kenya, 25 truck drivers have been denied entry into the country through the Malaba and Busia borders after testing positive for COVID-19.

A recent border surveillance has revealed that cargo clearance into Uganda and other hinterland countries has dropped by more than 50 per cent, significantly affecting imports and exports through the port of Mombasa. The survey data shows that the busy Malaba border is currently handling 50 trucks or less a day with traffic stretching more than 50 kilometers on either sides, and about 800 and 500 trucks crossing the Malaba and Busia borders every day.

Below is a highlight of situations at key borders in East Africa.

### Tanzania/Rwanda border

Some significant new developments have recently emerged. On 15th May 2020, government officials from Tanzania and Rwanda hosted a bilateral meeting to resolve cross-border trade challenges at Rusumo border occasioned by the COVID-19 pandemic. The two countries agreed on the following:

- Removing with immediate effect the requirement of swapping drivers for trucks being cleared for entry into Rwanda
- Goods entering Rwanda will be offloaded and transhipped at the entry point, except for perishable goods and petroleum products.
- For perishable and petroleum cargo, the trucks will be escorted by Rwandan authorities to their final destination at no cost, meaning that the $500 fee initially charged has now been removed. Drivers will also be allowed overnight resting time at designated places at the cost of the importer.
- The Government of Tanzania will introduce mandatory testing of drivers at the starting point of the journey to Rwanda. Considering the length of the Dar-es-Salaam to Kigali route, drivers will be tested at every overnight stop on the route as designated by the Tanzanian authorities.
- The Government of Rwanda will also make mandatory testing available for truck drivers transiting through Rwanda (such as to parts of DR Congo) and drivers transporting perishable and petroleum cargo.
Kenya/Tanzania borders

- As indicated earlier, Kenya has closed its borders with Tanzania except for movement of cargo.
- Long queues of trucks have been observed for those entering Kenya through Tanzania at the Namanga border point, due to the strict testing done in Kenya. There is currently no differential treatment for trucks carrying perishable goods, which has led to reported cases of fresh foods rotting in trucks while awaiting clearance to enter Kenya.
- Kenya is deploying mobile laboratories to strengthen COVID-19 testing capacity at its borders in Tanzania.
- Police escort is still required for vehicles crossing from Tanzania into Kenya.

Zambia has tightened cross-border movement of vehicles at Tunduma/Nakonde border due to the rapid increase in COVID-19 cases in Tanzania.

- Movement of transit vehicles entering Zambia from Tanzania has been stopped from 20th April 2020. This was further tightened to full border closure earlier this week. Over 1,000 trucks were reportedly stranded at the border at some point.
- On a positive note, Zambia re-opened the border this past weekend, paving the way for movement of goods.
C. EAGC support to grain trade

EAGC continues to receive facilitate trade in grains, farm inputs, equipment and services through the G-Soko and G-Hub systems as follows:

i. Logistical support for grain trade using pre-qualified service providers.
ii. Emergency working capital arrangements with partner financial institutions ease liquidity constraints affecting the grain suppliers as a result of COVID-19.
iii. Continued monitoring and regular reporting to Members on developments regarding the COVID-19 pandemic to inform the business decisions.

EAGC encourages members to engage in the trade of the commodities offered in these latest grain trade catalogues showing offers and enquiries respectively.

Noting the current restrictions to movement into or out of Nairobi Metropolitan Area, Mombasa, Kwale and Kilifi Counties, EAGC is supporting its Members in Kenya to obtain travel authorization to or from these places. Members requiring this service are encouraged to contact the Secretariat through the contacts provided in Annex 1 below.

EAGC is also engaging the Government of Uganda to support efforts towards emergency food supplies during the COVID-19 pandemic.
D. In other News

Grain Pulse Limited, a Uganda-based EAGC Member, has made a donation of 7.5 metric tons of granulated fortified maize flour to the Covid-19 Task Force Fund in Uganda, following a food support appeal made by the President of Uganda as the beginning of the lockdown.

The 7.5MT donation, worth UGX 20 million, consists of 1,500 bags of 5 kg each of milled nutritious maize flour which is expected to benefit 1,500 households within the country.
EAGC and the UNECA Africa Trade Policy Centre have co-authored an article on Informal Cross-Border Trade during the COVID-19 pandemic which has been published in the latest publication of the Africa Business Magazine. In 2019, the two organizations had conducted one of the first assessments of informal cross-border trade on the Abidjan to Lagos Corridor in the ECOWAS region. This new article draws insights from this assessment and experiences from East Africa and contextualizes them in the current pandemic. The full article is available here.

EAGC reminds its Members and Stakeholders to bring to its attention any disruptions they experience in either domestic or cross-border trade through Secretariat contacts at the end of this Communique (Annex 1). The Secretariat continues to closely monitor developments to update Members and remains at your disposal for any support that you may require during difficult period.

Thank you and God Bless you.

Gerald Makau Masila,
EXECUTIVE DIRECTOR,
EASTERN AFRICA GRAIN COUNCIL
Annex 1: EAGC Contact Addresses for you to reach us for assistance

<table>
<thead>
<tr>
<th>Country</th>
<th>Contact Person</th>
<th>Contacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uganda</td>
<td>Justine Namubiru</td>
<td>+256 772577500</td>
</tr>
<tr>
<td></td>
<td>Country Program Officer</td>
<td><a href="mailto:jnamubiru@eagc.org">jnamubiru@eagc.org</a></td>
</tr>
<tr>
<td>Kenya</td>
<td>Fred Simon Otieno</td>
<td>+254 712 237 244 or call the office on</td>
</tr>
<tr>
<td></td>
<td>Program Officer</td>
<td>+254 733, 444035</td>
</tr>
<tr>
<td></td>
<td>Email: <a href="mailto:fotieno@eagc.org">fotieno@eagc.org</a></td>
<td></td>
</tr>
<tr>
<td>Tanzania</td>
<td>Kimwaga Mbando</td>
<td>+255 712 453 493; +254 703 106 890</td>
</tr>
<tr>
<td></td>
<td>Trade Policy Manager and in-charge Tanzania Country</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Program</td>
<td></td>
</tr>
<tr>
<td>Rwanda</td>
<td>Epiphanie Karekezi</td>
<td>+250788750766</td>
</tr>
<tr>
<td></td>
<td>Country Program Officer</td>
<td></td>
</tr>
<tr>
<td>Malawi</td>
<td>Kohani Uzamba</td>
<td>Mobile: +265 999 227 697</td>
</tr>
<tr>
<td></td>
<td>Country Program Officer</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Email: <a href="mailto:ukohani@eagc.org">ukohani@eagc.org</a></td>
<td></td>
</tr>
<tr>
<td>EAGC GSoko</td>
<td>Lynette Kithinji</td>
<td>+ 254 712 652 104</td>
</tr>
<tr>
<td>Trade Desk</td>
<td>Trade Desk &amp; Communications</td>
<td></td>
</tr>
<tr>
<td>Regional office,</td>
<td>Gerald Makau Masila, Executive Director/CEO</td>
<td></td>
</tr>
<tr>
<td>DR Congo</td>
<td>Janet Ngombalu</td>
<td>+254 733 444055/ 0722 516250</td>
</tr>
<tr>
<td>Burundi</td>
<td>Regional Programs Coordinator</td>
<td></td>
</tr>
<tr>
<td>Zambia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ethiopia</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Regional Office
+254 733 444035,
Email - grains@eagc.org

www.gsoko.com

www.ratin.net – daily news updates

www.grain.institute

www.eagc.org/services/atpaf-esa