

Impact Assessment of COVID-19 Pandemic on the Tourism and Hospitality Industry in the EAC and Post Recovery Strategy for the Sector

D. Muoki

Working Paper - COVID-19_018

AFRICAN ECONOMIC RESEARCH CONSORTIUM
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By

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List of abbreviations and acronyms

ADB	African Development Bank
AERC	African Economic Research Consortium
AIPC	Association of International Conference Centres (French)
AMREF	African Medical and Research Foundation
AU	African Union
AHLA	American Hotels and Lodges Association
BBC	British Broadcasting Corporation
BMGF	Bill & Melinda Gates Foundation
BNIT	Bernhard Nocht Institute for Tropical Medicine
CASSOA	Civil Aviation Safety and Security Oversight Agency
CBTOs	Community Based Tourism Organizations
CRB	Credit Reference Bureaus
EABC	East African Business Council
EAC	East African Community
EAHRC	East African Health Research Commission
EALA	East African Legislative Assembly
EATP	East African Tourism Platform
EU	European Union
G20	International forum for the governments and central bank governors from 19 countries and the European Union
GDP	Gross Domestic Product
GoK	Government of Kenya
IATA	International Association of Travel Agents
ICCA	International Congress and Conventions Association
ICAO	International Civil Aviation Organization
ICOM	International Council of Museums
ILO	International Labour Organization
IMF	International Monetary Fund
KAWT	Kenya Association of Women in Tourism
KfW	German Development Bank
KNCB	Kenya National Convention Bureau
KTF	Kenya Tourism Federation
KWS	Kenya Wildlife Service

MICE	Meetings, Incentive travel, Conferences, Exhibitions
MoTW	Ministry of Tourism and Willdlife
NC	Non-Confirmed cases
NGO	Non-Governmental Organization
OECD	Organization for Economic Co-operation and Development
PCR	Polymerase Chain Reaction
PWD	Persons living With Disability
RCBIs	Research and Capacity Building Institutions
RCF	Rapid Credit Facility
RCoT	Rwanda Chamber of Tourism
TOT	Trainers of Trainers
RDB	Rwanda Development Board
SIDS	Small Island Developing States
SOPs	Standard Operating Procedures
TCT	Tourism Confederation of Tanzania
TMEA	TradeMark East Africa
TOSK	Tour Operators Society of Kenya
TRI	Tourism Research Institute
TSA	Tourism Satellite Account
UNCTAD	United Nations Conference for Trade and Development
UNECA	United Nations Economic Commission for Africa
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNWTO	World Tourism Organization
UTA	Uganda Tourism Association
UTB	Uganda Tourism Board
UK	United Kingdom
USA	United States of America
USD	United States Dollars
WEF	World Economic Forum
WOBs	Women Owned Businesses
WTTC	World Travel and Tourism Council

Executive summary

Tourism is one of the largest foreign exchange earners and fastest-growing sectors in the East African Community (EAC). According to the EAC Secretariat, tourist arrivals in the EAC region increased from 3.5 million persons in 2006 to about 7 million in 2019. Tourism contributed to the Gross Domestic Product (GDP) of the EAC Partner States by an average of 9.5% in 2019. It contributed an average of 17.2% to EAC total exports and 7.1% to employment. However, the upward trajectory in tourism in the region, with its positive impact on the economy, was devastatingly affected by the onset of COVID-19 pandemic in March 2020.

In view of this, the East African Business Council (EABC) with the support of the African Economic Research Consortium (AERC) and Bill and Melinda Gates Foundation (BMGF) commissioned undertaking of this study. Essentially, the study aimed at assessing the impact of COVID-19 on the tourism and hospitality industry, and to generate policy options that the EAC Partner States should adopt to protect sector players from COVID-19 disruptions and future pandemics. The main activities of the study included: assessment of the impact of COVID-19 pandemic on the tourism and hospitality industry in the EAC; analysis of the current fiscal incentives for the sector; assessment of the non-tariff barriers that the sector has faced during this period of the pandemic; and propose recommendations for the tourism sector in EAC arising from the assessment.

To achieve the objectives, the study deployed a mixed-methods approach of data collection. This entailed a qualitative method through interviews with key industry informants and a quantitative method whereby a semi-structured survey questionnaire was administered to all key subsectors of the tourism and hospitality industry. The latter was aimed at determining how the sector was impacted upon at micro-level. In addition, the study involved analysis of trends in key tourism indicators from statistical reports from Partner States and other sources. These included indicators such as international tourist arrivals, tourism receipts, tourism jobs, visitors to parks, and hotel occupancy rates.

This study establishes that EAC Partner States may have lost international tourism receipts to the tune of US\$4.8 billion in the year 2020. About 4.2 million foreign tourists were not able to travel to their preferred EAC destinations. The trickle-down effects have been felt across affiliated industries and the rest of the economy. In terms of impact on employment, it is estimated that tourism jobs in the region dropped from

about 4.1 million jobs to 2.2 million jobs, that is, about two million jobs in the tourism sector were lost. There was a significant decline of about 65% of visitors to national parks and therefore impacting negatively on wildlife conservation efforts in the region. The Study also shows that hotels in the region registered average occupancy rates of below 30%, thus affecting their operations significantly including maintaining staff.

As part of the study findings, the online survey of tourism businesses in the region has indicated that 28% of the businesses lost their entire projected revenues during the pandemic period, 48% lost 75% of their projected revenue, 12% lost 50% of their projected revenues, and others created new revenue streams (6%), while others cited huge losses due to lack of work. The respondents indicated that 38% reduced staff by more than 50%, 20% reduced staff by below and up to 50%, 30% maintained staff at partial pay, and only 10% maintained all staff at full pay, while the rest (12%) applied measures such as; closing business, laying off workers, reducing working time by 50%, among others. According to key informants, businesses turned to borrowing to fund their running expenditures such as rent and utilities due to reduced operational capital. The fate of the most retrenched employees is a subject that needs a specific scrutiny as generally, with loss of household incomes, many a family resorted to traditional income generating activities such as farming and small-scale businesses whose returns are meagre.

The recovery of the sector calls for concerted efforts in the region to forestall protracted tourism-related losses in terms of GDP, export earnings, employment, as well as income and benefits accruing to the wide array of tourism stakeholders. As far as policy interventions recommended are concerned, commentators in the sector seem to all agree on need to sustain certain aspects of the stimulus packages provided by the governments, re-engineer and re-define the tourism products offerings to ensure sustainability, giving more thrust to the domestic and regional markets, leveraging digital technologies in tourism marketing and promotion, entrench the ongoing shift of working from home in the regulatory frameworks, establish an effective tourism crisis management mechanism, roll-out national-wide vaccination drives, and prioritizing tourism employees in the process and review of insurance policies to protect tourism businesses and employees from future crises.

1. Introduction

The Economic Road Map and Vision of the East African Community Partner States (Kenya, Tanzania, Uganda, Rwanda, and Burundi and later Republic of South Sudan) view tourism development, not only as a key pillar for national development, but most importantly as a mechanism to alleviate poverty, generate foreign revenue for the government, and contribute to wildlife conservation (Novelli, 2014).¹ Tourism in East Africa has grown to become one of the largest foreign exchange earners and fastest-growing sectors in the East African Community (EAC). According to the EAC Secretariat, tourist arrivals in the EAC region increased from 3.5 million persons in 2006 to about 7 million in 2019.

"Around the world, in countries at all development levels, many millions of jobs and businesses are dependent on a strong and thriving tourism sector. Tourism has also been a driving force in protecting natural and cultural heritage, preserving them for future generations to enjoy"

Mr. Zurab Pololikashvili
Secretary-General of the UNWTO

Tourism contributed to the Gross Domestic Product (GDP) of the EAC Partner States by an average of 9.5% in 2019. The percentage contribution was higher than the average in Tanzania (17.1 %), Rwanda (10.0%) and Kenya (9.7%), while lower than average in Uganda (5.6%) and Burundi (5.1%). Tourism contributes an average of 17.2% to EAC total exports, although the percentage contribution was higher in Tanzania (26%), Rwanda (21.0%) and Kenya (18.1%). On the other hand, the total contributions of tourism to export earnings were 16.6% for Uganda and 4.1% for Burundi.²

However, with the onset of COVID-19 pandemic in the East African Community in March 2020 and consequent travel restrictions around the world, the upward trajectory in tourism in the region with its positive impact on the economy was abruptly interrupted. It is estimated that EAC Partner States may have lost international tourism receipts to the tune US\$4.2 billion for the year 2020. About 4.8 million foreign tourists were not able to travel to their preferred EAC destinations.³ The trickle-down effects have been felt across affiliated industries and the rest of the economy. The recovery of the sector calls for concerted efforts in the region to forestall protracted tourism-related losses in terms of GDP, export earnings, employment, as well as income and benefits accruing to the wide array of tourism stakeholders.

The first cases of COVID-19 outbreak was reported in the EAC Partner States around 12th March 2020 in Kenya⁴, and by 30th March 2020, 176 confirmed (C) and

51 non-confirmed (NC) cases were reported in EAC. These included in Rwanda 70C, 16NC; Kenya 50C, 19NC; Uganda 33C, 10NC; Tanzania 19C, 6NC; Burundi 2C, and none reported South Sudan. Subsequently, all the six EAC Partner States are now affected with varied magnitude and incidence of the disease. The EAC Secretariat convened an Extra-Ordinary meeting of the Sectoral Council of Ministers responsible for health as well as other sectors to deliberate on the COVID-19 pandemic, map out strategies to contain the disease in the region and develop a clear plan to mitigate against the same. Among other resolutions, the Partner States agreed to facilitate free movement of goods and services in the region, but under very stringent conditions.

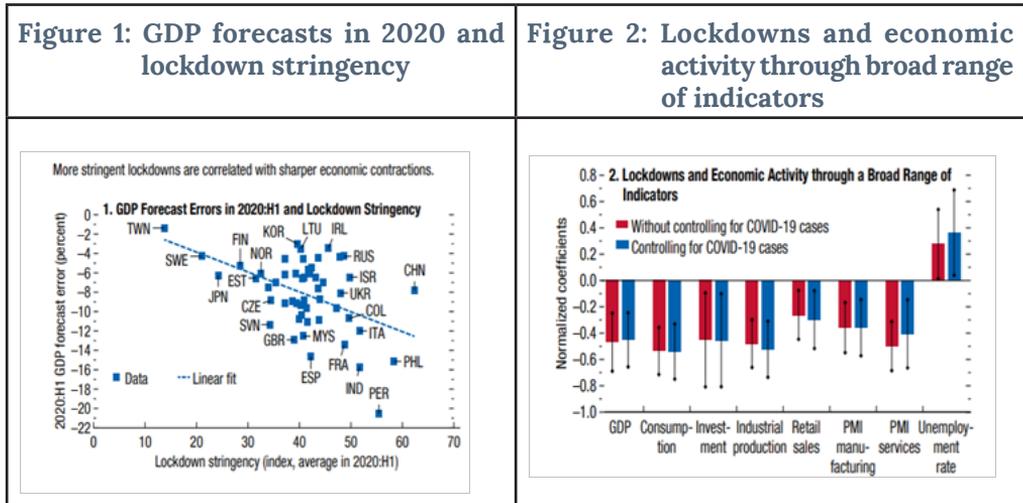
Background

While the health impacts are directly through contagion, the economic impacts are largely a consequence of the preventive measures adopted by the respective governments to curtail its spread. Key measures adopted by most countries to curtail the spread include the closing of their frontiers and partial or complete lockdowns of economies which, among other things, have seen the temporary closure of businesses, schools, and social services.⁵

One of the most insightful economic impact analyses of COVID-19 pandemic globally and within the East African Region was the Deloitte Report that was done shortly after the onset of the pandemic, that is, in May 2020.⁶ The report predicted impacts of the pandemic on various sectors, including those that are related to the tourism and hospitality sector. For example, it predicted that the airline passenger revenues would drop by US\$314 billion in 2020 compared to 2019; global airline ticket revenue to drop by 55%; that about 100 million jobs in the tourism sector would be lost with a quarter of them in the G20 countries and up to US\$2.7 trillion impact on the GDP. While looking at other industries, the report projected that there would be a positive impact on online retailers, increased demand for cleaning products, dry and refrigerated and frozen food. However, physical stores would be severely impacted. Further, it underscored that rising unemployment would undermine recovery in industry. Undeniably, hotels are one of the hardest-hit industries by COVID-19. As a result of massive cancellations of flights, tours, events, hotel reservations and a resultant decline in inbound travel, hotel occupancy rates and average room rates have dropped sharply causing unprecedented declines in profit margins.⁷

An analysis by the International Monetary Fund (IMF)⁸ of cross-country evidence on the relationship between lockdowns and economic activity over a sample of 52 advanced, emerging market, and developing economies, showed a correlation between the stringency of lockdowns during the first half of 2020 and the decline in

GDP relative to pre-pandemic forecasts. It is depicted in Figure 1 that the countries that implemented more stringent lockdowns experienced sharper contractions in GDP.



Source: IMF (2021).

In Figure 2, IMF demonstrated that the negative association between lockdowns and economic activity is robust to using other indicators besides GDP. More stringent lockdowns were associated with lower consumption, investment, industrial production, retail sales, purchasing managers’ indices for the manufacturing and service sectors, and higher unemployment rates. These correlations persist with and without controlling for the strength of each country’s epidemic based on the total number of confirmed COVID-19 cases scaled by population.

2. Context

This section brings out the conceptual background of the study while highlighting the various global and regional impacts of COVID-19 as pertains to the tourism and hospitality industry.

Global scenario

Figure 3: 2020 international tourist arrivals



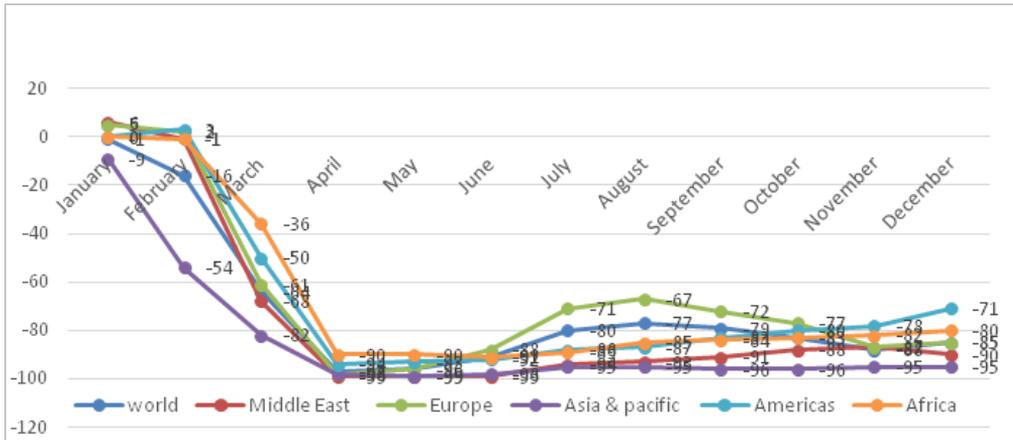
Source: UNWTO (2021).

International tourism is a critical services export sector in many countries and thus a key source of foreign exchange. Globally, tourism accounts for almost 30% of services exports, but in many small island developing states (SIDS), this share is much higher (UNCTAD, 2020)⁹. Tourism drives regional development, directly supports numerous types of jobs and businesses and underpins many local communities. Globally, in the year 2018, there were 1,413 million international tourist arrivals up from 1,337 million arrivals in 2017, representing a 5.7% increase, while tourism receipts increased from US\$1,328 billion to US\$1,439 billion, representing an 8.3% growth. In 2019, there were 1.5 billion international arrivals, and tourism receipts stood at US\$1,466 billion.

The global tourism industry is extremely sensitive to changes which affect human well-being, health and security. If tourists perceive undue risk, uncertainty or instability in a recreational destination (in that they are usually spending a relatively significant sum of money from their annual income for a short period of anticipated relaxation and respite), then they will very likely avoid that threat and the possibility of a loss of 'desired consumption' (Jennifer Kim Lian Chan, 2020). According to the United Nations World Tourism Organization (UNWTO), the tourism sector suffered the deepest and greatest crisis on record in 2020 following an unprecedented health, social and economic emergency amid the outbreak of the COVID-19 pandemic. International tourist arrivals (overnight visitors) plunged by 74% in 2020 over the previous year due to widespread travels restrictions and a massive drop in demand. The collapse in international travel represents an estimated loss of US\$1.3 trillion in export revenues in nominal values, more than 11 times the loss recorded during the 2009 global economic crisis, putting 100-120 million direct tourism jobs at risk, many of them in small and medium-sized enterprises.

As shown in Figure 3, Asia and the Pacific recorded 84% decrease in international arrivals in 2020, about 300 million less than in the previous year. The Middle East and Africa both recorded a 75% drop in arrivals. In Europe, arrivals declined by 70%, representing over 500 million fewer international tourists, while the Americas saw a drop of 69%. This drop is reflected in the Figure 1. The plunge in tourist arrivals started in the Asia and Pacific Region in January following the imposition of a lockdown in Wuhan, China. This was followed by a drop in other regions shortly after following the declaration of COVID-19 as a global pandemic in March 2020. The trend in international tourist arrivals giving monthly changes in arrivals by region is illustrated in Figure 4.

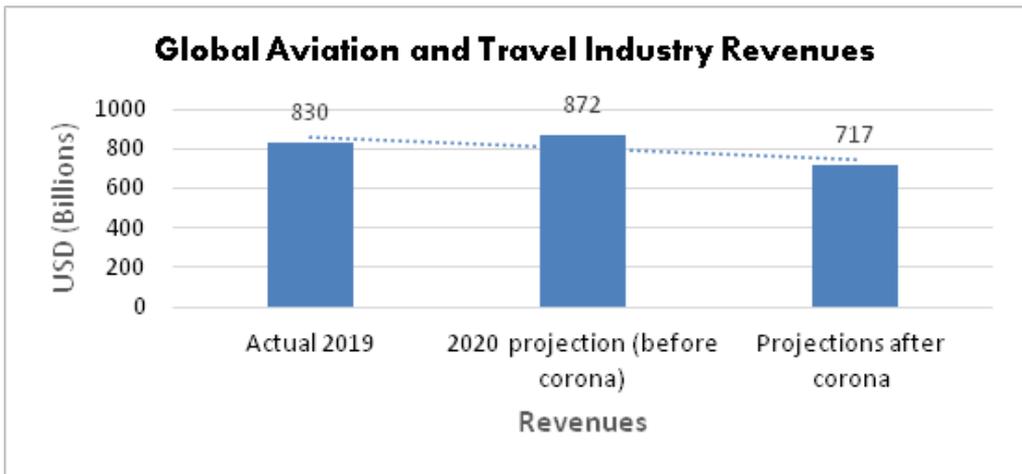
Figure 4: Global arrivals over the COVID-19 pandemic period



The above estimates by UNWTO are corroborated by the estimated drop by IATA, who observes that recovery in air travel has been stagnating. They note that in 2020, passenger traffic plunged 66% compared to 2019 which is by far the greatest in aviation history. Further, IATA underlined that international travel has been impacted to a greater extent than domestic routes at 75.6% and 48.8%, respectively. The drop varies across the regions with Africa at 68.8%, Asia Pacific (61.9%), Europe (69.9%), Latin America (62.1%), Middle East (72.2%) and North America (65.2%). These estimates are almost similar to the ones by ICAO’s latest report that observes that there was an overall reduction of 2.7 billion passengers representing a 60% drop in 2020 compared to 2019 with approximately US\$371 billion loss of gross passenger operating revenue of airlines.¹⁰ It would be important to look into the impact at EAC level, and in specific Partner States, and how this has affected the tourism sector.

Reduction in number and volume of international arrivals, according to UNWTO, is because by 20th April, 2020, all worldwide destinations had introduced travel restrictions in response to the pandemic. About 45% of the world’s destinations totally or partially closed their borders for tourists, 30% suspended totally or partially international flights and a further 18% banned entry for passengers from specific countries of origin. These travel restrictions resulted to total disruption and paralysis of international travel and tourism industry worldwide (IATA, 2020a; UNWTO, 2020). Other reasons for low numbers are grounding of airlines, closing of hotels, and introduction of travel restrictions imposed by nearly all countries (IATA, 2020).¹¹

ICAO estimates an overall reduction of 66% of seats offered by airlines, an overall reduction of 1,376 million passengers (-74%) and approximately US\$250 billion loss of gross operating revenues of airlines for international travel globally, and at the same time an estimated overall reduction of 38% of seats offered by airlines, an overall reduction of 1,323 million passengers (-50%) and approximately US\$120 billion loss of gross operating revenues of airlines for domestic travel for the period 2020 against 2019¹² (Figure 5).

Figure 5: Global aviation and travel revenues

Source: ICAO (2021).

Tourism jobs were significantly affected. The sector is highly labour intensive and provides a high volume of jobs for low skilled workers, together with higher skilled jobs. According to the International Labour Organization (ILO), the accommodation and food services subsectors alone globally provides employment for 144 million workers, about 30% of whom are employed in small tourism businesses with 2-9 employees (ILO, 2020).¹³ As a result of the Coronavirus (COVID-19) pandemic, the global travel and tourism market was predicted to experience a loss of 75.2 million jobs worldwide in 2020, and by end of 2020, approximately 100.8 million jobs worldwide had been lost (Statista, 2021). The origin country of the virus, China, is supposed to have seen the biggest loss of approximately 25.6 million jobs and whole of Asia and Pacific Region with approximately 63.4 million jobs lost. Europe was seen as the second hardest hit continent, with an estimated employment drop of 13 million jobs by end of the year 2020. Italy, the European country that was hit hardest by the virus, is estimated to have seen a loss of approximately one million jobs in the travel and tourism industry.

Globally, hotels have reported having extremely low occupancy rates, or have experienced closures on a massive scale. Big hotel chains have seen their stock price plunge as a result. In Europe, it was estimated that 76% of hotels were closed in 2020. According to STR¹⁴, in the first week of May, many countries had an average occupancy rate lower than 30%. Some shared accommodation categories, such as hostels or camping, may be impacted in the longer term. Brazil's tourism industry suffered major losses, with about 80% of accommodation services and all its parks and tourist attractions closed by May 2020 and without the public support the sector projected to lose approximately US\$6.2 billion, as inbound arrivals to Brazil were projected to decrease by 50% in 2020 (ILO, 2020). At the end of March 2020, lockdown measures in France resulted in the closure of 75,000 restaurants, 3,000 clubs and 40,000 cafes, affecting one million employees who have been placed under technical

unemployment. In the accommodation and food services subsectors, 51 million businesses globally are facing an extraordinarily difficult business environment with major impacts on employment opportunities.¹⁵ Hospitality data company, STR, estimates that return to pre-crisis levels will not occur before 2022.

In the United Kingdom's tourism-reliant areas, 80% of workers in the hotel and food industries were reported to have been put on furlough schemes and about a third of jobs were at risk in the longer term. Total number of those without the employment in the year 2020 was 1.74 million people. This was reported to be highest figure for five years. In the United States, and according to the America Hotels and Lodges Association (AHLA), 2020 was the worst year on record for hotel occupancy leading to staggering job losses. Since the beginning of the crisis, nearly 1.6 million hotel workers have been laid off or furloughed, and 3.9 million hotel-supported jobs have been lost (AHLA, 2020/1)¹⁶. Hotels, restaurants, tour operators, airlines, and cruise ships have suspended their operations indefinitely. In Africa, tourism employs about 24 million people. This was, however, reduced to 12.4 million people during the 2020 COVID-19 pandemic.¹⁷

Museums and cultural event organizers are facing huge financial losses as facilities shut down, and events have been cancelled. The International Council of Museums (ICOM), reported on 2 April that, in Italy, the cultural sector is expected to lose €3 billion in the next semester; in Spain, €980 million just in April¹⁸ (Euro nostra, 2020). Major sporting and entertainment events are also being affected, including the Tokyo 2020 Summer Olympics which have been postponed. There continues to be increased uncertainty around the staging of other global events, while many smaller, more local festivals and events that are important to local destinations have also been cancelled. Exhibitions have lost over US\$145 billion from cancelled contracts worldwide (OECD, 2020)¹⁹.

On the business events or rather MICE (Meetings, Incentive travel, Conferences and Exhibitions) front, the worldwide COVID-19 pandemic has had as profound and unprecedented an impact on the industry as it has on commerce and society at large. Virtually all convention and exhibition centres and services worldwide were forced to cease operations as the initial wave of infections expanded ever further.²⁰ The COVID-19 pandemic has stopped the industry in its tracks. Planned association meetings²¹ were either cancelled or postponed, or moved from one city to another creating an overall change in meetings planned of 22.47% globally as shown in Table 1

Table 1: COVID-19 impacts on meetings industry for the period February to June 2020

	Number of Meetings Cancelled	Number of Meetings Postponed	Number of Meetings With Changed Host Cities	Total Number of Meetings Planned for 2020	Total Number of Meetings Changed	Change Ratio
Asia-Pacific Including China	42	111	8	336	161	47.92%
North America	18	9	1	232	28	12.07%
Europe	61	101	6	1021	168	16.45%
South America	5	9	1	91	15	16.48%
Africa	2	18	1	69	21	30.43%
The Whole World	128	248	17	1749	393	22.47%

Source: ICCA/CIMERT (2020).

The change ratio shows that the Asia Pacific Region, including China, was the most affected in terms of change of international association meetings against planned ones for the period February to June 2020.

A panel of experts at the UNWTO²² has predicted a mixed outlook for 2021, with almost half of respondents (45%) envisaging better prospects for 2021 compared to last year, while 25% expect a similar performance, and 30% foresee a worsening of results. About 50% of respondents expected a rebound to occur only in 2022 as compared to 21% in October 2020. These experts foresaw growing demand for open-air and nature-based tourism activities, with domestic tourism and ‘slow travel’ experiences gaining increasing interest.

However, looking further ahead, most experts do not see a return to pre-pandemic levels happening before 2023. In fact, 43% of respondents point to 2023, while 41% expect a return to 2019 levels in 2024 or later. Nevertheless, UNWTO’s extended scenarios for 2021-2024 indicate that it could take between two-and-a-half and four years for international tourism to return to 2019 levels. The gradual roll out of a COVID-19 vaccine is expected to help restore consumer confidence, contribute to ease travel restrictions, and slowly normalize travel during the year ahead.

Cross-referencing with other sectors data collected by UNCTAD shows that all other sectors related to tourism were negatively affected. For example, in Kenya, considered under moderate scenario²³, air transport recorded a slight positive change (1%), the trade and communication sectors recorded no change (0%), while the other sectors recorded negative changes: recreational and other services (-19%), accommodation and food services (-55%), dwellings (-4%), construction (-1%), financial services, insurance (-1.5%), electricity and water (-4.5%), food selected sectors (-8.6%), motor vehicles (-5%), beverages and tobacco products (-4%).

Post pandemic interventions

To achieve pre-COVID-19 levels economic status economy, countries are taking several approaches all aimed at reopening and rebuilding tourism destinations. Tourism businesses and workers are benefiting from economy-wide stimulus packages, with many governments having introduced tourism specific measures. Governments and industry focused their efforts on:

1. Lifting travel restrictions and working with businesses to access liquidity supports, apply new health protocols for safe travel, and help to diversify their markets;
2. Restoring traveller confidence and stimulating demand with new safe and clean labels for the sector, information apps for visitors and domestic tourism promotion campaigns; and
3. Preparing comprehensive tourism recovery plans, to rebuild destinations, encourage innovation and investment, and rethink the tourism sector.

Some countries are experiencing gradual increase in the number of international travels. This reflects the reopening of many destinations. Markets such as the United States, Germany and France have showed some signs of recovery in the last quarter of 2020. Furthermore, demand for domestic tourism continues to grow in some markets, including both China and Russia. Announcement of vaccines and the ongoing roll out in vaccination around the globe are expected to gradually increase consumer confidence and boost international tourism rebound. According to the latest research from UNWTO, the proportion of closed destinations dropped from 82% in late April 2020 to 18% towards the end of the year (expressed in percentage of international arrivals). The extended scenarios for 2021-2024 presented by the United Nations specialized agency for tourism point to a rebound by the second half of 2021.

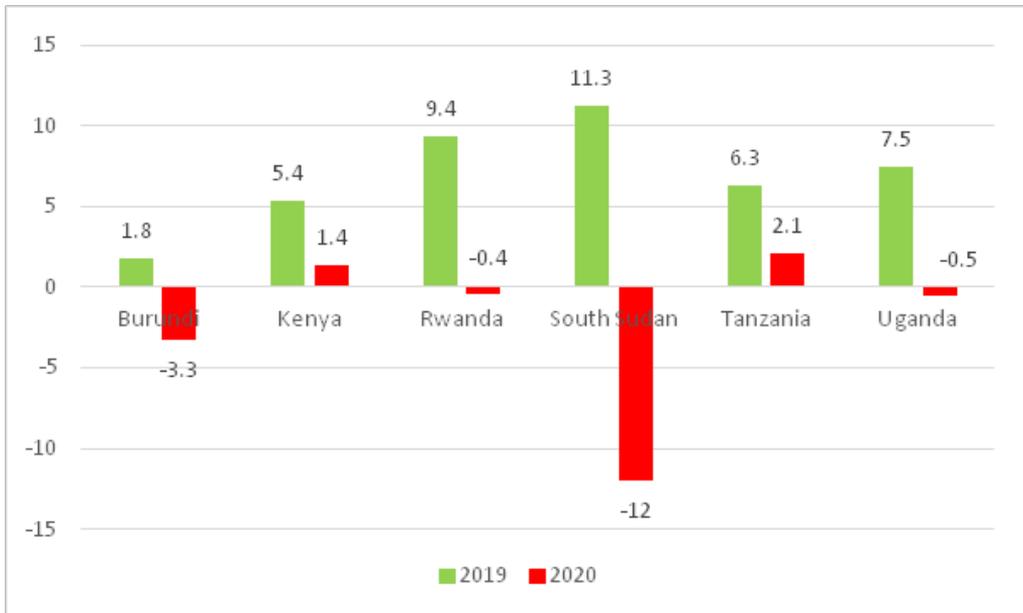
Regional scenario

The World Bank biannual Africa's Pulse report of April 2020 noted that, as a result of the pandemic, economic growth in sub-Saharan Africa would decline from 2.4% in 2019 to between -2.5% and -5.1% in 2020²⁴, depending on the success of measures taken to mitigate the pandemic's effects. This means that the region will experience its first recession in 25 years. David Evans, in his analysis of the economic impact of COVID-19 in Africa in April 2020²⁵, noted several scenarios advanced by various analysts such as Mckinsey. Before the crisis, the 2020 growth estimate for the continent was 3.9%. It was projected that in the "least-worst case," characterized by the outbreak being somewhat contained both globally and in Africa, growth was to drop to 0.4%. In other scenarios, including a lack of containment globally and in Africa, the rate was expected to drop to as low as -3.9%. The scenarios explicitly did not take into account either fiscal stimulus packages or currency devaluations.

Analysis from OECD²⁶ estimated that the initial economic costs of shutdowns could exceed 15% of gross domestic product (GDP) in South Africa during 2020, over 25% of GDP in the United States, and around 30% of GDP in Mexico. Comparable estimates for additional sub-Saharan African countries were not available; however, it was deemed likely that shutdowns comparable to those seen in OECD countries could carry high levels of cost to GDP, while also creating increased risks to the population, including hunger, starvation, impoverishment, as well as political backlash.

The pandemic is reported to have led to contraction and dampened growth of GDP in the EAC Partner States at varying levels as highlighted in Figure 6.

Figure 6: GDP growth rates for the EAC Partner States for the years 2019 and 2020



Source: EAC (2020).

South Sudan was the most affected, with a contraction of -12% in 2020 against a high growth rate of 11.3% the previous year. This is followed by Burundi with a -3.3% and then Uganda and Rwanda with -05% and -0.4%, respectively. Tanzania and Kenya were observed to register a positive growth though dampened at 2.1% and 1.4% compared to 6.3% and 5.4% in 2019, respectively.

International Air Transport Association (IATA) data indicate that, as of March 2020, 11 African airlines had recorded a loss of up to US\$4.4 billion in revenue since the outbreak of the pandemic (IATA, 2020a).²⁷ Online travel is being impacted by the ongoing COVID-19 outbreak at both the industry and individual company level. According to the impact of COVID-19 report on online travel industry, it emerged that the largest seven public online travel agencies²⁸ with an estimated market capitalization of US\$222.114 billion, such as booking.com, airbnb, trip.com, expedia, makemytrip, webjet and trivago, will lose at least US\$11.5 billion in revenue this year due to the virus. The impact could even go higher, potentially as much as US\$20 billion in missed revenue.²⁹

With a drop in air passenger traffic, and subsequent drop in tourism arrivals around the world, WTTC recorded 63% a drop in international arrivals in Africa with an estimated GDP impact of US\$ 87 billion in 2020. Table 2 provides a glimpse of the same.

Table 2: WTTC impacts and projection analysis for Africa for 2020

	Impact	Projections (If No Improvement)
Jobs lost	12.4 million (51%)	15 million
GDP loss	87 billion USD	105 billion
Global arrivals (assumptions)	63% (international) 33% (domestic)	73% (international) 45% (domestic)

Source: WTTC (2021).

Africa employed a total of 24 million people under tourism sector before COVID-19 pandemic, but this number reduced by 51% (12.4 million) during the year 2020.³⁰ Hotels, restaurants, tour operators, airlines, and cruise ships suspended their operations indefinitely.

3. Data and methodology

This paper assesses the impact of COVID-19 on the tourism and hospitality sector and generates policy options that the EAC Partner States should adopt to protect sector players from COVID-19 disruptions and future pandemics. The main activities of the study include: assessment of the impact of COVID-19 pandemic on the tourism and hospitality in the EAC (not limited to nature/expedition tourism, destination, leisure, MICE, etc.); analysis of the current fiscal incentives for the sector and propose appropriate interventions; assessment of the non-tariff barriers that the sector has faced during this period of the pandemic; proposing recommendations for the tourism sector in EAC from the assessment.

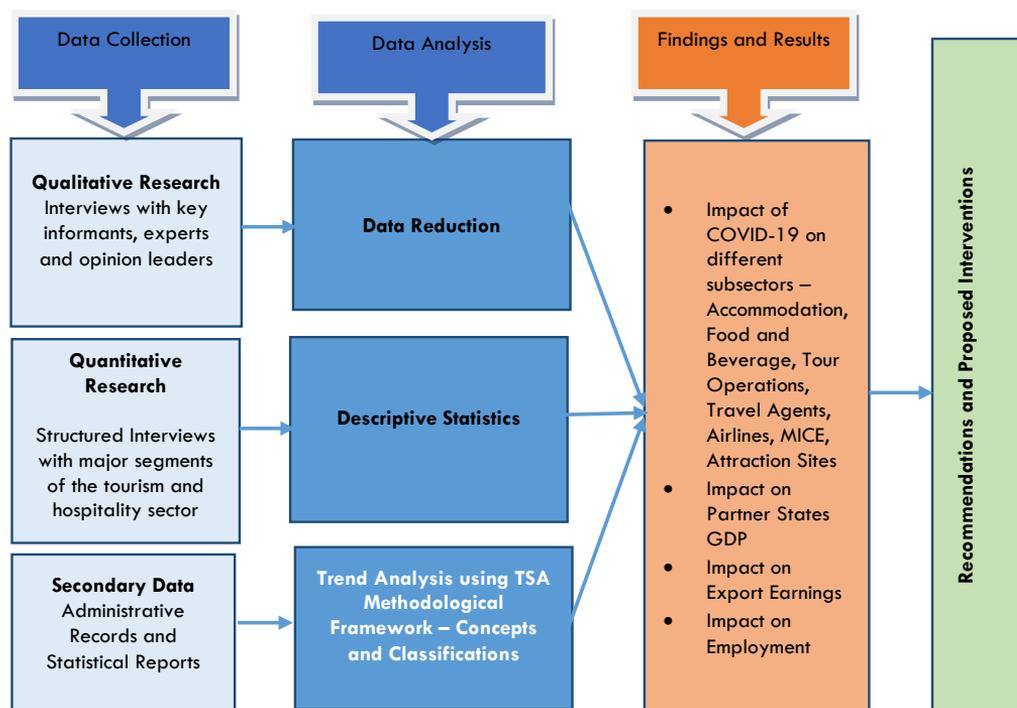
Study approach and methodology

To achieve the objectives, the study deployed a mixed-methods approach of data collection. This entailed a qualitative method through discussions with key industry informants drawn from the East African Community (EAC) Secretariat and apex tourism organizations including East African Tourism Platform (EATP), Kenya Tourism Federation (KTF), Kenya National Convention Bureau (KNCB), Rwanda Chamber of Tourism (RCoT), Uganda Tourism Association (UTA), Tourism Confederation of Tanzania (TCT), Kenya Association of Women in Tourism (KAWT), and Tour Operators Society of Kenya (TOSK), and a quantitative method whereby a structured online survey tool was administered to all key subsectors of the tourism and hospitality industry in the East African Community. Some 50 responses were garnered. The online questionnaires aimed at determining how the sector was impacted at the micro-level. The study looked at key tourism and hospitality supply and demand indicators such as; tourism arrivals, tourism receipts, tourism contribution to EAC GDPs, and tourism jobs. The study also focused on unravelling the extent to which non-tariff barriers imposed due to COVID-19, specifically those relating to measures of combating the spread of Coronavirus, such as COVID-19 testing, restriction of movement (lockdowns), restriction of operating hours (curfews) and social distancing, among others, affected the sector. In addition, the study looked into the incentives provided by the various governments with an intention of finding out how appropriate and sufficient they were with respect to the negative impacts of the pandemic. The analysis of the above brings out key findings upon which recommendations and proposed interventions are based.

In addition, relevant administrative records and statistical reports were studied to extract and analyse the impact of the pandemic on the sector. In this regard, key concepts and classifications under the Tourism Satellite Account methodological framework were to be adopted specifically on supply and demand. However, discussions with key informants revealed that only the Republic of Rwanda has officially adopted and launched the TSA methodological framework. The Republics of Kenya and Uganda have commenced the process of the TSA framework and are in the final stages. The other EAC Partner States are yet to start the process. Thus a trend analysis of the updated official statistical information was undertaken.

Figure 7 depicts the approach and methodology of the study.

Figure 7: Study approach and methodology



Source: Author’s Own Construction (2021).

Study period

The study was undertaken in March 2021 and covered the COVID-19 period of March 2020 to March 2021.

Study limitations

A number of constraints were encountered in the study. Key among them is the low responsive rates from Partner States, especially on quantitative aspect. Similarly, the responsiveness from key informants was also low. In particular, it was a challenge to get information from some of the Partner States especially the Republic of Burundi and Republic of South Sudan. It is also apparent that Partner States are yet to publish most of the statistical information that could be useful in the study. As aforementioned, Partner States are yet to adopt the Tourism Satellite Account methodological framework to assess the value of tourism which could have been instrumental in determining the impact of COVID-19 on key aspects such as contribution to GDP and employment. It is only the Republic of Rwanda that has officially adopted the framework, while Kenya and Uganda are already in the process of developing the framework. Other Partner States are yet to commence the process.

4. Results and findings

The COVID-19 pandemic has disrupted the tourism and hospitality sector in an unfathomable extend around the world and in this specific case, the East African region. Towards the end of March 2020, all East African countries initiated COVID-19 mitigation and control measures such as banning flights in and out of the countries, school closures, lockdowns in the major cities or countrywide which came with restriction of movements, closure or restriction of person-person-contact mode of businesses, massive awareness campaigns on COVID-19 with strong emphasis on face masking, social distancing and regular washing of hands. Any confirmed or suspected case was followed by a massive contact tracing, quarantine or isolation of confirmed or suspected cases for a minimum of 14 days in identified Centres. With closure of schools, restriction of person-person-contact mode of businesses, and banning of flights, the manufacturing sector and the service sector in general were greatly affected.

It is notable that EAC Partner States, to a large extent, used different measures in mitigating against the impact of COVID-19 on the tourism sector. This is evident from the varying requirements for travellers entering their territories as from December 2020. Uganda and Burundi were totally restrictive, while the other Partner States were partially restrictive as shown in Table 3.

Table 3: Requirements for travellers entering EAC Partner States at opening of economies in 2020

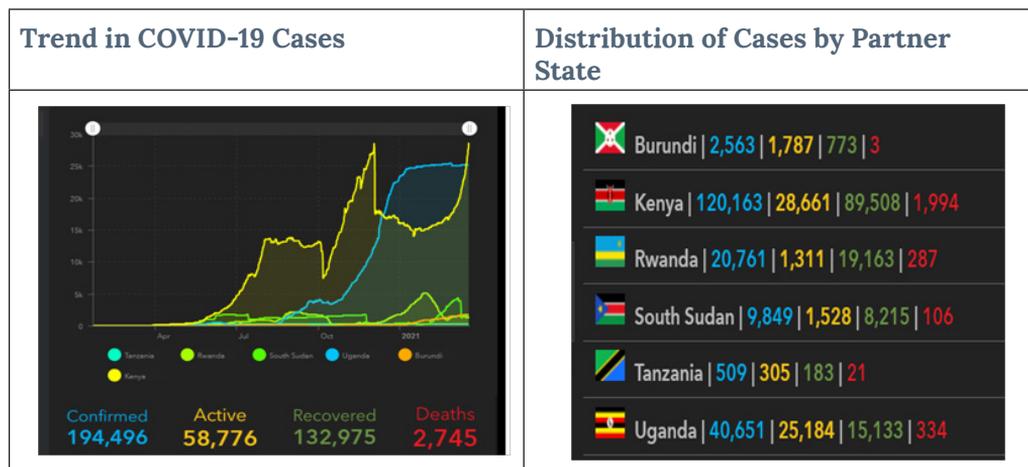
Partner State	Flight and Border Restriction	COVID-19 Certificate	Mandatory Test Upon Arrival	Quarantine
Burundi	Flights suspended	Yes	Yes	Yes, 5 days
Kenya	Flights resumed for selected countries	Yes		
(96 hours)	No	Yes, with exemptions		
Rwanda	Flights resumed for selected countries	Yes (72 hours)	Yes	Yes, 24 hours
South Sudan	Flights resumed	Yes	No	Yes, 14 days
Tanzania	Flights resumed	Yes (72 hours)	No	No
Uganda	Flights resumed	Yes	Yes	Yes, 14 days

Source: IATA (2020).

COVID-19 impact in East Africa Community economies

After a consistently strong economic performance over recent years, the EAC’s economic growth rapidly decelerated in the first quarter of 2020 and, except for Tanzania, the economies of the region contracted in the second quarter. However, following the partial easing of the lockdown restrictions in the last half of the year, there was a subsequent moderation of the economy.³¹ As of May 11, 2020, COVID-19 had infected more than four million people and caused almost 300,000 deaths worldwide. The infections had risen to 194,496 by end of March 2021 while the number of COVID-19 related deaths were at 2,745 in the EAC Partner States as shown in Figure 8. However, it should be noted that Tanzania stopped sharing COVID-19 data as from 9th May 2020, and therefore the figures for Tanzania reflect status up to that time.

Figure 8: EAC COVID-19 statistics as of 28th March 2021



Source: EAC (2021).

To slow down the pandemic, many countries including EAC Partner States implemented lockdowns and border closures with significant disruptions to production, trade flows and other economic activities. Global demand and supply are suffering unprecedented negative shocks. Many governments launched drastic policy responses, ranging from massive stimulus packages to monetary interventions.³²

By the second quarter of 2020, many countries had reopened, although some are reinstating partial lockdowns as the COVID pandemic continues to spread. Similar to the rest of the African continent, the effect of the pandemic on growth in Eastern Africa has been heterogeneous. While the region has generally been adversely affected by this crisis, the impact has been more severe for countries dependent on tourism³³, with the EAC region recording 1.1% economic growth during COVID-19 period against a pre-COVID-19 growth rate of 6.1%. This decline in economic growth resulted from

negative impacts across various sectors such as agriculture, manufacturing, transport and tourism, among others.

Impact on key tourism indicators

Tourism is one of the sectors that were severely affected by COVID-19 owing to its high susceptibility to crises and pandemics. This was reflected in massive reductions in international tourist arrivals, receipts, tourism jobs, visitors to parks, and hotel occupancy rates as highlighted hereunder.

International tourist arrivals, receipts and tourism jobs

In the development of a Regional Tourism Recovery Plan, the EAC Secretariat had projected about a 67% drop in tourist arrivals across the region.³⁴ This estimate is corroborated by, for example, the reports by the Republic of Kenya and United Republic of Tanzania that have indicated that the arrivals in 2020 dropped by 72.3% and 64.9%, respectively. It is estimated that the drop in international tourist arrivals in Rwanda and Uganda shrunk by about 69.7% and 69.3%, respectively. This is due to the fact that, though Rwanda opened her borders in August, she maintained stringent entry requirements including a COVID-19 test and quarantine upon arrival. On the other hand, Uganda opened her borders in September 2020 and therefore international travel took place only in the third quarter following the onset of COVID-19. Although Burundi didn't institute internal lockdowns right from the start, she didn't open air travel into the country and therefore the drop in international tourist arrivals for the country is estimated to be 70%. The estimated drop in international tourist arrivals in the EAC region based on five Partner States, except the Republic of South Sudan, was 69.3%. In absolute terms, EAC received about 2.16 million international tourists in 2020 compared to about 7.05 million in 2019. Table 4 highlights the key tourism indicators for EAC Partner States.

Assuming that the average tourist expenditure remained constant between 2019 and 2020, it was projected that the drop in arrivals translated to a similar percentage drop in receipts. Therefore, it is estimated that the international tourist receipts dropped from US\$6.1 billion in 2019 to about US\$1.9 billion in 2020. In terms of impact on employment, it is estimated that tourism jobs in the region dropped from about 4.1 million jobs to 2.2 million jobs, representing a 48% decline. It is opined that the impact on jobs was slightly less in Tanzania compared to other Partner States.

Table 4: Key tourism indicators in EAC region by Partner States

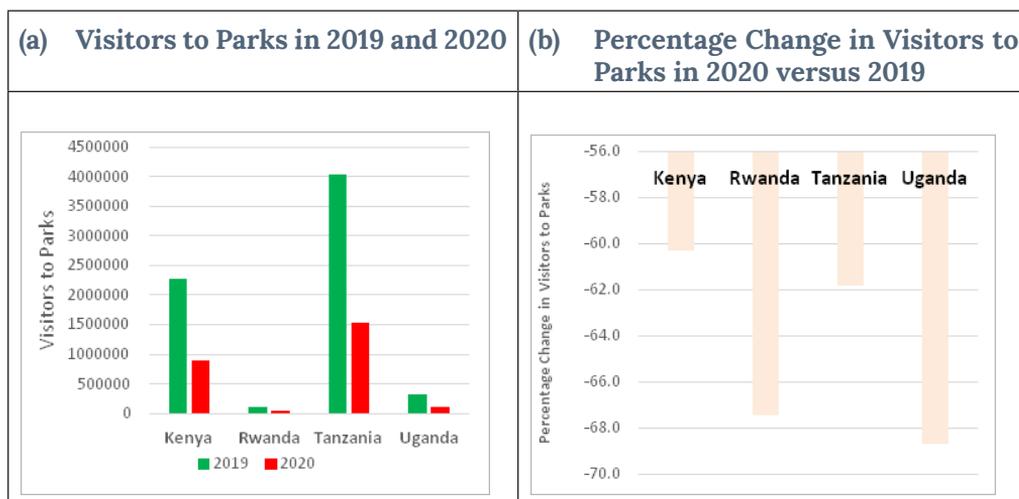
Country	Year	International Arrivals	% Change in Arrivals	International Receipts (USD Millions)	% Change in Receipts	Tourism Jobs	% Change in Tourism Jobs
Burundi	2018	286,518		4			
	2019	300,000	4.7	6	51.3	69,500	
	2020	90,000	-70.0	1	-80.0	34,750	-50.0
Kenya	2018	2,025,206		1,528			
	2019	2,048,834	1.2	1,897	24.1	1,579,500	
	2020	567,848	-72.3	531	-72.0	789,750	-50.0
Rwanda	2018	1,711,000		374			
	2019	1,632,000	-4.6	549	46.8	331,200	
	2020	494,000	-69.7	110	-80.0	165,600	-50.0
Tanzania	2018	1,505,702		2,412			
	2019	1,527,230	0.3	2,667	10.6	1,550,100	
	2020	536,491	-64.9	1,067	-60.0	930,060	-40.0
Uganda	2018	1,505,669		1,027			
	2019	1,542,620	1.4	1,000	-2.6	536,600	
	2020	473,085					
	-69.3	200	-70.0	268,300	-50.0		
Total EAC	2018	7,034,125					
	2019	7,050,684	0.0	6,119	26.0	4,066,900	
	2020	2,161,424	-69.3	1,887	-69.2	2,188,460	-48.0

Source: WTTC (2021) and Updated National Statistical Reports.

Visitors to parks

As revealed by already reported data in four EAC Partner States, namely, Kenya, Rwanda, Tanzania, and Uganda, visitors to national parks and reserves reduced by an average of 64.6% in 2020 compared to 2019. The variation of the drop in these Partner States is as illustrated in Figure 9 (a) and (b).

Figure 9: Change in visitors to parks in selected EAC Partner States



The Republics of Uganda and Rwanda experienced the largest dips in visitors to parks at 68.7% and 67.5%, respectively. On the other hand, United Republic of Tanzania and Kenya recorded 61.8% and 60.3%, respectively. The variance in the drop could be explained by higher participation of domestic tourists in Kenya and Tanzania. It is also noted that Tanzania encouraged international travel during the second half of the year which could have forestalled bigger declines in visitor to parks. The reduced visitation to national parks had far-reaching implications on wildlife conservation efforts through loss of revenue generated from park entry fees and concessions.

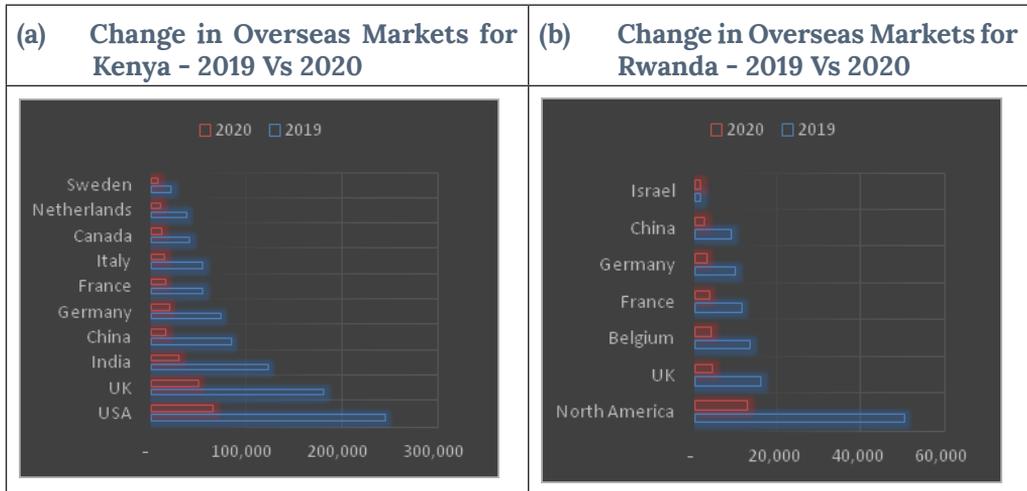
Hotel occupancy rates

Like elsewhere in the world, the hotel subsector in the EAC Partner States was devastatingly affected by the pandemic as a result of mass cancellations that took place in March and April 2020. The hotel occupancy rates remained dampened throughout the period April-December 2020 in EAC Partner States given that very little international travel took place. In the case of Uganda, the room occupancy rate dropped from an average of 51.9% in 2019 to 20% in 2020. A survey of hotels in Kenya by the Central Bank of Kenya undertaken in March 2021³⁵ revealed that the hotels recorded an annual average of 27.6% bed occupancy in 2020. During the first two months of 2020, hotels in Kenya were apparently performing well as indicated by the monthly average bed occupancy in January 2020 of 64% which rose to 65% in February and then drastically dropped in ensuing months, that is, March (39%), April (7%) and the lowest was May at 6% and 9% in June. The occupancy rates increased marginally during the second half of the year resulting to the aforesaid 27.6% annual average. Occupancy rate in Kenyan hotels in the first quarter of 2021 was still low at 26.3%.

Impact on key source markets

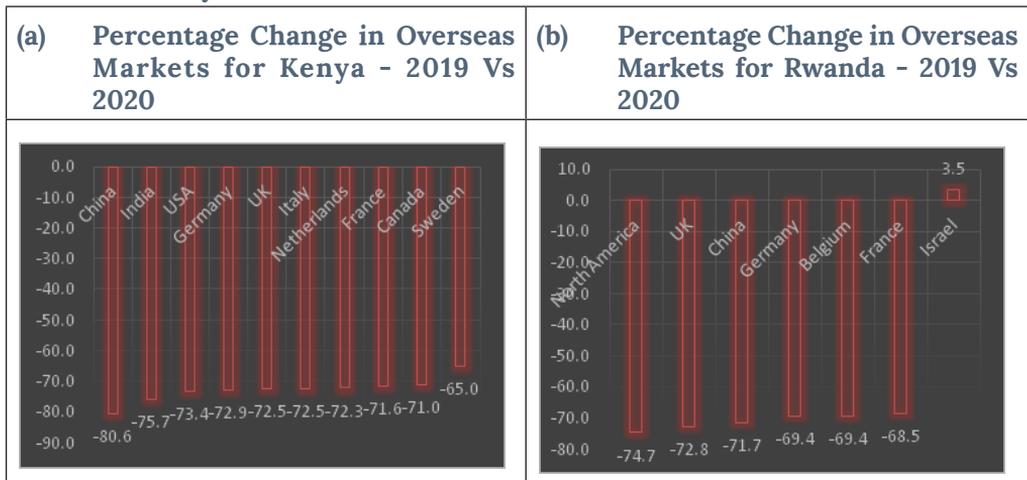
As demonstrated by available statistics from Kenya and Rwanda, all the key source markets, both overseas and regional, were significantly affected and in varying degrees. Figures 10 11 illustrate the changes in key overseas source markets for Kenya and Rwanda in 2020 compared to 2019.

Figure 10: Changes in key overseas markets for Kenya and Rwanda in 2020 compared to 2019



Source: TRI (2020); RDB (2020).

Figure 11: Percentage change in arrivals from key overseas source markets for Kenya and Rwanda

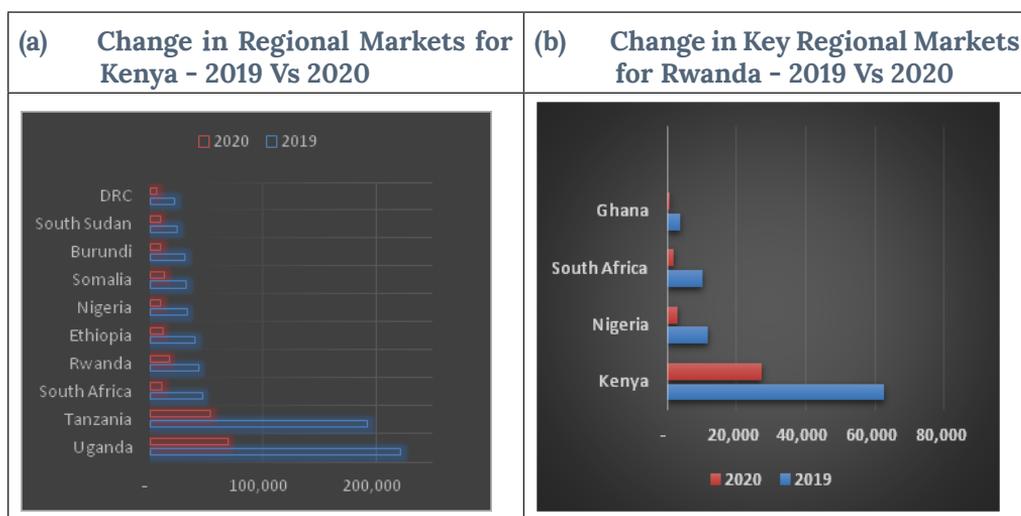


Source: TRI (2020); RDB (2020).

China, which was the fourth largest overseas market for Kenya in 2019, had the worst drop of 80.6% in 2020. It was followed by India at 75.7% and then USA at 73.4%. USA was the largest overseas market for Kenya in 2019 with 245,437 visitors to Kenya, which dropped to 65,377 in 2020. UK being the second largest market for Kenya dropped by 72.5% in 2020 compared to 2019. UK is also a major market for Rwanda, coming second after North America (USA and Canada combined). Rwanda registered 16,107 visitors from the UK in 2019 and the number dropped by 72.8% in 2020 to 4,388 visitors. The North American market dropped by 74.7% for Rwanda from 50,451 in 2019 to 12,744 in 2020.

The regional source markets for Kenya and Rwanda were also significantly affected by the pandemic as shown Figure 12.

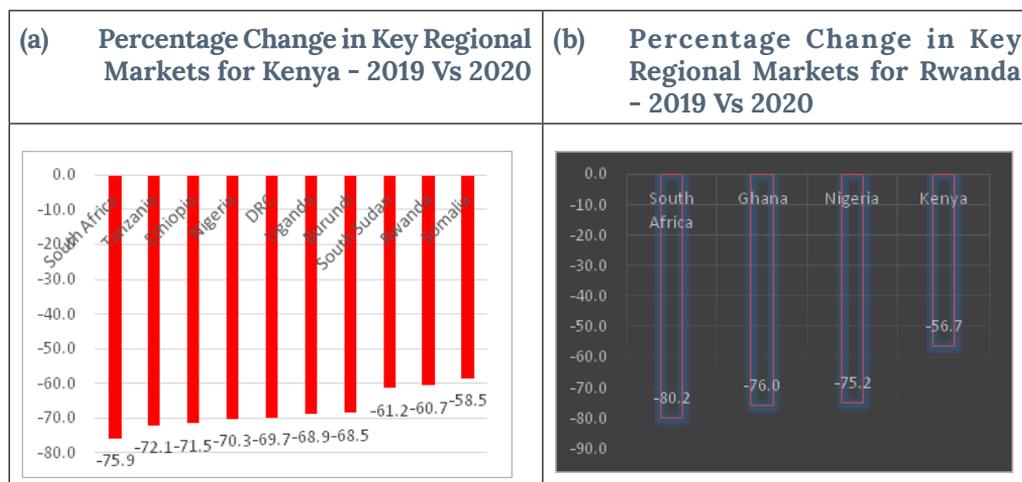
Figure 12: Changes in key regional markets for Kenya and Rwanda in 2020 compared to 2019



Source: TRI (2020); RDB (2020).

As shown in Figure 13, Uganda was the largest regional market for Kenya in 2019 with 223,010 visitors followed by Tanzania with 193,740 visitors. The markets dropped by 69.7% and 72.1%, respectively. However, the source market for Kenya that recorded the biggest drop is South Africa at 75.9% from 46,926 in 2019 to 11,313 in 2020. South Africa is also a major market for Rwanda, whereby the market declined by 80.2% from 10,118 in 2019 to 2,003 in 2020. Kenya is one of the largest regional source markets for Rwanda and it dropped by 56.7% from 62,300 in 2019 to 27,134 in 2020.

Figure 13: Percentage change in arrivals from key regional source markets for Kenya and Rwanda

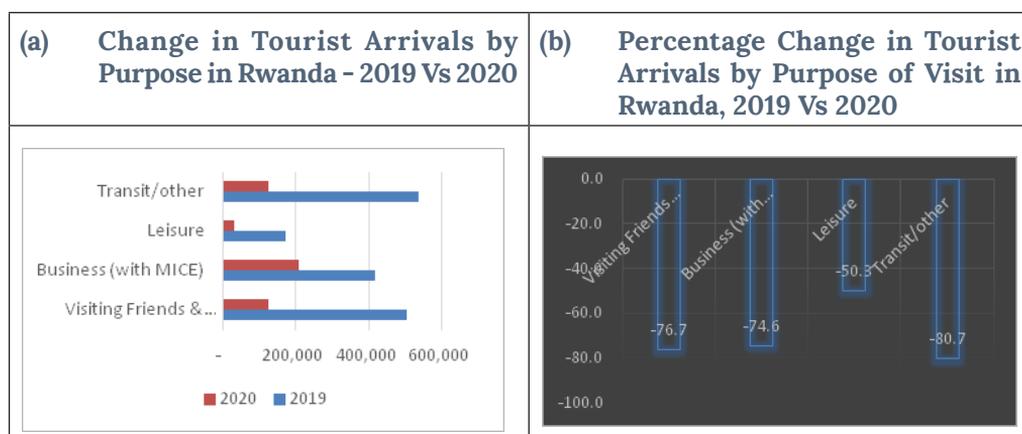


Source: TRI (2020); RDB (2020).

Impact on different market segments

As demonstrated by Figure 14, based on available data from the Republic of Rwanda, the pandemic had varied impacts on the different market segments, that is, leisure, visiting friends and relatives, and business.

Figure 14: Changes in different market segments



Source: RDB (2020).

Travel for leisure in Rwanda dropped by 50.3% compared to other segments. For example, travel for business (with MICE) dropped by 74.5% while visiting friends and relatives segment was most affected as it dropped by 76.7%. It would, however, be important to compare this performance with that of other countries such as Kenya and Tanzania which largely leisure destinations are.

Observations from key informants

The EAC Secretariat indicated that when they were formulating the Draft EAC Tourism Recovery Plan in June 2020, they had estimated a drop of 67% in international tourist arrivals in 2020 in the event that removal of restrictions would be slow paced. They also had estimated that the tourist receipts would drop by about two-thirds, that is, by roughly US\$4 billion from US\$6.1 billion recorded in 2019. Upon the onset of COVID-19 in the region in March 2020, the Secretariat made efforts to mobilize the Partner States in coming up with mitigation measures that aimed at ensuring minimal disruption in movement of goods and services. In particular, the Secretariat developed a Regional Response Plan and Administrative Guidelines on movement of goods and services in the region. In addition, the Secretariat implemented the Mobile Laboratory Project. The project is being funded by the Republic of Germany through the German Development Bank (KfW) and the Bernhard Nocht Institute for Tropical Medicine (BNIT). The labs were aimed at strengthening each Partner States' capacity in diagnosing infectious diseases. The EAC Secretariat has overseen the procurement of mobile lab units and training of laboratory experts to operationalize these units. The mobile labs were equipped with modern equipment such as PCR and ELISA machines that are able to diagnose most pathogens causing communicable diseases such as Ebola and COVID-19. The labs were stationed at major border crossing points within the region such as Namanga and Busia.

Further, the EAC Secretariat enhanced the capacity of staff at the eight international airports in the region on the prevention of and response to the spread of COVID-19 ahead of Partner States resuming their flight schedules. The training of trainers (TOT) commenced on 26th May 2020 at the Jomo Kenyatta International Airport in Nairobi, Kenya, and was shortly followed with training in Mombasa, Juba, Entebbe, Bujumbura, Dar es Salaam, Kilimanjaro, and Kigali. The Civil Aviation Safety and Security Oversight Agency (EAC CASSOA) organized and coordinated the trainings which were implemented by AMREF Flying Doctors. The capacity building targeted staff from the Civil Aviation Authority, airline operators, port health, animal health, immigration, customs, cargo and baggage, security, airport rescue, and firefighters.

The text in Figure 15 summarizes the preventive and mitigation measures that were initiated by the EAC Secretariat upon the onset of the pandemic in the region.

The EAC Secretariat sees testing and quarantine requirements before or upon entering into the Partner States as having acted as a barrier to travel into and within the region. This is due to the fact that when an international tourist enters into the region through one country, he or she would be expected to meet the requirements of the second Partner State in case they would want to travel to another country within the region. The EAC Secretariat also finds the cost of testing, which ranges from US\$30 to US\$100 across the region, being prohibitive especially to intra-regional travel.

Figure 15: COVID-19 preventive and mitigation measures for EAC Partner States

The East African Community held a meeting of Partner States Ministers of Health on 25th March 2020.

The key resolutions passed were:

- Partner States to continue to implement mandatory 14-day quarantine for all travellers to the region;
- EAC face to face meetings remain suspended and members are urged to meet virtually;
- Partner States to facilitate the free movement of goods and services and to that effect:
 - o trucks ferrying goods are to have a maximum of three crew members;
 - o if the crew are screened and they are found to be at high risk or are positive for COVID-19, then the truck is decontaminated before it reaches the destination and crew members must self-quarantine for a period of 14 days as per guidelines of each Partner State;
 - o truck members are urged to stop only at designated points to reduce spread of the virus;
 - o crew of cargo planes and vessels to be quarantined in a government designated hotel for the period of their stay;
- Partner States were directed to support local companies to ensure the local production and availability of key consumables or products used in COVID-19 response including hand sanitizers, medical products, soap, among others;
- Partner States were to establish a system to monitor crew health and enable contact tracing;
- Coordinate efforts between member states to help fight the spread of the crisis;
- EAHRC directed to conduct research on COVID-19 and technologies, advances in care and treatment, vaccines, behaviours of the virus, diagnostics, etc. to inform policy and practice of the region;
- EAC Partner States and their embassies and high commissions to coordinate citizens who have been affected by closure of borders to enable them to move to their final EAC destination; and
- All EAC Partner States to provide additional contingency and emergency funds to fight the impact of COVID-19.

According to the East African Tourism Platform (EATP) most businesses in the region lost between 75% and 90% of their revenues due to closures or massive scaling down of their operations as they adjusted to prescribed governments' regulations for combating the pandemic between April and December 2020. Consequently, this led to massive staff layoffs, with many businesses reducing staff to up to 50% of their usual establishment and some maintaining them on 50% pay. With reduced operational capital, business turned to borrowing to fund their running expenditures such as rent and utilities. The fate of the most retrenched employees is a subject that needs a specific scrutiny as, generally, with loss of household incomes many a family resorted to traditional income generating activities such as farming and small-scale businesses whose returns are meagre.

Kenya Tourism Federation (KTF), a federation of tourism associations in Kenya and a constituent member of the EATP, reported that tourism has been adversely affected by the pandemic to a point where the operations of the association largely based on subscriptions from members have been affected as well. KTF notes that, due to the pandemic, most members were unable to meet the financial obligations to the association and consequently requested for financial assistance from other tourism players and adapted a 50% salary reduction for staff as well as other costs so as to sustain itself. This was arguably replicated across the sector.

The key informants interviewed in this study seem to largely agree on the raft of policy interventions and measures that should be put in place, both in the immediate and medium-term, to ensure that the sector recovers back to the 2019 levels. For example, some of the proposed interventions by the EAC Secretariat include sustaining incentives that are beneficial and required by the private sectors, approval and implementation of harmonized COVID-19 Guidelines for the tourism sector in the region that have been developed by the EAC Secretariat in collaboration with the Partner States, and approval and implementation of harmonized/common EAC Tourism Recovery Plan that has been developed by the EAC Secretariat in collaboration with the Partner States. Policy recommendations proposed by the EAC Secretariat for long-term mitigation against pandemics similar to COVID-19 or other such crises include the need to develop a Regional Crisis Management Mechanism and Implementation and entrenchment of One Health Approach in the region that compromises participation and involvement of all relevant sectors such as health, environment, tourism, wildlife, trade, and agriculture in pandemic preparedness.

In a survey undertaken by KTF alongside the National Tourism Crisis Steering Committee of the Ministry of Tourism and Wildlife of Kenya, the key strategies that were identified for recovery are: domestic tourism recovery strategy, product improvement and diversification recovery strategy and digitizing tourism recovery strategy with a long-term goal of creating resilience, sustainable marketing strategies, re-launching the destination for international tourism, and creating sustainable partnership. The Kenya National Convention Bureau (KNCB), recommended that there is a need to review strategy for stakeholder engagement programmes to virtual/hybrid, enhance capacity-building on staff and industry on new trends for MICE as well as develop an appropriate MICE road map and Brand for Kenya, and to a greater extent the EAC region.

The Kenya Association of Women in Tourism (KAWT), in their interview, recommended an inclusive stakeholder (Government, CBTOs, Women, Youth & PWD Associations, NGOs) and strategic partner discussions on areas of priorities for the recovery process. That financial incentives and mitigation measures should prioritize people then place, with deliberate measures being put in place to support the women, youth and SMEs that build in sustainability into the recovery process, sustainable environmental, social and financial practices, diversify the domestic and regional tourism products and have gender aggregated survey to determine

the actual percentage of women in the tourism and hospitality sector per county and in the entire country, gender job cadre distribution, do a skills assessment to determine the training needs required to up-skill and re-skill the women based on the new industry trends emerging as part of the impact of the pandemic and other related data.

In a separate survey conducted by KAWT on the impact of COVID-19 on women in tourism in May 2020, key recommendations, amongst others, is that there is a strong need for well-designed and inclusive trade and sector-specific policies and programmes for women. Inclusive policies can support economic transformation by helping women entrepreneurs, producers, and workers move to higher productivity activities, create better quality products, reach higher standards, and use improved technologies. They can also start to move up the value chain into more value-added and profitable tasks. In response to COVID-19, if no action is taken at the policy-level to develop gender-specific solutions for women in travel and hospitality sectors, women will continue to have unequal opportunities; women-owned businesses will continue to go out of business and will have to lay off staff (including majority female employees) and women will not be able to use their earned income for family and community support. Work towards gender balance in senior management of tourism companies and address the lack of high-level women's leadership in decision-making spaces in the private sector, public sector tourism bodies and agencies. ILO policies should be respected on maternity and care responsibilities, and women's representation and leadership in trade unions should be supported.

The Tour Operators Society of Kenya (TOSK), a young society for start-ups, small and medium tour operators, recommends that the government should consider suspending taxes—(value added tax (16%), catering levy (2%) and service charge (10%)—for the tourism sector for at least for 12 months, suspend remittances for loans for at least six months, provide a moratorium against action for tourist service vehicles bought on loan facilities for a negotiated period and provide a blanket stimulus package for licensed tour operators in the country in order to aid and sustain tourism recovery. TOSK continues to recommend that there should be a policy shift in insuring fragile sectors such as tourism and hospitality, that working from home should be entrenched in law, that regulatory authorities should be flexible on license renewal and abolish penalties, that tourism and hospitality workers should be considered as an essential services employees including as far as COVID-19 vaccination is concerned, that tax regime associated with tourism and hospitality be reduced, that government should provide relief packages for employees who lose their jobs as a result of pandemic outbreaks, terrorism, among others, and that jobs should be protected as some employers took advantage of the pandemic and fired innocent staff.

Arising from a key informant virtual interview, the Rwanda Chambers of Tourism recommended a number of additional measures that should be implemented by the EAC governments and on a wider scale at the EAC region. These include: the need to enhance partnerships amongst players in entire tourism value chain;

harmonization of park fees; product diversification to supplement and complement the traditional nature based products; enhance investments in digital technology infrastructure; develop a midterm to long-term (3-5 years) tourism recovery plan; offer tax incentives for SMEs and waive/scrub PAYE for tourism and hospitality workers earning US\$500 and below for one year; harmonize travel guidelines in Partner States since it is illogical to subject travellers from one EAC country to another to differing protocols, yet it is only one hour flight from one country to another; pursue opening of the EAC airspace to bring down the cost of air travel; implement the free trade area agreements; promotion of EAC as a single destination; promote East Africa to East African citizens; develop a comprehensive risk and disaster management system; fast track adoption and implementation of the EAC recovery; full implementation of the Single East African Visa; use of national IDs to travel across EAC region; and provide financial and regulator support for other sectors that complement and supplement tourism.

The Uganda Tourism Association (UTA) notes that the industry lost approximately 50% of its expected revenue with 25% job losses across the industry. To this end, UTA recommends that, amongst other things, the stimulus packages be made inclusive and consider SMEs and medium and large firms; that governments provide grants to support restart of the tourism sector and support towards digitization of tourism enterprises operations and marketing; offer tax waiver as opposed to tax deferments as the deferments lead to increased liabilities yet there is no business. These would aid recovery of the industry. In terms of policy interventions, UTA recommends that EAC countries establish tourism funds/ trust that can collect funds and invest them; these can be used during pandemics or crises, as well as train/sensitize sector businesses on how to reengineer themselves as well as cope with and manage crises like COVID-19.

The Tourism Confederation of Tanzania (TCT) estimates forex loses of up to US\$786.26 million for the period between March and July 2020, which accounts to an estimated 40% of receipts amounting to Tsh726.472 million. This includes personal income and corporate tax, value added tax, levies and other charges. TCT confirms that 404,850 direct jobs were lost out of 553,000 without accounting for indirect jobs. With such impacts, TCT emphasizes the need to have an in-country and a regional policy for mitigating pandemics such as COVID-19.

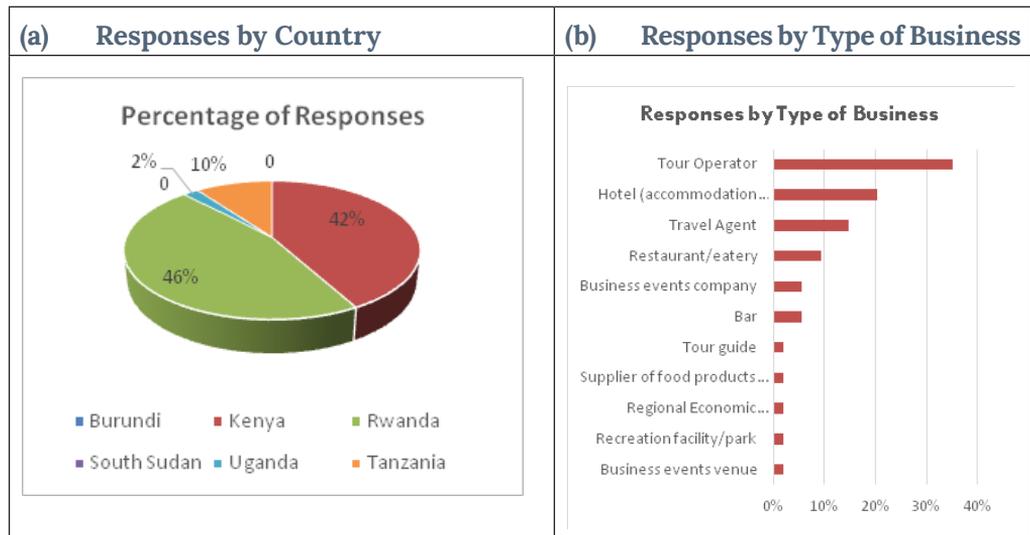
Quantitative analyses

Some 50 responses were received from across the EAC Partner States for the online questionnaires as follows: Rwanda 46%, Kenya 42%, Tanzania 10%, and Uganda 2%. There was no response received from both Burundi and Republic of South Sudan.

A diverse representation of the various subsectors was also achieved: tour operators led with 42%, accommodation providers 20%, travel agents 20%, restaurants and eateries 10%, bars 6%, business events agencies 6%, and business events venues 3%. Others were tour guides and recreation parks.

Figure 16 depicts the response by country and by type of business of the respondents.

Figure 16: Responses by country and type of business

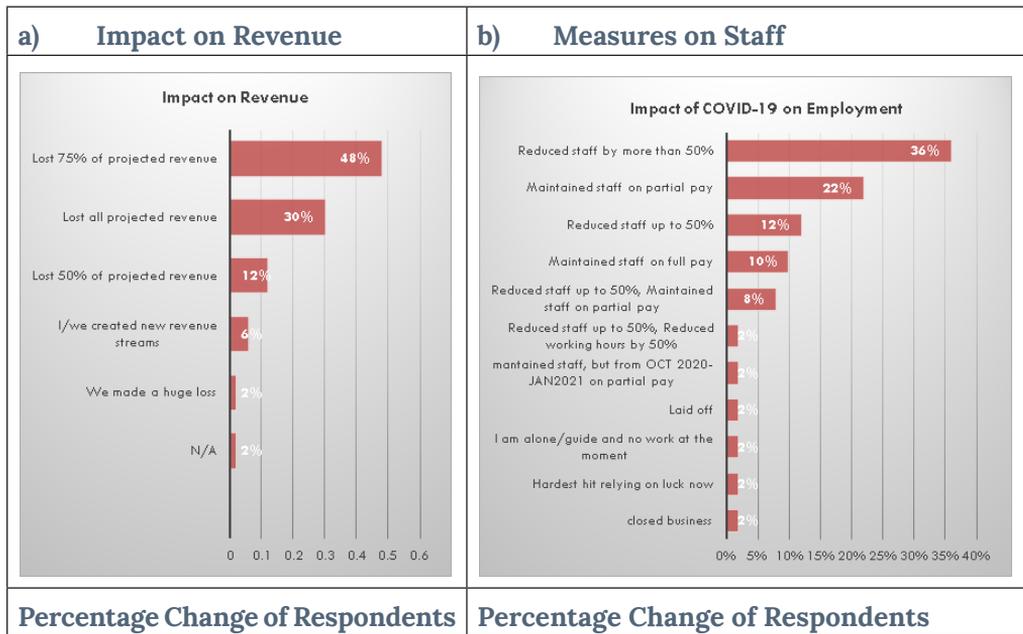


Source: Author's Own Construction (2021).

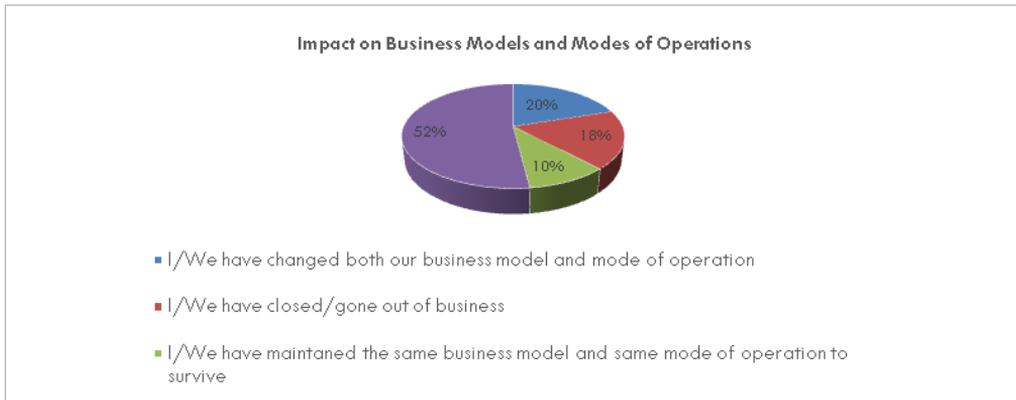
Impact on tourism business operations

Arising from the online survey of tourism business from across the region, the respondents indicated that they lost between 25% and 100% of their projected revenue during the COVID-19 period. The survey indicated that 30% lost their entire projected revenues during the pandemic period, 48% lost 75% of their projected revenue, and 12% lost 50% of their projected revenues, 6% had to create new revenue streams, 2% indicated that they made a huge loss, whereas 2% indicated that the issue of impact on revenue didn't apply to them. The respondents indicated that 36% reduced staff by more than 50%, 22% maintained staff at partial pay, 12% reduced staff by up to 50%, 10% maintained all staff at full pay, 8% reduced staff up to 50% and maintained them on partial pay, 2% reduced staff up to 50% and reduced working hours by 50%, 2% closed down business, 2% laid off staff, and 4% others (Figure 17).

Figure 17: COVID-19 impact on revenue and employment



Businesses took several measures to adapt their business models and mode of operations to the various COVID-19 protocols as indicated in the survey. For example, 52% of the respondents that participated in the survey maintained their businesses while adapting to new ways of operating, 18% changed both their business models and modes of operation, 20% went out of business entirely, and 10% maintained both their business models and mode of operation as depicted in Figure 18. Those that continued to operate instituted the following measure, either individually or in combination: 24% asked all their staff to work from home, 12% had some staff work from home, 24% introduced work-shift systems, 18% went digital/online for their meetings and/or where person interaction was needed, 30% reduced number of physical interactions to minimum and allowed few numbers of people at a time, and 34% moved their transactions to cashless payments (card, transfers and mobile money).

Figure 18: Impact on business models and modes of operations

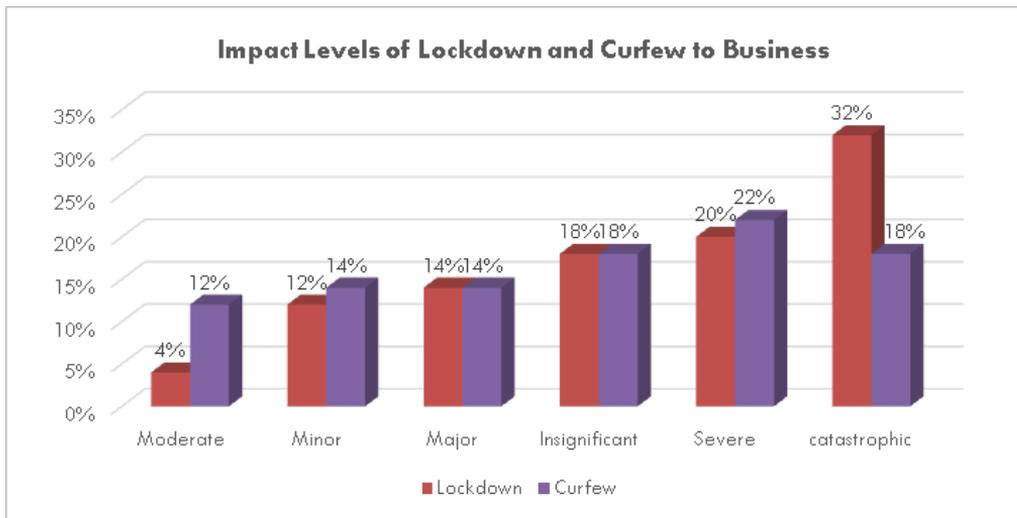
Source: Author's Own Construction (2021).

Non-tariff barriers

Non-Tariff Barriers (NTBs) refer to restrictions that result from prohibitions, conditions, or specific market requirements that make importation or exportation of products difficult and/or costly.³⁶ Government protocols generally introduced non-tariff barriers which brought about unplanned expenditures on the tourism and hospitality businesses leading to the increased capital expenses required to ensure stipulated standards and regulations are adhered to. For example, stringent measures in Kenya such as mandatory PCR (COVID-19) testing for staff, which took 14 days and thereafter application for a reopening license, which impacted on operational time; controlled/reduced movements (lockdowns) affecting delivery of consumables and other necessary goods; limitations in business operating hours/curfews reducing operating hours and also limiting demand; space redesign to effect social distancing in business premises affecting the size of patronage in tourism and hospitality facilities; mandatory hand washing and sanitizing in business premises; mandatory wearing of face masks in business premises for both staff and customers and use of Personal Protective Equipment (PPE) for staff which required extra injection of capital to purchase and install these requirement.

Mandatory PCR (COVID-19) testing for travellers to Kenya, Rwanda and Uganda and mandatory quarantine contributed to avoidance of these destinations altogether, hence reduction in the number of visitors. It should be noted that these two measures or requirements were also applied in the countries of origins and key source markets for EAC visitors, considerably strangling the desire to travel especially for US, UK and other European markets. According to the respondents of the business survey, of these non-tariff barriers, control of movements (lockdowns) and reduced operating hours (curfews) affected the business severely and catastrophically at 52.0% and 40%, respectively (Figure 19).

Figure 19: Rating for lockdowns and curfews impact to businesses

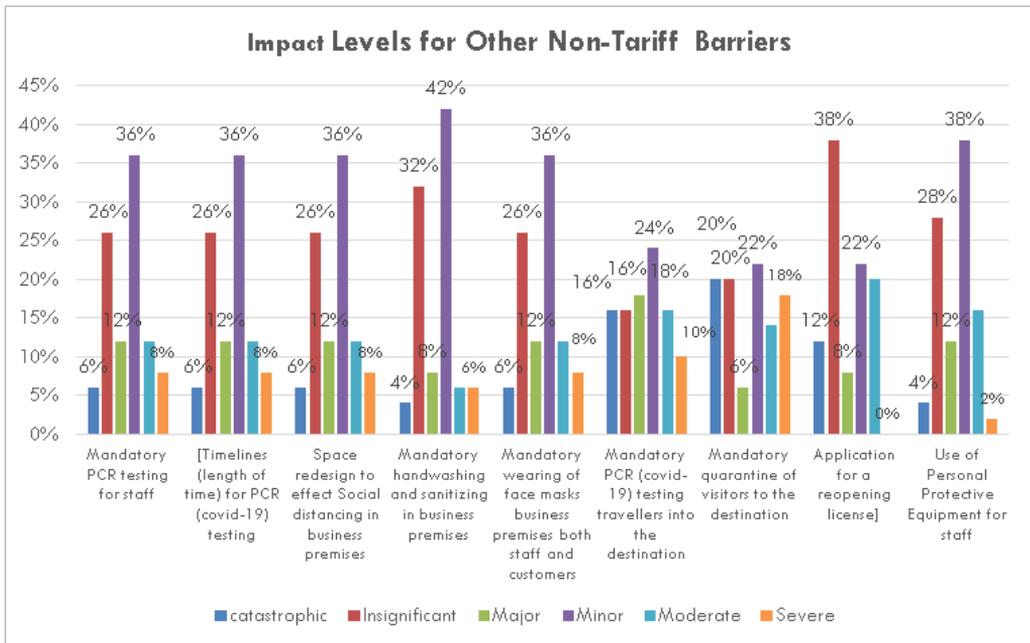


Source: Author’s Own Construction (2021).

Mandatory PCR (COVID-19) testing of travellers and quarantine of visitors to the destination impact on businesses scored 26% and 38%, respectively, on severe-catastrophic levels. The levels of impact of other non-tariff barriers were mainly minor and insignificant as follows:

62% mandatory PCR testing for staff, 62% timelines (length of time) for PCR (COVID-19) testing, 62% space redesign to effect social distancing in business premises, 74% mandatory hand washing and sanitizing in business premises, 62% mandatory wearing of face masks at business premises for both staff and customers, 60% application for a reopening license, and 66% use of Personal Protective Equipment for staff (Figure 20).

Figure 20: Level of impacts of other non-tariff barriers to businesses



Source: Author’s Own Construction (2021).

Government incentives

Governments have put in place different incentives to assist companies to get through this crisis. The incentives can be divided into short-term (e.g., payment terms extension and unemployment measures), medium-term (tax incentives, subsidies and loans), and long-term solutions (cash funding and other financing assistance).³⁷ Each member state in the East African Community (EAC), prescribed a number of measures and incentives to its private sector players and society at large. These measures ranged from provision of stimulus packages comprising both fiscal and monetary incentives as well as other measures such as formulation of health and safety protocols, safeguarding of jobs and upskilling. In addition, some Partner States undertook initiatives aimed at restarting tourism with a focus on domestic tourism.³⁸

Table 5 provide a summary of the various measures and incentives aimed at mitigation of COVID-19 impacts to the EAC Partner States, and a full description of the same is attached in Appendix 4. Most of the incentives were put in place to be effective for a period of six months or up to December 2020 in the anticipation that the COVID-19 pandemic would have eased by then.

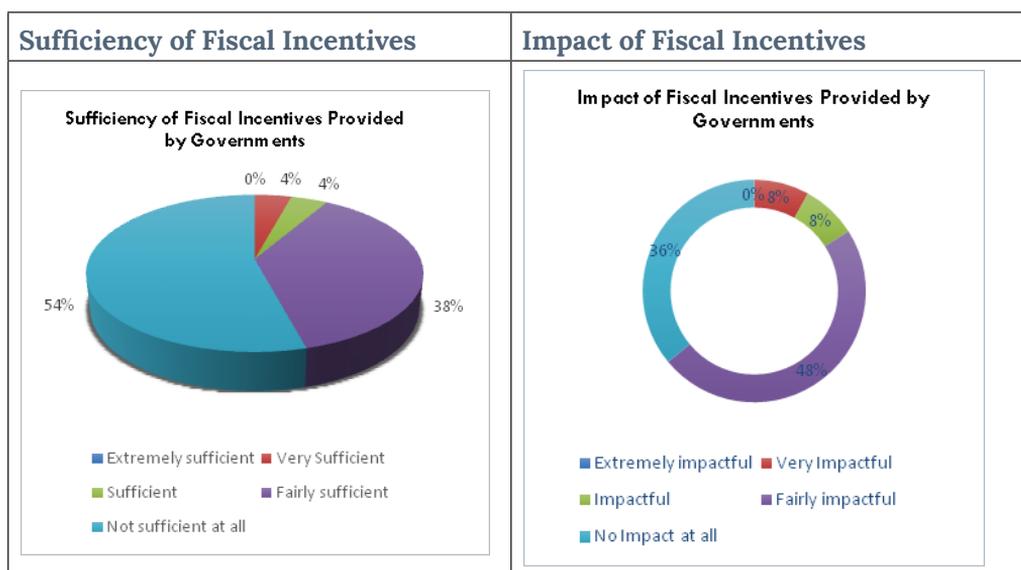
Table 5: Summary of various measures and incentives by EAC Partner States at the onset of the COVID-19 pandemic

Country	Fiscal Policy	Monetary Policy	Jobs and Skills	Market Intelligence	Public-Private Partnerships	Restarting Tourism	Healthy and Safety Protocols	Domestic Tourism
Burundi	√							
Kenya	√	√	√	√	√	√	√	√
Rwanda	√	√	√		√	√	√	√
South Sudan	√						√	
Tanzania	√	√				√	√	√
Uganda	√	√	√			√	√	√

Source: Author’s Own Construction (2021).

On the enquiry of the sufficiency, as well as the impact of the fiscal incentives provided by the various EAC member states, it emerged that a cumulated 46% of the respondents felt that the incentives had a varying level of sufficiency while 54% felt that the incentives were not sufficient at all. In terms of impact, 64% of the respondents acknowledged some level of impact while 36% of the respondents noted that the fiscal incentives provided had no impact at all to their business (Figure 21).

Figure 21: Level of sufficiency and impact of fiscal incentives provided by the EAC member states



Recommended recovery interventions

Whereas there have been numerous discussions on this in both public and private sector and at both national and regional level, the survey sought to get recommendations from the industry players. The following emerged as the key recommendations from the survey of tourism businesses and key informants.

- Classification of the tourism industry as an essential service since it supports other sectors of the economy due to the role it plays in the economy as a major employer and a consumer of agricultural produce;
- Facilitation with cheaper PCR testing services as well as rapid/real-time testing at the points of entry/departure and rapid roll out of vaccination in the region;
- Recognition and acceptance of each EAC Partner States' PCR test results without mandatory testing upon arrival and departure back home, especially on short duration visits;
- Removal of quarantine requirements unless on positive PCR testing;
- Consideration of reviewing the curfew hours and business closure to enable a few more operating hours for increased revenue, hence income to the staff;
- Enhance government funding for tourism marketing and promotion;
- Offer more tax moratoria and increase the amount and duration of stimulus incentives;
- Repackage the domestic tourism offerings, and offer good rates;
- Implement 'true' tourism product diversification;
- Develop a country tourism master plan that will enable the exploitation of tourism beyond the known products;
- Work on a comparative advantages of the country and the region;
- Revive joint regional tourism marketing efforts; and
- Effectively implement the protocols that exist in order to support tourism as well as aid in the fight against the Coronavirus pandemic.

5. Discussion of the results and findings

Review of the secondary data and reports from the Partner States, as well as findings from both the qualitative and quantitative surveys of this study reveal that the impact of COVID-19 on the tourism sector was massive and unprecedented. The total number of international tourist arrivals in the region was estimated to have dropped by 74.4% from about 6.95 arrivals to 1.85 arrivals. This translates to huge losses in tourism receipts for the region amounting to US\$4.2 billion from US\$6.1 billion to US\$1.9 billion. In addition, about two million tourism jobs have been lost in the region with repercussions on livelihood for families.

The key informants all agree that the pandemic has had devastating impacts on the tourism sector in the region. The umbrella tourism associations at both the regional and national level report that their members have been affected seriously by the pandemic in terms of revenue and job losses. While they appreciate the stimulus packages put in place by the governments, they recommend sustained support of the sector until recovery is realized. They also indicate the need for a harmonized approach in handling the pandemic and tourism recovery efforts.

According to the quantitative survey, tourism businesses were affected at varied magnitude. This includes a majority of the firms (44%) losing 75% of their projected revenue while 26.5% lost all their projected revenue. In terms of staff management, only 8% of the businesses were able to maintain all staff at full pay. Others resulted to laying off either all staff or part of the staff; there are others who opted to maintain the staff at full pay. Owing to the fact that tourism is one of the sectors that provide most employment opportunities to women and youth, the repercussions of the loss in tourism jobs were far-reaching.

The pandemic has apparently caused a major shift in tourism business models. Having about 26.5% closing their businesses, the rest adapted to the situation by various means such as working from home, having employees work in shifts and adoption of digital technologies. This corroborates the observations by the New Yorker (2021)³⁹ that a year into the COVID-19 pandemic, some organizations are asking an existential question: “What’s an office for?” The increased use of chat channels and videoconferencing among other digital technologies has made physical presence at the office less essential with the pandemic pushing businesses to operate from home. For example, KAWT moved from their shared office on Mombasa Road, Nairobi, to work from home and purchased a Zoom Entrepreneur package to enable them continue updating members and carrying out capacity building trainings. It has become clear that the administrative and regulatory requirements have not been reviewed to reflect the new reality further exacerbating the burdens on tourism businesses.

6. Conclusions

COVID-19 pandemic has ushered the tourism sector into a new era and has caused fundamental shifts in the way tourism businesses are conducted. As revealed in the study, the pandemic has a devastating impact on tourism in all the EAC Partner States and at the region as a whole. This is characterized by significant drops in arrivals, receipts and job losses. At micro-level, tourism businesses have been similarly affected and no subsector has been spared. Highlighted hereunder are the key conclusions drawn from the study.

- Pandemics cannot be predicted and there is no one single policy recommendation that will address the pandemics. We can only have appropriate policy responses for the pandemics as they come. However, there is need for tourism destinations to have pandemic preparedness and risk management plans and secure the nation against threats;
- The industry is quickly adopting the digital space and, therefore, there is need for virtual tourism adoption as a business model to access marketing, expos participation and conference attendance via the emerging platforms such as Zoom, Google Meet, and others. Virtual reality is also proving to be a great experience in virtual tourism experiences and this would be a great opportunity to bring the destination to the world by using the digital space as a tool in touring;
- The stimulus packages and incentives provided by the governments were useful in keeping the businesses afloat. Given that the pandemic has not eased as earlier expected and has entered into the second year, there is need to sustain some of these incentives until the sector fully recovers;
- Partner States have different COVID-19 measures and guidelines that make travel across the region cumbersome for international travellers. There have been delays in coming up with harmonized regional guidelines for the tourism sector; and
- While there were attempts to ease free movement of goods across the region, there was no much thought given to travel of people across the region for tourism-related purposes.

7. Policy recommendations

On the basis of the study findings and observations, a number of recommended policy interventions have been identified. These include: need to sustain certain aspects of the stimulus packages provided by the governments; re-engineer and re-define the tourism products offerings to ensure sustainability; giving more thrust to the domestic and regional markets; entrenching the ongoing shift of working from home in the regulatory frameworks; establishing an effective tourism crisis management mechanism, roll out national-wide vaccination drives and prioritizing tourism employees in the process; and review of insurance policies to protect tourism businesses and employees from future crises.

Table 6 categorizes the recommended policy interventions in thematic areas for implementation within the short, immediate and long term to ensure that the EAC tourism sectors effectively navigates the COVID-19 pandemic and attains full recovery as soon as possible.

Table 6: Recommended policy interventions

	Thematic Area	Recommended Intervention
1	Financial and Fiscal Incentives	• Devise affordable loan schemes to support tourism business.
		• Moratorium on loans until the sector recovers.
		• Sustain tax and statutory reductions until the sector recovers.
		• Establishment of special fund specific to subsectors such as MICE.
		• Establishment of government subsidies for exhibitions organizers.
		• The governments to have a recovery kitty in case of another crisis.
		• Temporary reduction of park fees, visa fees and other consumer related costs to encourage travel.
2	Public Health/ Medical/Protocols	• Review of National Health Insurance Funds and Insurance Policies to cater for COVID-19 related cases and future crisis.
		• Enhance access to testing and medication, compensation of sick pay, strengthening the social safety net to support vulnerable people.
		• Roll out a regional-wide vaccination drive to reassure tourist markets.
		• Harmonization of health and hygiene procedures (response to pandemics and public health issues) at the regional level.
		• Open business tourism but under strict guidelines specific to the MICE subsector.

continued next page

Table 6 Continued

	Thematic Area	Recommended Intervention
3	Policy and Regulatory Frameworks	<ul style="list-style-type: none"> • Review tourism regulatory framework to accommodate new trends including working from home and use of digital platforms. • Harmonization of tourism policies, laws and standards in the region. • Categorize business events, also known as MICE, in the context of trade, economic development, social and investment policies rather than tourism policy.
4	Human Capital Development	<ul style="list-style-type: none"> • Capacity-building for tourism service providers on leveraging digital technologies for product development and marketing. • Enhance professional standards for tour service providers, including tour operators and tour guides.
5	Tourism Product Development and Marketing: Build Back Better	<ul style="list-style-type: none"> • Build in sustainability into the recovery process - sustainable environmental, social and financial practices. • Diversify the domestic and regional tourism products. • Undertake aggressive domestic and regional tourism campaigns. • Address travel cost issues in the region by pursuing single air space policy. • Ease movement of tourists into and within the region. • Tourism industry should be classified as an essential service since it supports other sectors of the economy. • Diversify sources of wildlife conservation revenue. • Enhance uptake of digital technologies in tourism marketing and promotion. • Develop regional and national digital platform for promoting tourism.
6	Gender and Affirmative Action	<ul style="list-style-type: none"> • Inclusive stakeholder (Government, CBTOs, Women, Youth and PWD Associations, NGOs) and strategic partner engagement on areas of priorities for the recovery process. • Financial incentives and mitigation measures should prioritize people then place, with deliberate measures being put in place to support the women, youth and SMEs. • Undertake a skills need assessment for women in tourism based on the new industry trends emerging as part of the impact of the pandemic and other related data.
7	Crisis Management Mechanism	<ul style="list-style-type: none"> • Creation of emergency think tanks to deal with future pandemics and effects on the economy. • Development of expertise and empowerment of staff in the sector on handling pandemics. • Develop sector risk and crisis management plan. • Establishment of a harmonized regional tourism crisis management mechanism. • Educate the masses more on the pandemic.

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Appendix 1: Key informant interview questions

IMPACT ASSESSMENT OF COVID-19 PANDEMIC ON THE TOURISM AND HOSPITALITY INDUSTRY IN THE EAC AND POST RECOVERY STRATEGY FOR THE SECTOR

Key Informant Interview's Guide/Questions

SECTION ONE: INTRODUCTION

The East African Business Council (EABC) with the support of African Economic Research Consortium (AERC) is undertaking a study titled "Impact of COVID-19 on Tourism and Hospitality in the EAC and Proposed Policy Options for Recovery." The deliverables will include; an Assessment Report, a Policy Brief and Proposed Recovery recommendations. EABC has commissioned the MI Links Limited, a tourism consultancy agency based in Nairobi, Kenya, to undertake this survey with the undersigned as the Lead Consultant. The project is supervised by AERC.

As a first step, we are engaging key informants who are experts and opinion leaders in various subsectors in order to brainstorm and get an in-depth view of the impacts up to date, as well as their future outlook and proposed policy interventions.

All data and information provided herewith will be treated with utmost confidentiality and only used for the purposes of this project.

SECTION TWO: PRELIMINARIES

1. Institution/Organization
2. Sector/Industry:
3. Subsector:
4. Name:
5. Title:
6. Years worked in the industry:

SECTION THREE: COVID-19 IMPACTS ASSESSMENT

As you are aware, COVID-19 pandemic has affected the tourism and hospitality industry unlike other crises in the past. This includes impacts on business operations, revenues and loss of jobs.

1. Could you kindly share with us the impacts on these aspects in respect to your firm/business and the sector you represent?

Revenues (%age loss)	Jobs (% Loss)	Operations

2. What adjustments or measures did you deploy to mitigate the negative impacts in (1) above?
3. Governments around the world, including the EAC Partner States, provided a number of fiscal incentives to support the sector during the pandemic. Kindly share with us the incentives provided by your government, and which did you take advantage of?
4. What are the factors that facilitated or limited your uptake of the incentives?
5. How useful were the incentives in terms of appropriateness, sufficiency and impact to your business?
6. It is opined that the pandemic increased non-tariff barriers in different sectors within the region. Which non-tariff barriers have affected your business during this period, and how?
7. In view of this discussion, what recommendations do you propose for the tourism recovery in your country, and at the EAC regional level?
8. What policy recommendations do you propose for long-term mitigation against pandemics similar to COVID-19 or other such crises?

Appendix 2: Key informant interviewer guide

IMPACT ASSESSMENT OF COVID-19 PANDEMIC ON THE TOURISM AND HOSPITALITY INDUSTRY IN THE EAC AND POST RECOVERY STRATEGY FOR THE SECTOR

Key Informant INTERVIEWER Guide

SECTION ONE: INTRODUCTION (2-3 Minutes)

1. Salutations and pleasantries
2. Welcome remarks
 - Welcome and thank the interviewee for agreeing to participate.
 - Acknowledge the importance of the participation.
 - Acknowledge role of the interviewee in the industry.
3. Introduce the subject
 - The East African Business Council (EABC) with the support of African Economic Research Consortium (AERC) is undertaking a study titled “Impact of COVID-19 on Tourism and Hospitality in the EAC and Proposed Policy Options for Recovery.” The deliverables will include; an Assessment Report, a Policy Brief and Proposed Recovery recommendations. EABC has commissioned the MI Links Limited, a Tourism consultancy agency based in Nairobi, Kenya, to undertake this survey with the undersigned as the Lead Consultant. The project is supervised by AERC.
 - As a first step, we are engaging key informants who are experts and opinion leaders in various subsectors in order to brainstorm and get an in-depth view of the impacts up to date, as well as their future outlook and proposed policy interventions.

4. Highlight the objectives and expected deliverables

- Assessment of the impact of COVID-19 pandemic on the tourism and hospitality in the EAC (not limited to; nature/expedition tourism, destination, leisure, MICE, etc.);
- Analyse the current fiscal incentives for the sector and propose appropriate interventions;
- Assess the non-tariff barriers that the sector has faced during this period of the pandemic;
- Propose recommendations for the tourism sector in EAC from the assessment;
- Develop a policy brief arising out of this study; and

Validation workshop

- Organize a validation workshop for the study report and make presentations in policy forums as may be organized by EABC, AERC, and other partners in the project.

5. Affirm confidentiality

All data and information provided herewith will be treated with utmost confidentiality and only used for the purposes of this project.

6. Ask for any need for clarification and clarify accordingly.

SECTION TWO: PRELIMINARIES (2 Minutes)

- 7. Institution/Organization
- 8. Sector/Industry:
- 9. Subsector:
- 10. Name:
- 11. Title:
- 12. Years worked in the industry:

SECTION THREE: COVID-19 IMPACTS ASSESSMENT (10-15 Minutes)

As you are aware, COVID-19 pandemic has affected the tourism and hospitality industry unlike other crises in the past. This includes impacts on business operations, revenues and loss of jobs.

9. Could you kindly share with us the impacts on these aspects in respect to your firm/business and the sector you represent?

Revenues (%age loss)	Jobs (% Loss)	Operations

- 10. What adjustments or measures did you deploy to mitigate the negative impacts in (1) above?
- 11. Governments around the world, including the EAC Partner States, provided a number of fiscal incentives to support the sector during the pandemic. Kindly share with us the incentives provided by your government, and which did you take advantage of?
- 12. What are the factors that facilitated or limited your uptake of the incentives?
- 13. How useful were the incentives in terms of appropriateness, sufficiency and impact to your business?
- 14. It is opined that the pandemic increased non-tariff barriers in different sectors within the region. Which non-tariff barriers have affected your business during this period and how?
- 15. In view of this discussion, what recommendations do you propose for the tourism recovery in your country, and at the EAC regional level?
- 16. What policy recommendations do you propose for long-term mitigation against pandemics similar to COVID-19 or other such crises?

Appendix 3: Online questionnaire – extracted

IMPACT OF COVID-19 ON TOURISM AND HOSPITALITY IN THE EAC AND PROPOSED POLICY OPTIONS FOR RECOVERY

INDUSTRY PLAYERS QUESTIONNAIRE (Online)

SECTION 1: INTRODUCTION

The East African Business Council (EABC) with the support of African Economic Research Consortium (AERC) is undertaking a study titled “Impact of COVID-19 on Tourism and Hospitality in the EAC and Proposed Policy Options for Recovery.” The deliverables will include; an Assessment Report, a Policy Brief and Proposed Recovery recommendations. EABC has commissioned the MI Links Limited, a tourism consultancy agency based in Nairobi, Kenya, to undertake this survey with the undersigned as the Lead Consultant (see attached letter). The project is supervised by AERC.

We are hereby including the participation of all stakeholders in various subsectors to participate by filling the attached online questionnaire to show how COVID-19 has impacted their businesses up to date, as well as the future outlook and proposed policy interventions.

All data and information provided herewith will be treated with utmost confidentiality and only used for the purposes of this project.

SECTION 2: PRELIMINARIES

1. Email:
2. Type of Business: (check all that apply)
 - Hotel (accommodation facility)
 - Tour operator
 - Travel agent
 - Wildlife park
 - Museum

- Airline
 - Business event venue
 - Business events company
 - Recreation facility/park
 - Bar
 - Eatery/restaurant
 - Other.....
3. Country/ location of business
- Burundi
 - Kenya
 - Rwanda
 - South Sudan
 - Tanzania
 - Uganda
4. Average annual income/revenue (up to 2019).....
5. Number of staff (total establishment up to 2019).....

SECTION 3: IMPACTS

6. Which of the following measures did you take at the onset of the COVID-19 pandemic in relations to staff employed? (check all that apply)
- Reduced staff by more than 50%
 - Reduced staff up to 50%
 - Maintained retained staff on partial pay
 - Maintained retained staff on full pay
 - Other.....
7. Which of the following measures did you take at the onset of the COVID-19 in business operations? (check all that apply)
- I/we closed down the business

- I/we asked all staff to work from home
 - I/we asked some of the staff to work from home
 - I/we introduced shift system to reduce number of staff at workplace at a time
 - I/we took all meetings and interactions to online platforms
 - I/we reduced the number of physical interaction to minimum and a few numbers at a time
 - I/we encouraged mobile, bank transfers and card transactions instead of cash
 - Others.....
8. How has COVID-19 impacted your revenues?
- Lost all projected revenues
 - Lost 25% of the projected revenues
 - Lost 50% of the projected revenues
 - Lost 75% of the projected revenues
 - I/we created new revenue streams
 - I/we did not create new revenue streams
 - Other.....
9. Has your government provided any fiscal incentives to help mitigate the impacts of COVID-19 pandemic?
- Yes
 - No..... (skip question 9, a, b &C)
 - May be...
10. What are the current fiscal incentives that your government has provided for the sector?
- ...
 - ..
- (a) How appropriate are these incentives in combating the impacts of COVID-19 to your business? (check all that apply)
- Not appropriate at all
 - Fairly appropriate
 - Appropriate

- Very appropriate
- Extremely appropriate

(b) How sufficient are these incentives in combating the impacts of COVID-19 in your business?

- Not sufficient at all
- Fairly sufficient
- Sufficient
- Very sufficient
- Extremely sufficient

(c) How impactful are the incentives to your business survival and recovery from COVID-19 pandemic?

- Not impactful at all
- Fairly impactful
- Impactful
- Very impactful
- Extremely impactful

11. What non-tariff barriers have your business and industry faced during this period of COVID-19 pandemic?
12. How has these non-tariff barriers affected your business?
13. What recommendations do you propose for the tourism recovery in your country and at the EAC regional level?
14. What policy recommendations do you propose for long-term mitigation against pandemics similar to COVID-19 or other crises?

Appendix 4: Summary of recovery and mitigation incentives for EAC member states⁴⁰

Country	Category of Measures and Incentives	Specific Measures Taken and Incentives Provided
Burundi	Fiscal Policy	<ul style="list-style-type: none"> • Taxes owed waived for hotels and industries that were not able to pay. • Subsidies to help pay salaries in these sectors and avoid massive layoffs. • Salaries for suspended services such as those provided at the Melchior Ndadaye International Airport will continue to be paid with government support.
	Jobs and Skills	<ul style="list-style-type: none"> • IMF approved a grant under the IMF's Catastrophe Containment and Relief Trust (CCRT) to cover Burundi's debt service falling due to the IMF from July 21, 2020 to October 13, 2020, the equivalent of US\$7.63 million (SDR 5.48). • Additional relief covering the period from October 14, 2020 to April 13, 2022 was to be granted subject to the availability of resources in the CCRT, potentially bringing total relief on debt service to the equivalent of US\$24.97 million (SDR 17.96). The debt service relief was to help free up resources for public sector health needs including other emergency spending and help mitigate the balance of payments shock resulting from the COVID-19 pandemic. • Upscaling of security on border points and testing truck drivers to contain cross-border infections were undertaken with support from EAC.

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Appendix 4 Continued

Country	Category of Measures and Incentives	Specific Measures Taken and Incentives Provided
Kenya	Fiscal Policy	<ul style="list-style-type: none"> • The government set aside Ksh500 million (equivalent to US\$4.7 million) to help the tourism sector recover from the COVID-19 outbreak. • 100% tax relief for persons earning gross monthly income of up to Ksh24,000. • Reduction of Income Tax Rate (Pay-As-You-Earn) from 30% to 25%. • Reduction of Resident Income Tax (Corporation Tax) from 30% to 25%. • Reduction of the turnover tax rate from 3% to 1% for MSMEs. • Appropriation of an additional Ksh10 billion to the elderly, orphans and other vulnerable members of the society through cash-transfers to cushion them from the adverse economic effects of the pandemic. • Temporary reduction of the VAT from 16% to 14% from the National Treasury, effective April 1, 2020. • Reduction of corporation tax. • IMF Executive Board Approves a US\$739 million disbursement. • World Bank approved US\$1 billion financing for Kenya to Address COVID-19 financing gap and support Kenya's economy. • VAT refunds amounting to Ksh10 billion expedited by the Kenya Revenue Authority for all verified claims. • Ksh1 billion appropriated from the Universal Health Coverage kitty to recruit additional personnel in health services. • A reduction by 80% of the salaries of the President and his Deputy; 30% for Cabinet Secretaries and Chief Administrative Secretaries, and 20% for Principal Secretaries. • Provision of loans at low rates by banks. • Temporary suspension of the listing with Credit Reference Bureaus (CRB) of any person, MSMEs and corporate entities whose loan account fall overdue or in arrears, effective 1st April, 2020. • Banks were to provide relief to borrowers on their personal loans based on their individual circumstances arising from the pandemic.
	Monetary Policy	

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Appendix 4 Continued

Country	Category of Measures and Incentives	Specific Measures Taken and Incentives Provided
		<ul style="list-style-type: none"> • To provide relief on personal loans, banks were to review requests from borrowers for extension of their loan for a period of up to one year. • and corporate borrowers were to contact their banks for assessment and restructuring of their loans based on their respective circumstances arising from the pandemic. Banks were to meet all the costs related to the extension and restructuring of loans. • To facilitate increased use of mobile digital platforms, banks were to waive all charges for balance inquiry. • All charges for transfers between mobile money wallets and bank accounts were temporary halted. • Kenya received US\$50 million from the World Bank Group Support to address COVID-19 Pandemic. • Government ministries and departments were directed to pay at least Ksh13 billion of the supplier debt within three weeks of 25 March 2020 of the supplier debt. A similar directive was announced for the private sector.
	Jobs and Skills	<ul style="list-style-type: none"> • Upscaling of security on border points and testing truck drivers to contain cross- border infections were undertaken with support from EAC.
	Market Intelligence	<ul style="list-style-type: none"> • The IGAD contributed US\$100,000 to Kenya's National COVID-19 Emergency Response Fund. • The United Arab Emirates sent an aid plane containing medical supplies to Kenya to bolster the country's efforts to curb the spread of COVID-19. The aid was to assist thousands of medical professionals as they work to combat the virus.
	Public-Private Partnerships	<ul style="list-style-type: none"> • Shining Hope for Communities (SHOFCO) and the MasterCard Foundation launched a partnership under the MasterCard Foundation COVID-19 Recovery and Resilience Programme to building the resilience of communities in urban slums in Kenya during the COVID-19 pandemic. The three-month partnership of US\$970,425 started in mid-May 2020 • Kenya became the first country to test balloons for delivering internet access to rural areas, in collaboration between Google's Project Loon and Telkom Kenya.

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Appendix 4 Continued

Country	Category of Measures and Incentives	Specific Measures Taken and Incentives Provided
	Restarting Tourism	<ul style="list-style-type: none"> • Introduction of Protocol for Air Travel Operations during The Covid-19 public health crisis. • Bars, restaurants and other establishments must close by 9pm effective November 04, 2020. • Mandatory wearing of masks in in public remains in effect. • Tourism to Kenya resumed on 1 August, 2020. International flights are operating, and passengers are subject to entry requirements. • Passengers must have a medical certificate with a negative COVID-19 PCR test result, issued no more than 96 hours before departure. • Health screenings on arrival. • Social distancing rules apply when using private vehicles – anyone driving a car must fill only 50% of the vehicle's seat capacity. • Ministry of Health in conjunction with the Ministry of Tourism developed COVID-19 health protocols for various subsectors of tourism.
	Domestic Tourism	<p>Kenya joined COVAX, a global initiative to negotiate the cost of the Covid-19 vaccine and the vaccination process rolled out through a phased approach.</p> <ul style="list-style-type: none"> • Domestic tourism is now emerging as a lifeline for the hospitality industry as the effects of the COVID-19 pandemic continue to bite the sector. • Since re-opening of hotels, medium-sized and small businesses targeting local tourists have contributed more to the revenue than would otherwise have been the case under normal circumstances.
Rwanda	Fiscal Policy	<ul style="list-style-type: none"> • Monitoring of the situation being overseen by a steering committee made up of officials from the public and private sectors. The steering committee, led by the Finance Ministry, is assessing economic aspects affected and, to what extent, to formulate and design fiscal and policy interventions. • The government worked on a fiscal stimulus package that included targeted fiscal support for the hospitality industry and other hard-hit sectors, as well as SMEs.

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Appendix 4 Continued

Country	Category of Measures and Incentives	Specific Measures Taken and Incentives Provided
		<ul style="list-style-type: none"> • The Government of Rwanda set up a US\$100 million COVID-19 relief fund for SMEs so as to mitigate the economic effects of the pandemic on Rwanda's economy. • Tax relief measures included the suspension of down payments on outstanding tax for amicable settlement and the softening of enforcement for tax arrears collection. • On March 18, the Central Bank announced liquidity support measures that included an extended lending facility worth RWF 50 billion available to liquidity-constrained banks for six months at 4-5%; Treasury Bonds purchases through the rediscount window for the next six months. • Provided support to micro-finance institutions. • Restructured outstanding loans of borrowers facing temporary cash flow challenges arising from the pandemic. • IMF approved the disbursement of SDR 80.1 million (about US\$109.4 million) to be drawn under the Rapid Credit Facility (RCF). This was to serve to meet Rwanda's urgent balance of payment needs stemming from the outbreak of the COVID-19 pandemic. • The IMF approved US\$111.06 million (SDR80.1 million), a second disbursement under the Rapid Credit Facility (RCF) bringing the total IMF COVID-19 emergency support to Rwanda to US\$220.46 million to help urgent balance of payment needs stemming from the pandemic. • Support to firms is envisaged in the form of subsidized loans from commercial banks and is expected to target SMEs and hard-hit sectors such as the hospitality industry. • On April 7, 2020, The World Bank Group approved US\$14.25 million International Development Association (IDA)* credit in immediate funding to support Rwanda's response to the global COVID-19 (Coronavirus) pandemic under a new operation, the Rwanda COVID-19 Emergency Response project, which will support the COVID-19 National Preparedness and Response Plan by financing critical interventions.
	Jobs and Skills	<ul style="list-style-type: none"> • The Government of Rwanda announced a social protection plan to support the vulnerable across the country during the lockdown period. This took the form of regular in-kind transfers of basic food stuffs (door-to-door provision of rice, beans, and flour every three days) and cash transfers to casual workers that lost their jobs.

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Appendix 4 Continued

Country	Category of Measures and Incentives	Specific Measures Taken and Incentives Provided
	Public-Private Partnerships	<ul style="list-style-type: none"> • RDB partnered with African Management Institute, Rwanda to provide 2,500 micro businesses and SMEs with free business recovery and growth tools to help them bounce back from the impact of COVID-19. • Entrepreneurial Solutions Partners (ESP) launched the Komeza programme, with Equity Bank Rwanda PLC as the financing partner, to provide financial support and technical assistance to 120 small and medium-size enterprises within Rwanda's tourism and hospitality sector. The programme was established through a commitment of US\$2.5 million from the MasterCard Foundation COVID-19 Recovery and Resilience Programme.
	Restarting Tourism	<ul style="list-style-type: none"> • RDB outlined guidelines to provide a framework for reopening the tourism industry in the wake of the COVID-19 pandemic. All establishments must adhere to general guidelines; specific recommendations cater for each type of tourist facility/product with the aim of ensuring the safe re-opening of businesses. • Tourism activities across the country resumed effective 17 June 2020.
	Healthy and Safety Protocols	<ul style="list-style-type: none"> • Rwanda upgraded its testing capacity to be able to trace the new variants of the Coronavirus in the country. The COVID-19 variants identified in South Africa and the United Kingdom are believed to be more transmissible than the original COVID-19 virus. • On 13 February 2021, the Health Ministry declared that Rwanda has started vaccinating high-risk groups against COVID-19 nationwide, notably frontline healthcare staff, with limited vaccine doses acquired through international cooperation. This represents the initial phase of COVID-19 immunization in Rwanda and will be followed by a wider roll-out with supplies expected from COVAX and the African Union's Africa Medical Supplies Platform.
South Sudan	Fiscal Policy	<ul style="list-style-type: none"> • The government encouraged businesses to allow their employees to telework and warned the business community against increasing prices and hoarding essential goods and commodities.
	Healthy and Safety Protocols	<ul style="list-style-type: none"> • International flight suspension, (with few exceptions for planes bringing in health-related cargo, such as medicine and medical equipment, and essential/critical food items. • Land border restrictions; passenger bus prohibitions; evening curfews; social distancing. • A mandatory 14-day quarantine period for any traveller arriving from a virus-affected country.

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Appendix 4 Continued

Country	Category of Measures and Incentives	Specific Measures Taken and Incentives Provided
Tanzania	Fiscal Policy	<ul style="list-style-type: none"> • The government released US\$302 million 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. • To support the private sector, the government expedited the payment of verified expenditure arrears giving priority to affected SMEs, paying US\$376 million over in two months. • The government granted VAT and customs exemptions to additional medical items requested by the ministry of health.
	Restarting Tourism	<ul style="list-style-type: none"> • Tanzania lifted flight restrictions and quarantine for travellers from abroad in an effort to revive tourism. • As of June 2020, Tanzania started accepting tourists from all countries under normal and regular 'pre-COVID-19' border rules. • No mandatory quarantine period was in place; however temperature checks, mask wearing, and social distancing was in effect. • Tanzania's Zanzibar authorities June 6th announced reopening of tourism activities. • Qatar airways on June 16th officially resumed its scheduled flights between Dar es Salaam in Tanzania and Doha. • Tanzania's Tourism Board unveiled Luxury Route to Scale Mount Kilimanjaro. • Extension of unused Visa granted for prospective visitors by three months. • Extension for about-to-expire or expired visas/visitors passes for one month (free of charge) or until the COVID-19 situation normalizes. • Holders of Residence Permits, Visitors Pass, Exemption Certificate and Dependent Pass which have expired granted one month grace period to stay in the country.
	Healthy and Safety Protocols	<ul style="list-style-type: none"> • The Ministry of Natural Resources and Tourism has launched national Standard Operating Procedures (SOPs), for management of COVID-19 in the business operations in the sector. The basic targets of the guidelines are to ensure that tourists who enter the country do not bring in the virus, do not contract the virus, service providers remain safe and the tourists leave the country safe after their holiday businesses.
	Domestic Tourism	<ul style="list-style-type: none"> • The Ministry of Natural Resources and Tourism launched a domestic tourism campaign

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Appendix 4 Continued

Country	Category of Measures and Incentives	Specific Measures Taken and Incentives Provided
Uganda	Fiscal Policy	<ul style="list-style-type: none"> • The Uganda Revenue Authority granted an extension on tax paying deadlines. • The government used part of their Contingency Fund in the FY2019/20 budget to finance approximately one-fifth of the Ministry of Health Preparedness and Response Plan from January to June 2020 (about US\$1.3 million from a total of US\$7 million). • The government announced a package of measures to mitigate the social and economic impact of the pandemic. This includes: <ul style="list-style-type: none"> i) A food distribution campaign; ii) Expedited repayment of domestic government arrears to the private sector suppliers; iii) Boosting the lending capacity of the state-owned Uganda Development Bank (UDB) to provide affordable credit to support private sector companies to reorient their production towards COVID-19 response related items; iv) The deferment of tax payment obligations for the most affected sectors; v) The introduction of tax exemptions for items used for medical use; and vi) The support with water and electricity utilities and the expansion of labour-intensive public works programmes. • Bank of Uganda (BoU) issued a statement on March 20th listing the following measures: <ul style="list-style-type: none"> i) Intervene in the foreign exchange market to smoothen out excess volatility arising from the global financial markets; ii) Put in place a mechanism to minimize the likelihood of sound business going into insolvency due to lack of credit; iii) Provide exceptional liquidity assistance for a period of up to one year to financial institutions supervised by BoU that may require it; and iv) Waive limitations on restructuring of credit facilities at financial institutions that may be at risk of going distress.

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Appendix 4 Continued

Country	Category of Measures and Incentives	Specific Measures Taken and Incentives Provided
		<ul style="list-style-type: none"> • Central Bank reduced its Central Bank Rate (CBR) by 1 percentage point to 8% to counter the deteriorating economy, ensure adequate access to credit and smooth functioning of the financial markets. • Other concrete measures introduced include: <ul style="list-style-type: none"> i) Directing that all Supervised Financial Institutions (SFIs) defer the payments of dividends and bonus for at least 90 days effective March 2020 to ensure adequate capital buffers are maintained; ii) Provision of liquidity to commercial banks for a longer period through issuance of reverse Repurchase Agreements (REPOs) of up to 60 days at the CBR, with opportunity to roll over; iii) Purchase of Treasury Bonds held by Microfinance Deposit taking Institutions (MDIs) and Credit Institutions (CIs) in order to ease their liquidity distress; and iv) Grant exceptional permission to SFIs to restructure loans of corporate and individual customers that have been affected by the pandemic, on a case by case basis effective April 2020. • Enhanced agriculture sector activities through increased supply of agricultural inputs to farmers and upscaling agricultural extension services (Ush300 billion). • Job creation for vulnerable able-bodied persons affected by COVID-19 through expanding labour-intensive public works in urban and peri-urban areas (Ush130 billion). • Uganda reopened its national parks for tourism amid the COVID-19 pandemic. • Uganda Tourism Board (UTB), on June 23, 2020, kicked off the inspection of hotels to ensure compliance of the COVID-19 Standard Operating Procedures. • Enterprises within the hospitality sector put in place stringent safety measures in preparation for jump-starting business once the COVID-19 pandemic threat is minimized.

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Appendix 4 Continued

Country	Category of Measures and Incentives	Specific Measures Taken and Incentives Provided
	Healthy and Safety Protocols	<ul style="list-style-type: none"> • Standard Operating Procedures (SOPs) put in place by the Ministry of Tourism, Wildlife and Antiquities in the wake of COVID-19. • Ministry of Health together with the National Medical Stores (NMS) ordered 18 million doses of AstraZeneca from Serum Institute of India. • The roll-out will see the vaccine administered to people aged 50 and above, those with underlying health conditions, health workers, security personnel, teachers and other essential social services providers. The cost of the vaccine does not include international transportation and handling costs.
	Domestic Tourism	<ul style="list-style-type: none"> • Uganda Tourism Board (UTB) launched a domestic tourism campaign dubbed 'Take On The Pearl'. The 8-week long campaign was aimed at jump-starting the country's tourism, with focus on the domestic market, in addition to putting a spotlight on some of the country's prized tourist attractions.



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