



QUARTERLY E-BULLETIN Q2

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Impact of Covid 19 and Locust Invasion on the Kenyan Economy



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Against 2nd Wave of Desert Locust**



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Komesha Corona

Nawa Mikono Mara kwa Mara



Kwa sabuni na maji
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Piga 719 au bonyeza *719#

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#KomeshaCorona



Forty Percent of Kenyans live in extreme Poverty – WB Report

A new study by World Bank ranks Kenya as the third poorest lower-middle income country universally. The World Bank State of Economic Inclusion Report 2021 indicates that at least forty percent of Kenyans suffer from dangerous poverty. Pakistan and Egypt are considered to be lower-middle income countries, however when compared to Kenya, poverty levels of the latter ranks ten times higher.

Among the poorest counties in Africa, Zambia ranks the highest with 61 per cent of its population living in poverty. It is closely followed by Nigeria and Côte d'Ivoire which rank at 58 percent and 30 percent respectively. The destitution level of Zimbabwe is at 23 percent. However it has a higher destitution headcount at almost 80 percent if its total inhabitants.

Looking at the worldwide poverty rate outside Africa, India takes the first place followed by Bangladesh, with a poverty rate of 22 percent and 20.5 percent respectively, ranking India at the 7th place.

The Covid-19 pandemic has disrupted the socio-economic landscape in Kenya making it hard to fight poverty reduction. With the onset of the coronavirus pandemic, it is estimated that an extra of 2 million Kenyans were driven to extreme poverty thus pushing the poverty levels by 4 percent points according to the World Bank Kenya economic report update in November.

"Kenya had made considerable progress with poverty reduction over the last years, but the pandemic destroyed the livelihoods of many Kenyans," said Utz Pape, World Bank Senior Economist in the Poverty & Equity Global Practice.

"A swift and well-targeted response is needed to protect livelihoods and avoid trapping more people in long-term poverty."

It has been noted that the Covid-19 pandemic also created a new breed of poor Kenyans exhibiting different demographic characteristics.

"Kenya's poor population was predominantly rural and less well educated pre-Covid-19, however, the shock of Covid-19 created a new group of 'newly' poor who tend to be urban with household heads who are younger and more educated," notes the report.

The update further notes that Kenya, for over the last 15 years, has been on a descending drift and the besieged money handovers adding around Kshs 50 billion will more than equalize the rise of insufficiency.

Kenya had made considerable progress with poverty reduction over the last years, but the pandemic destroyed the livelihoods of many Kenyans

Covid-19 pandemic has deteriorated the living standard of many Kenyan nationals amid the substantial efforts to decrease it over the years.

Utz Pape, World Bank Senior Economist in the Poverty & Equity Global Practice

Approximately 479 million people are anticipated to be surviving in life-threatening poverty and the portion of universally, and in poverty-afflicted nations it is projected to hit 50 percent by 2030 according to the Economic inclusion report 2021 by World Bank. It is imperative to note that Sustainable Development Goals, especially to end all forms of poverty universally by 2030 is still in play, and all engagements are in play, according to World Bank. This is vital particularly because since the onset of Covid-19, energy has been increased to respond to severe cases of coronavirus pandemic.

Amid extreme cases of the virus in Kenya, it is still the key economic hotspot of East Africa, being the first East African country to reach middle-income status. According to World Bank, another East African country which is soon to achieve lower-income status after its nation implemented economic reforms is Tanzania.

Impact of Covid -19 & Locust Invasion on the Kenyan Economy

The COVID-19 pandemic will likely produce one of the deepest global economic recessions in decades with the world economy potentially taking a few years to recover to its pre-2020 levels. Declared as a pandemic by the WHO in mid-March 2020, the economic effects of COVID-19 on the African continent may have been felt sooner than the occurrence of the first cases. The strict lockdown measures taken in China at the beginning of the year, followed by the further restrictions in Europe and the USA, have taken their toll on the international movement of goods and people, with significant impacts on international trade and tourism. The Kenyan economy was worst hit by the Covid-19 pandemic in the first half of the year having contracted by 0.4%, as there was a 5.7% contraction in Q2'2020 compared to a 5.3% growth recorded in a similar period in 2019. This is the first contraction since the third quarter of 2001 when the country recorded a 2.5% contraction. The worst-hit sector was Accommodation and Food Services which contracted by 83.3% in Q2' 2020 as most facilities operated at bare minimums. With the reduced activity we have seen the fiscal deficit widen to 8.2% from the 6.0% projected in the budget due to the reduction in tax revenues. There is projection of recovery in the coming years but this will largely be dependent on the health situations and if there will be a need for more containment measures.

With the declaration of the pandemic as a Formidable Epidemic Disease on the 27th of March, the government introduced a set of restrictions and social-distancing protocols among them: - the closure of educational institutions - the suspension of international flights except cargo and evacuation planes with an imposition of a 14-day quarantine for returning residents - a reduction of public transportation capacity to below 60% - suspension of domestic flight and passenger railway - the recommendation for people to stay and work from home and the banning of public gatherings including places of worship, hotels, bars and restaurants - movement restrictions from and to the counties of Nairobi, Kwale, Kilifi, Mandera and Mombasa.

Agriculture is the largest sector in the Kenyan economy, generating a third of Gross Domestic Product (GDP) and more than half of export earnings (KNBS, 2020). Domestic production is dominated by food staples, including maize, rice and wheat, while export production is dominated by horticulture and tea, which contributed 48 per cent of export earnings in 2019.

The emergence of the **Covid 19 Mutant and the second wave of locust invasion** will negatively affect the country's agricultural sector. In the Kenyan export crops sector, the prediction of a decline in earnings is based on the following factors:

- 1) Our most important trading partners, including the EU, China, US and Pakistan, are undergoing simultaneous crises and will reduce imports, and
- 2) Disruption in supply chains - 51% of Kenya's exports go to countries highly impacted by Covid-19, while 53% of its imports originate from such highly impacted countries.

Other impacts include;

- **Export Crunch:** The floriculture and fresh produce markets have over the last few days shrunk significantly due to the lock down in Europe and suspension of transit flights.
- **Labor:** Whereas, the president's directive of working from home is welcome, the agricultural sector is a daily activity racing against time for quality at maturity of produce. Any delays in harvesting or any other farm operation results in heavy losses, however cost of labor vis-à-vis the sales will not be a sustainable cost for the business to absorb.
- **Disruption of Supply Chains:** Seeds, fertilizers, animal health products and agrochemicals are mainly imported from China and Europe. Indeed, 60% of agrochemicals usually originate in China. With the lockdown in China and in Europe more challenges relating to scarcity and lead times of these commodities will be experienced.
- **Foreign Exchange:** With the growing number of cancellations of orders every day in the fresh produce industry, the lower the export value and hence foreign income.
- **Downsizing and closure of business:** The lack of sales will severely impact cash flow and will not meet fixed overhead costs. Farms will not be able to sustain their existing workforce. Kenya.
- **Farmers' Health:** The average age of farmers is about 60years. Data from other countries that have done extensive testing suggest that COVID-19 has a much higher level of severity on those in their 60s and older, meaning that preventive and protective measures for farmer communities who are producers of some fresh produce, livestock and food crops need to be scaled up.

Kenyan Government Preparedness Against 2nd Wave of Desert Locust Invasion

The locust invasion still looms high during the planting season and this risk doubled during the recent drought and floods in most regions.

Fifteen out of 47 counties in Kenya have been hit by a second and deadlier wave of locusts that came in through Ethiopia and Somalia, the Kenyan government announced on Thursday, 21st January 2020

The counties hit by the deadly swarms are in Arid and Semi-Arid Land (ASAL) where most people are nomadic pastoralists who rely on livestock for living.

In a Desert Locust situational update report released on Oct. 5, the FAO said that there will be an increased threat of swarm migration from Yemen, northeastern Ethiopia and northern Somalia south to eastern Ethiopia and central Somalia in October that could extend to northern Kenya in **November**, resulting in the second wave for the country.

Kenya is likely to face a second wave of desert locusts invasion after the first wave entered the country early this year, a government official warned on Thursday.

Linah Jebii Kilimo, chief administrative secretary, Ministry of Agriculture, Livestock and Fisheries told journalists in Nairobi that the second wave could come from the eastern border of Kenya, depending on the direction the wind will be blowing.

Kilimo observed that as at the beginning of September, more than 10 million people in the east Africa region were facing acute food security due to the recent locust plagues that have ravaged massive fields of food crops.

"The locust invasion still looms high during the planting season and this risk doubled during the recent drought and floods in most regions and even more risk realized currently during the COVID-19 pandemic and this piles additional pressure on food systems hence a key threat to food security," she added. According to the ministry of agriculture, the largest locust swarm that hit Kenya early this year measured 2,400 square kilometers and was made up of 200 billion locusts.

Having experience after tackling the first wave of desert locusts invasion in the country, the government has assured Kenyans that it is adequately prepared to handle the second wave of desert locusts invasion and there should be no cause for alarm.

Agriculture Cabinet Secretary (CS) Peter Munya said that they have a well-coordinated approach with the counties and locals at the heart of the operation being led by county governments and the County Commissioners (CC's).

"Where there is damage we shall work with the communities to restore their livelihoods because we live in a region that has challenges and irrespective of what we do in the country we are not in control of what happens in other countries like Ethiopia, Somalia and Yemen and even when we cleared the locusts that invaded us we were not able to do much across the borders and that is why we have the second invasion," said Munya.

He said that the total number of swarms that settled in the country between November 2020 and January 2021 are 75; out of which 66 have been treated reflecting a total area of 19,100 hectares with an 80 percent success rate.

The CS added that they have deployed nine surveillance and spray aircrafts and three are on standby because the invasion has not reached the levels to deploy the extra three aircrafts but if need be they will be deployed with immediate effect. The CS added that they have deployed 21 vehicles mounted with sprayers for ground control operations in the various bases.



COVID-19

Coronavirus Symptoms

SERIOUS COVID-19 SYMPTOMS REQUIRING IMMEDIATE MEDICAL CARE

- If you develop any of these symptoms, call your healthcare provider or health facility and seek medical care immediately.
- This is not an exhaustive list. These are the most common symptoms of serious illness, but you could get very sick with other symptoms – if you have any questions, call for help immediately.



Shortness of breath/ Difficulty breathing



Loss of speech or mobility or confusion



Chest pain

MOST COMMON SYMPTOMS



Fever



Cough



Tiredness



Loss of taste or smell

LESS COMMON SYMPTOMS



Sore throat



Headache



Aches and pains



Diarrhea



A rash on the skin or discoloration of fingers or toes



Red or irritated eyes

PLEASE NOTE:

- If you live in an area where malaria, dengue or other infections are common and you have any of above symptoms, seek immediate medical care according to the local health authorities.
- Stay in touch with your primary care provider to ensure you continue to receive the routine care you need, such as medication refills, follow-ups and other routine consultations.

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