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COVID-19 curbs East Africa's growth, but still the strongest in the continent; Report calls for transition to higher value-added activities to build resilience to shocks.

Economic disruption caused by the COVID-19 pandemic has pushed East Africa's growth projection for 2020 down to 1.2 percent, a rate that outstrips other African regions and is forecast to rebound to 3.7 percent in 2021, according to the African Development Bank's East Africa Regional Economic Outlook 2020. The projection is under the baseline scenario that assumes the virus is contained by the third quarter of this year.

Prior to the COVID-19 pandemic, the region's economic growth was projected at more than 5 percent, well above continent's average of 3.3 percent and global average of 2.9 percent. However, COVID-19-induced shocks and a locust invasion have contributed to job losses, increased humanitarian needs and will aggravate poverty and income inequality.

In the worse-case scenario, in which the pandemic persists until the end of 2020, growth is projected at 0.2 percent, still above Africa's predicted average of -1.7 percent and -3.4 percent under the two scenarios.

At the launch of the report held in Nairobi on Wednesday, Simon Kiprono Chelugui, Cabinet Secretary of Kenya's Ministry of Labour, said East African countries could overcome the effects of COVID-19 and turn their economies around by mitigating the external and domestic risks.

"We need to implement a decisive and coordinated response to contain the spread of COVID-19; mitigate its health and socio-economic effects; accelerate structural transformation; improve the investment climate, and maintain the peace and security of our region," he said.

The Regional Economic Outlook indicates that the COVID-19 pandemic will affect East African economies in many ways, such as falling commodity prices and trade, and restrictions on travel with a consequent negative impact on tourism. Waning financial flows have affected the region's fiscal and current account balances, while disruptions in supply chains have hurt food production and distribution. With

schools closed, an estimated 90 million learners have been excluded from the classroom.

Nnenna Nwabufo, the Director General of the Bank's East Africa Regional Office, pledged Bank support to steer the region out of the crisis.

"Our ambition is to address the adverse effects of COVID-19 pandemic and ensure that social and economic development across the continent is accelerated, including through the creation of an African workforce of the future," she said.

She noted that the Bank had responded swiftly to provide urgently needed support to address the immediate impacts of the COVID-19 pandemic, including support of $212 million to Kenya, $165 million to Ethiopia, $4 million to South Sudan and $10 million to the Seychelles.

Nwabufo called for a collective effort to address the development challenges such as COVID-19, rising public debt, and the locust invasion, in order to re-direct the nations towards a sustainable development pathway.

The report's authors called for urgent policy measures to cushion the effects of the COVID-19 pandemic.

"East African countries should accelerate a real structural transformation by transitioning from low value-added production to higher value-added activities that could mitigate vulnerabilities to domestic and external shocks," said Dr Marcellin Ndong Ntah, a Bank Lead Economist.

As well as investigating the impact of the COVID-19 pandemic on the region, this year's report placed particular emphasis on "Developing East Africa's Workforce for the Future". To nurture skills for the future workforce, there is an urgent need for broad reforms in education, investment in education technology, addressing factors that stop children from attending school and establishing linkages between academia and industry, said Edward Sennoga, a Bank Lead Economist, and another of the report's authors.

Julius Mukunda, Executive Director of the Civil Society Advocacy Group in Uganda, said in order to nurture growth, East African nations must stamp out corruption, and invest in areas in which the region has unique strengths, such as food production, not only to provide food, but also income for farmers to help them to mitigate the

effects of COVID-19.