



Impact of COVID-19 on Transport and Logistics Sector in the EAC Region

**FEAFFA and
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The context

The emergence of COVID-19 in 2019 led the WHO to stipulate different containment measures. These measures were adopted by different countries to help limit and control the spread of the virus. The EAC Partner States developed regional and localized containment measures focused on the transport and logistics sector. The implementation of the measures, whilst contributing to the management of the spread of the virus, equally had negative effects to the sector as they affected the different sector players. It was, therefore, imperative to study the impact of the containment measures on transport and logistics

and provide related policy recommendations in pursuit of sector competitiveness and trade facilitation.

The problem

The transport and logistics sector is a major contributor to economic growth of any economy in the world through its contribution to the Gross Domestic Product (GDP). When the sector is affected, the ripple effects are felt in all the sectors of the economy. The COVID-19 containment measures had different impacts to the sector and the economy at large. While the containment measures meant well, their impacts affected critical factors that provide sector efficiencies. This study, in determining the impacts of the containment measures to the transport and logistics sector, collected data from the sector stakeholders, both public and private, in East Africa. The study focused on identifying the various containment measures instituted; the operational challenges affecting the sector as a result of the containment measures; the impacts of the measures on the key sector performance efficiency measures and indicators; and the gaps in the EAC Partner States approach in ensuring continued flow of cargo across borders during the COVID-19 pandemic.

As a result of the containment measures, the sector has witnessed distortions in operational efficiencies. This has been witnessed in increased time to deliver cargo as a result of delays caused by the measures; congestion at different seaports, border crossings and inland container depots; increased cost of doing business for the different sector players such as transporters, clearing agents, cargo owners, warehouse operators, among others.

The approach to the problem

The study covered the peak periods of COVID-19 between March 2020 and March 2021. Various stakeholders were involved in the study, including cargo owners, transporters, clearing agents and government agencies within the transport and logistics sector operating and using the Northern and Central Corridors for movement of cargo and trade facilitation. In terms of data collection, various techniques were used, including: an online survey using a questionnaire; Key Informant Interviews, Focus Group Discussions, and document reviews. A stratified random sampling process was used in the recruitment of the respondents to the online questionnaires, while judgemental sampling was used to select the participants for the Key Informant Interviews and Focus Group Discussions.

Research findings

From the study, it was found that several key containment measures were adopted by the EAC Partner States. These included: mandatory COVID-19 testing for cargo truck crew; restriction on the number of crew travelling in a truck; online submission of cargo-related documents; use of rail transport as an alternative; mandatory quarantine of crew upon exposure; fumigation of the port area, truck cabins and containers; adoption of non-intrusive cargo verification; sensitization and awareness creation; suspension of the issuance of new port passes; relay driving (switching of drivers at the border); escorting cargo; transshipment at borders; isolation of agents and customs officers; designated stopovers for trucks; additional police check points; and regional electronic cargo driver tracking.

The study identified several challenges that affected the transport and logistics sector in the EAC region. These included increased border crossing times; increased congestion at the border points; increased road freight rates; increased operational costs for transporters; among others. In terms of border crossing times, it was observed that the time increased from less than 24 hours in the first quarter of 2020 (pre-pandemic), to over five days. In relation to costs, road freight rates increased in the Northern Corridor (Mombasa to Kampala) from US\$2,200 to US\$2,500 for a 20/40-foot container whereas rates to Kigali from Mombasa increased from US\$3,400 to US\$3,800. Due to the delays along the Northern Corridor, and especially at the ports of loading and the exit borders, transporters suffered an estimated 48% increase in transport costs. In the Central Corridor, the Dar es Salaam Port to Goma (DRC) route experienced an increase in freight costs, from US\$4,150 in May 2020 to US\$4,400 in September 2020.

The study also established gaps in the interventions by the EAC Partner States in ensuring the continued flow of cargo across borders during the COVID-19 pandemic. There was a lack of a co-ordinated regional approach to COVID-19 measures. Each Partner State instituted their varied interests and interventions, which resulted in delays and congestions at the borders. This was manifested in the disputes noted on the testing, validity, and authentication of the issued COVID-19 certificates. Limited level of professionalism among logistics players was found to have affected implementation of some of the measures such as automation of operations by trade facilitation agencies.

Implications for policy makers

From the study, various policy implications can be made to policy makers. These include:

1. **Enhance information technology infrastructure to enhance automation:** The establishment of online systems and platforms to ensure the exchange of information will help reduce inconsistencies and communication barriers inherent in the sector.
2. **Develop regional border infrastructure:** Infrastructure development through expansion of roads at the border posts to ease congestion and to separate drivers requiring COVID-19 test for ease of clearance for border crossing. Road Side Stations would ease the pressure caused by COVID-19.
3. **Develop a framework for an integrated border management system:** This will ensure that the different border management agencies have a shared platform for purposes of co-ordinating and implementing a regional approach.
4. **Develop regional sector professionalization framework.** Support national and regional efforts to ensure a fully professional logistics industry. This will guarantee adherence to professional standards, including mandatory training and capacity-building.
5. **Develop a joint regional approach to COVID-19 to minimize disruptions:** This will include harmonization of testing and vaccination, and recognition of processes and procedures among the Partner States. Such an approach will ensure preparedness of the transport and logistics sector to any disruptions like pandemics.
6. **Develop a regional stimulus-response plan:** The sector needs stimulus funds, subsidies, or capital endowments to ensure the repatriation of nationals, the supply of emergency and medical products and in preparation to deal with any unpredicted crises.
7. **Establish a national/regional disaster/pandemic framework:** Need to establish a regional disaster or pandemic framework, including setting up a regional fund to facilitate a regional response whenever such pandemics emerge. Similarly, there is need to develop inter-agency policies to take cognizance of emergencies and inter-government relations during a pandemic.

8. **Prioritize vaccination of transport and logistics sector workers against COVID-19:** All EAC Partner States should prioritize vaccinating, especially cross-border truck drivers, and quickly develop a regional framework for recognizing Covid-19 vaccination certificates.



Mission

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