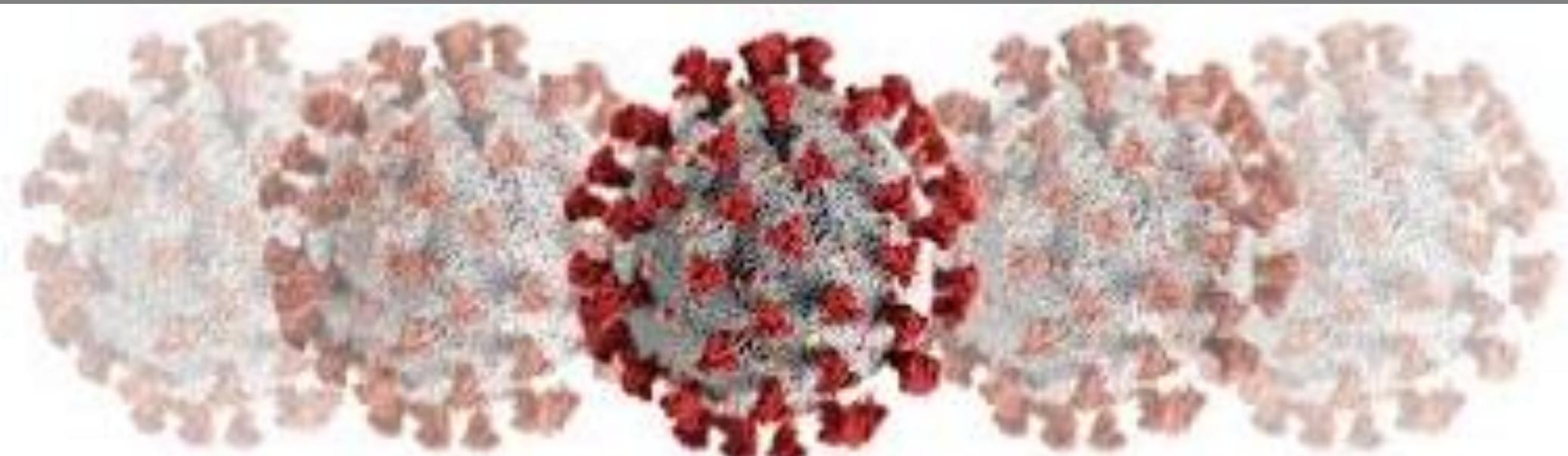




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# COVID-19: Economic Response Guide for Developing Economies

3 April 2020





# Introduction & table of contents

This document sets out what governments should be thinking about to ensure the economy supports the health measures being put in place, to manage the fallout, and to preserve the economy and protect the vulnerable.

The document is modular. Each of the six sections can be read or used in isolation, depending on need:

**1**

**Economic response:** *Economic responses to Covid-19 have three objectives: mitigating the collapse, preserving the economy, and recovering a positive long-term view*

**2**

**Economic management structure:** *Governments need a functioning economic-recovery management structure parallel to their health-response structure*

**3**

**Mobilising resources:** *The economic response will require an unprecedented amount of resources; all options to find these need to be considered*

**4**

**Economic-impact assessment tools:** *Assessing the trade/local demand shock and containment impact*

**5**

**Policy options deep-dive:** *Access to food and management of agriculture*

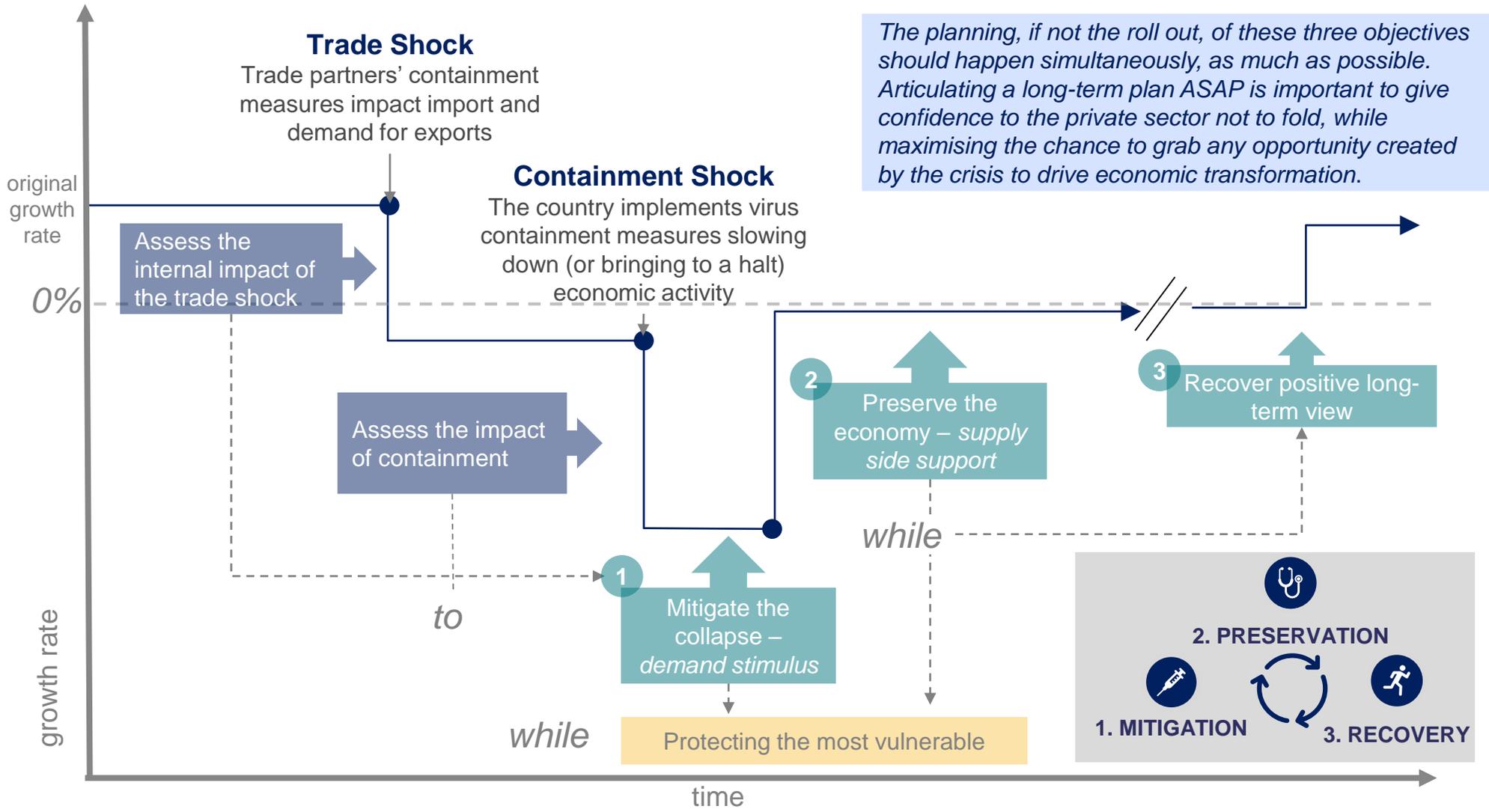
**6**

**Policy options deep-dive:** *Repurposing manufacturing*

# 1. Economic response



# Three objectives of economic response: mitigate, preserve, recover



Source: TBI



# Planning for mitigation, preservation and recovery should happen concurrently, as much as the situation allows

## 1. MITIGATION: demand stimulus



### Halt the collapse, keep people alive

Offset the demand slump to the extent possible given suppression measures, so that everyone can eat and secure a base income, while accounting for the impact of different vulnerable groups.

## 2. PRESERVATION: supply support



### Protect people's livelihoods and assets

Preserve the contractual connections between families and firms and the financial sector so as to quickly reactivate the flow of value between them once containment has succeeded.

## 3. RECOVERY: economic expectations mgmt.



### Assure people of an eventual recovery

Make credible commitments today to maintain macroeconomic support and stability after the health crisis has passed. It's important to avoid a rush on investments for cash.

## Challenges

- Country-level access to the **global food and agro supply chain** and **medical equipment** to manage the containment of the virus are directly disrupted by global containment measures
- Low-income families' **access to food and basic public services and utilities** will suffer once containment measures lead to mobility constraints and unemployment
- Global **demand for African goods and services** and imported **supply of inputs and consumer goods** are drastically dropping due to trade partners' containment measures
- **Local aggregate demand and supply** will react negatively to local containment
- The **financial sector health** will be threatened as people and firms' income slumps translate to non-performing loans
- Medium- and long-term **investments** will become less attractive as agents expect a long-term recession
- With fewer long-term investments and shedding of productive activities, **long-term growth** will be crippled

## TBI economic recovery offering

- Immediate economic response
- Assessing the trade impact
- Assessing the economic impact of containment
- Containment measures and social distancing
- **Food and agriculture supply chain management**
- Medical equipment management
- Thinking through a stimulus package
- Economic management structures for a crisis
- Mobilising resources for stimulus and preservation
- Longer-breadth bespoke notes to be developed at later stage



# 1. Mitigation: Halt the collapse, keep people alive

## Three key elements of shock mitigation:

01

### Adapt essential parts of economy to health requirements

Stopping the spread of the virus to ensure the public-health system doesn't collapse and deliver a further economic shock in 1-2 months is the priority. Consider what adaptations can be made to suppression to allow essential economic activities to continue (e.g. implement social-distancing measures in public markets; farming; transportation).

02

### Scale up health spending

Immediately assess health-sector preparedness and plan the sourcing and procurement of medical supplies; see TBI's presentation on [Medical Equipment and Food Supplies](#)

03

### Scale up cash and food transfers

Without access to food and a base income (cash transfers), social distancing will likely not work (or not be put into place). Assess and react to the effects of the trade and local demand shock and the containment measures, especially with regards to the informal economy, micro-enterprises, food and agro supply. The next slide expands on this, as does the separate deep dive (5 slides) on access to food.



Mbour Fish Market, 29 March 2020

*Can we social-distance a market?*



# 1. Mitigation: Ensuring access to food and base income

Risks	Policy Options
<p><b>Food supply</b></p> <ul style="list-style-type: none"> <li>Global supply is uncertain, and some countries are hoarding staple food products</li> <li>Labour shortage and disrupted access to inputs can impact local production</li> </ul>	<ul style="list-style-type: none"> <li><b>Advocate for a global response</b> to avoid food hoarding<sup>1</sup></li> <li>Ensure <b>agriculture is identified as essential industry</b> during lockdowns</li> <li><b>Invest in the planting season</b>: inputs support, facilitate labour</li> <li>Consider <b>repurposing</b> processing and storage facilities, non-food farms</li> <li><b>Financial support</b> to agricultural SMEs, cooperatives, farmers</li> </ul>
<p><b>Food logistics</b></p> <ul style="list-style-type: none"> <li>Airlines and shipping industries are already severely impacted</li> <li>Locally, logistics can severely suffer from restrictions and lockdowns</li> </ul>	<ul style="list-style-type: none"> <li><b>Reach out in the region</b> for coordinated bulk food orders</li> <li>Consider <b>waiving tariffs</b> on key items</li> <li>Ensure <b>fast-tracking of imports clearance</b></li> <li><b>Coordinate</b> with retailers, importers, producers, local authorities</li> <li><b>Facilitate transportation</b> of food to the districts (“green channels”)</li> </ul>
<p><b>Base income &amp; food demand</b></p> <ul style="list-style-type: none"> <li>Less income for the purchase of food as livelihoods are lost and prices might increase</li> <li>Collapse of food-consuming industries like tourism</li> </ul>	<ul style="list-style-type: none"> <li>Scale up <b>social protection programmes including cash transfers</b>. Consider covering as large a % of the population as possible</li> <li><b>Track food prices</b> to estimate impact on food-purchasing power</li> <li><b>Distribute food or food vouchers</b> to alleviate suffering of the most vulnerable</li> <li><b>Reassure the population</b> that serious planning for food is in place</li> </ul>

See ‘**Access to food**’ section for further details

1. See section on global response



## 2. Preservation: Protect people's livelihoods, assets and public infrastructure

### Three key elements of economic preservation:

01

#### Protect livelihoods

Preserve the contractual connections between families and firms so they can be quickly reactivated.

02

#### Protect people's assets

Preserve the use of properties and productive assets keeping people housed and firms with the space and tools to produce.

03

#### Protect public infrastructure

Containment measures will modify the demand for public infrastructure, from more electricity to health facilities, to less use of roads and bridges.

**The ultimate objective is to protect the “circuitry of the economy”:** Containment measures are “shutting off” the economy temporarily. **Preservation measures must aim to keep the “circuits” from sustaining too much damage** so when the economy is “turned on”, activities can quickly restart. If people become food insecure or lose their jobs or homes, they can no longer quickly regain their place in the job market; when firms lose their employees and productive assets (e.g. stores, warehouses, machinery) they can no longer quickly turn back on the production lines. If the infrastructure is damaged due to a different use, firms and households can't get back to work.



## 2. Preservation: Policy options to protect people's livelihoods

### Risks

#### Key industries (exports)

- Export-oriented industries will suffer a slump in demand due to the global containment efforts; these industries will shed jobs when they run out of financial buffers

#### SMEs & innovation

- Containment measures will freeze internal demand and disrupt production; firms with little financial buffers (SMEs) will shed jobs

### Policy Options

- **Repurposing of industries\*** towards health supplies and production of staple products (e.g. apparel towards PPEs) through tax incentives, zero-interest lines of credit and forward purchases of health supplies
- Support collective negotiation of **forward purchases from trade partners** (e.g. EU apparel buyer buy s2021 Q2 inventory)
- **Strategic sector bailouts (e.g. tourism): zero interest loans/debt support**
- **Protect critical supply chains** for critical inputs & exports
- **Tax waivers** targeted to vulnerable industries (e.g. corporate tax)
- **Liquidity transfers from government to firms:**
  - Immediate payment of **government arrears** and **tax refunds**
  - **Forward purchase** of standard government supplies
  - Delay to PAYE and/or corporate tax payments
  - Tariff and non-tariff barriers realignment for key industry inputs
- **Zero-interest loans/grants targeted** to paying payroll or operating costs of SME, s
- **Expansion of operating lines of credit** through government guarantees
- **Business Emergency Facility** (Kenya has done this)
- **Support innovation** to react to Covid-19's impact:
  - Promote online working/learning
  - Support innovation in reducing spread of the virus, including contact tracing, treatment knowledge resources and other medical services
  - Promote the use of cashless payment and marketplaces to diminish the spread of the virus
  - Organise competitions for tech firms to come up with Covid-19 solutions; this could be an opportunity to digitise key services and move to cashless government services

\* See Annex: Repurposing Industries



## 2. Preservation: Policy options to protect people's livelihoods and assets

### Risks

### Policy Options

#### Informal sector/ micro enterprises

- The informal sector or MSMEs, with no recourse to financial services and little savings, will leave workers without a livelihood when demand freezes

- Adapting **physical marketplaces and other sites for social distancing**
- Coverage of costs for sheds, spaces and utilities
- **Targeted grant facilities/cash transfers**
- Wage subsidies
- Deferment/**waiver of personal income tax**
- Providing technical support for targeted MSMEs in the most affected sectors
- **Transport costs subsidies** (usually large part of operating costs, and likely to spike due to social distancing)
- Deferment/waiver/subsidisation of **public-utility payments, e.g. water**

#### Financial liabilities

- People with financial-sector debt risking losing their assets (houses, stores, warehouses) when they can't pay lenders

- Financial-sector regulator compels easing of payment conditions
- Temporary suspension of credit reference bureaus

#### Financial-sector health

- The financial system will come under strain as non-performing loans rise, threatening the savings and investment of regular citizens

- Financial-sector regulator eases categorisation of distressed assets
- Increase in liquidity
  - Reduction of reserves requirements
  - Quantitative easing



## 2. Preservation: Policy options to protect public infrastructure

### Risks

#### Maintain critical infrastructure and service provision

- Telecoms, transport, power and water services will remain vital, as is continued access to cooking fuels (e.g. charcoal and firewood). Conversely, households' and businesses' ability to pay will diminish.

### Policy Options

- Engage telcos and power companies on the provision of subsidised services (and international partners to bridge any financing gap)
- Rapid mobilisation of off-grid energy solutions for critical social services (e.g. medical centres)
- Review strategic petroleum reserves/work with neighbouring countries to ensure supply chains are maintained.
- Maintain domestic supply chains for cooking fuels (wood/charcoal/gas)
- Identify key field workers (e.g. those in road or power-system maintenance) and establish protocols to enable them to work safely.

#### Minimise financial impacts

- Government subsidy requirements for sectors such as power and water increase as revenue and demand drop at a time when fiscal space is at a premium.

- Engage infrastructure financiers on relief for debt repayments including DFIs lending to private projects (ensuring savings are passed through to government).
- Secure legal advice to minimise the risk of financial exposure for investment delayed due to the crisis (government default vs force majeure).
- Re-plan infrastructure needs in line with changes in demand associated with the change in economic outlook.

#### **Using infrastructure providers to assist during the crisis:**

Infrastructure providers can also support the response through:

- The collation of geographically precise information to support the response, for example through direct phone surveys on consumers' health or using payment for energy-services data as a proxy for households financial health.
- Utilisation of these companies' supply chains.
- Sending messages to families and households.



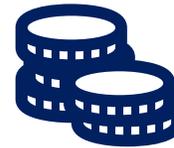
### 3. Recovery: Keep people assured of reliable support through the recovery

If business owners believe the measures taken will be taken away before their time, e.g. the loans will be charged quickly, or the infusion to demand will stop before things get back to normal, then there is no reason for them to believe that they will get back to having profits after the health crisis is over, and the best decision for them is to shut down the economic activity, even if support is offered. Expectations matter. So the government should ensure people and firms that they will help them through the recovery, i.e. the demand will be there on the other side of the crisis and the support to keep their activity going will carry them through until that time comes. To make credible assurances, offer citizens:



#### **A credible plan**

Convey a long-term view of the management of the crisis – uncertainty dissuades investment.



#### **A resourced plan**

Convey the credible sources of financing for the plan – citizens can tell when a plan would break the treasury.

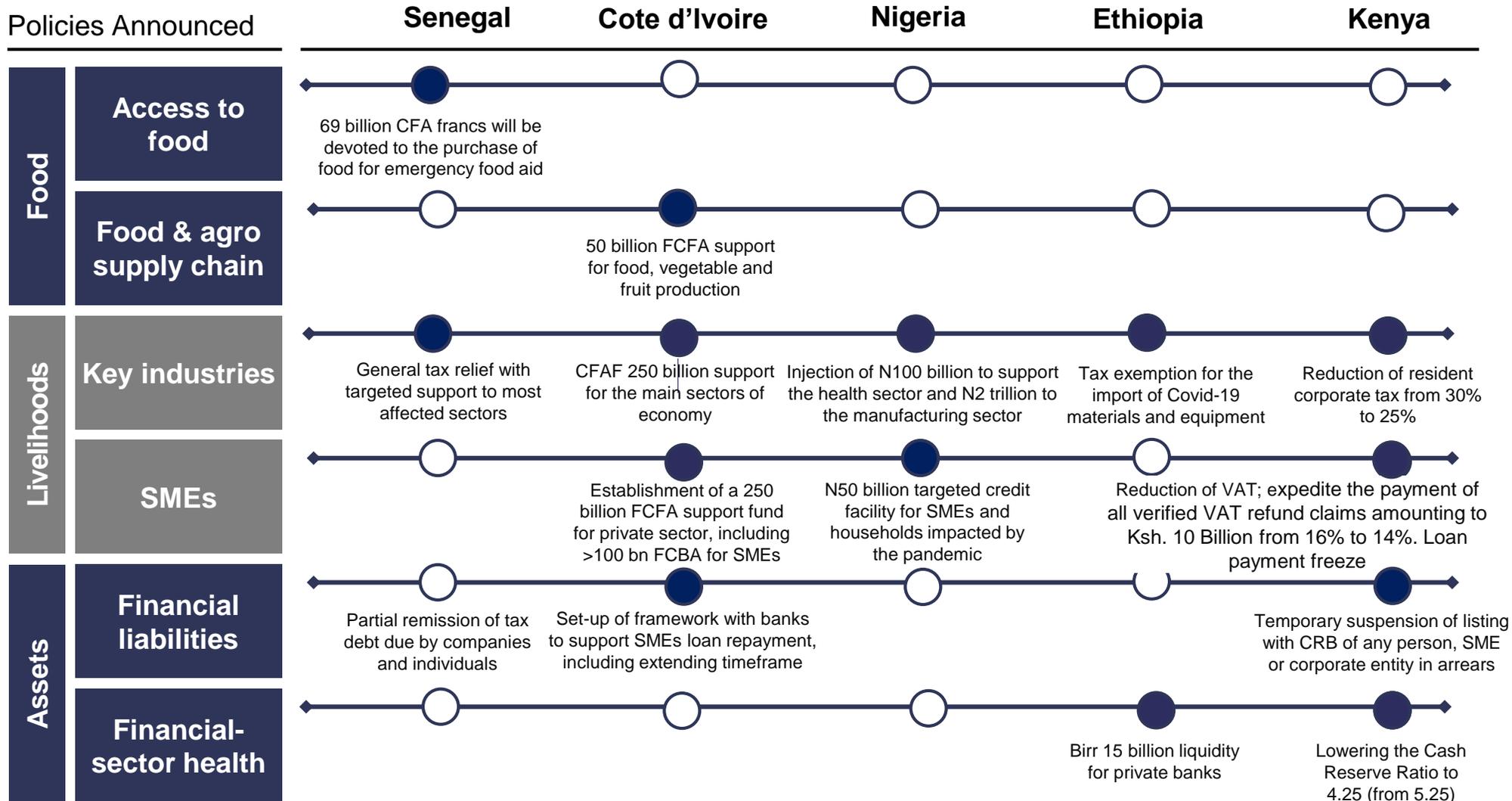


#### **An implementable plan**

Convey a plan that can be implemented given the current capacity of the government's bureaucracy and its credibility – citizens know when government is making empty promises.



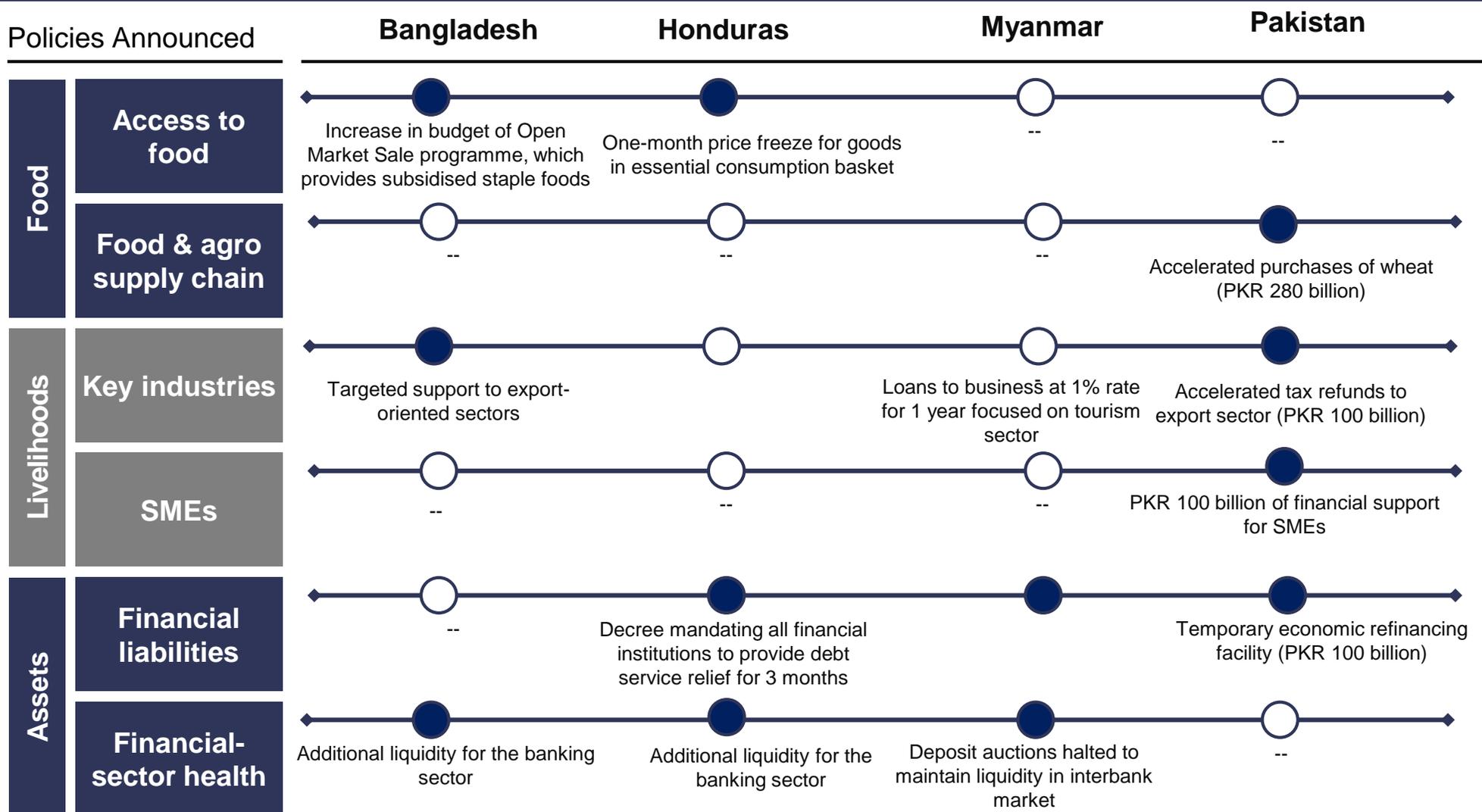
# How African countries are managing the economic crisis



Source: TBI



# How developing countries around the world are managing the crisis



Source: TBI

## 2. Economic management structure



# Best practice for an effective economic management structure

01

**Active and visible political leadership:** Head of state or strong deputy steers rapid operationalisation of policy adjustments with best view of most urgent priorities. Highest political authority essential given the complexity and global scale of the Covid-19 crisis.

02

**Empowered and highly competent economic management coordinator:** One focal person with delegated authority from and direct reporting line to the head of state to oversee the planning and execution of necessary economic recovery measure.

03

**Agile structure:** Adjust composition and focus of the structure as the nature of the pandemic and its social and economic sequences evolve. Place a mechanism to convene and coordinate private-sector and donor expertise and resources.

04

**Right people at the table:** Bring decision-makers with the appropriate authority for productive collaborations and follow-up. Include linkage to non-state actors (private sector, NGOs, donors) to solicit their inputs and direct and steer them to areas of most urgent need.

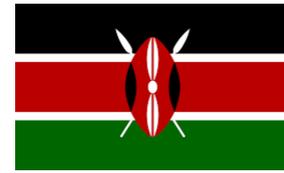
05

**Balanced staffing with analytical and implementation skills and expertise:** Embed data analytics, strategic thinking, project management and stakeholder-coordination capabilities for informed solution development, decision-making and implementation support.

06

**Localised solutions:** Cascading solutions to sub-national and local administrative levels and enhancing capacity of local government structures to effectively contextualise and implement national actions.

# Kenya's Covid-19 Economic Recovery and Business Continuity Structure



## National Coordination Committee on the Response to the Coronavirus Pandemic

**Chair:** CS, Ministry of Interior and Coordination of National Government, Office of the President, who is the most senior minister and is in charge of GoK's delivery agenda

### National Economic and Business Response Working Group (NEBRWG)

**Chair:** Cabinet Secretary, The National Treasury & Planning

**Members: Heads and deputies of MDAs from:**

Industrialization, Trade & Enterprise Dev't

East Africa Community & Regional Dev't

Tourism & Wildlife

The National Treasury

Kenya Revenue Authority

Controller of Budget

### County Government Co-ordination and Food Supply Working Group

**Chair:** Cabinet Secretary for Agriculture, Livestock, Fisheries & Co-operatives

### Security Preparedness and Response Working Group

**Chair:** Cabinet Secretary for Defence

### National Emergency Response Committee on Coronavirus

**Chair:** Cabinet Secretary for Health

**President's Delivery Unit provides data analysis and coordination support.**

**Purpose of NEBRWG:** Lead Kenya's response to the macro- and microeconomic impact of Covid-19, protect the livelihoods of Kenyans during the crisis, and develop strategies to ensure swift economic rebound after the crisis.



# Example structures: Rwanda (Covid-19) and Liberia (Ebola '14 response)

## Rwanda: Covid-19 Economic Task Force

**Purpose:** Oversee the planning and implementation of Rwanda's micro- and macroeconomic measures to limit the economic impact of Covid-19.

### Covid-19 Joint Task Force

*Chair: Prime Minister*

### Covid-19 Economic Task Force

*Chair: Minister of Finance and Economic Planning*

**Members: Heads (Ministers/CEOs) and DGs of:**

Rwanda Development Board

Trade and Industry

Rwanda Revenue Authority

National Bank of Rwanda

Infrastructure

Agriculture

**Macroeconomic analysis by chief economist, sectoral analysis by line ministries and advisors, surveys of industry/business.**

## Liberia: Economic Response Structure

**Purpose:** Macroeconomic management; fiscal space for health and non-health stimulus; ports and trade; food security, exchange-rate management; electricity access; keeping major key projects on track.

### President Ellen Johnson Sirleaf

*Active hands-on approach to ensure coordination of key ministries around health and economic response needs.*

### Economic Management Team (pre-existing forum)

*Chair: Minister of Finance (who had political authority of a prime minister on the economy)*

**Members: Senior official, Heads and Ministers of**

Presidential Economic Advisor

Central Bank of Liberia

Trade and Industry

Agriculture

Public Works

Energy

**Targeted analysis by ministry staff/advisors & ministry-level sub-coordination with relevant donors and stakeholders.**

## 3. Mobilising resources



The economic response will require an unprecedented amount of resources; all options to find these need to be considered

## Domestic resources



### Government arrears

Prioritise liquidation of pending arrears to the private sector to provide liquidity to the system.



### National budget

Re-cast the budget to move earmarked revenue streams towards the emergency.



### Sovereign wealth funds/savings

Access sovereign savings fund using economic emergency decrees when needed.



### Project pipeline

Accelerate the signing of existing pipeline of public projects and deals prioritising those deals with signing bonuses.

## External resources\*



### DFI concessional financing and national development agencies\*

Make clear asks to development partners including the renegotiation of debt stock and service.



### Private sector

Make clear asks to the private sector and provide the enabling environment for the sector to contribute to the management of the crisis (e.g. food donations, isolation centers).



### Access to financial markets

Issue new domestic and/or external sovereign debt.



### Ongoing DFI projects

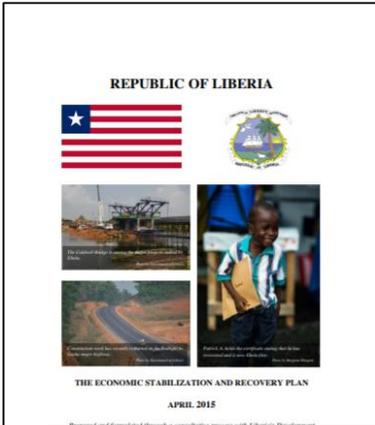
Re-negotiate projects, particularly DFIs funded, to frontload partner contribution and/or postpone government contribution, including PPPs that could get SPV debt service forgiven/postponed.

\*See next slides for further details on External Resources



# Countries that have secured sufficient international resources made a clear ask

It is essential to clearly state what is needed from the international community, in terms of both \$ amount and programmatic support

	Do	Don't	Good examples:
 <p><b>Be Clear</b> Offer a succinct account of financing and programmatic gaps and resource needs.</p>	<p>“Fourteen hospitals in the rural districts of X and Y will run out of PPE in the next week.”</p>	<p>“We need health-care materials, we are running out.”</p>	<p><a href="#">Link here</a></p> 
 <p><b>Be Exact</b> Quantify your needs based on evidence (even if not exact), e.g. give an amount of money.</p>	<p>“The total deficit of PPE in our rural hospitals is 30k kits, that would allow for treatment of X patients.”</p>	<p>“We need enough health-care materials to manage this crisis.”</p>	
 <p><b>Be Targeted</b> Direct your requests to partners or contributors that can either provide the resources or provide support on arenas where decisions are made.</p>	<p>“We call upon the Jack Ma foundation, a long-term partner of the government, to help us on our hour of need.”</p>	<p>“We call upon the international community to assist.”</p>	



## Intra-African coordination considerations:

01

### **Joint ask to the G-20 for fiscal space/financing gap including in particular China, EU, Russia and Gulf States**

*The current ask via African Union does not yet account for full cost of health response, shock management (including cash transfers and food aid needed for successful containment measures) and economic stimulus. Total cost expected to equate to around 20-30% of GDP. Current stimulus plans only equate to 0.8% of GDP, while US stimulus is already 20% of GDP. A strong unified voice is essential. **Requires coordination at presidential level (not just ministers of finance).***

02

### **Trade and transport coordination**

Coordination of tariffs and transport routes via AU (CFTA) and in each Regional Economic Community to ensure African production and supply of critical shortfalls in medical, food and other essential goods. And ensure critical flow of key goods from outside Africa (e.g. maize/soya from Brazil)

03

### **Industry coordination**

Develop plans for retooling of African manufacturing to produce medical equipment in a regional/cross-country manner so countries with rapid scale-up capacity can supply other countries.

04

### **Food and agriculture coordination**

Establish cross-border food channels from high-production countries to low-production countries and join forces to ensure international food trade routes remain open; lobby down export bans by international countries.

05

### **Technology and practical advice**

Sharing African Covid-19 technological solutions (by Africa's ICT sector in various technology hubs like Lagos, Nairobi, Johannesburg) to countries with weak ICT sector.

## 4. Economic assessment tools



# An immediate assessment of the external shock should look at the impact on foreign demand for products and foreign supply of products

## Supply

Goods and services and investment towards the continent has already been disrupted as other economies disrupt their production and transport of exports through containment measures.



### Inputs/supply chain of major industries

Closed borders and a supply shock in trade partners' economies will trickle down to the continent's imports; vulnerable industries include agriculture.



### Access to food and other basic staples

Disruption to the global agri value chain can result in immediate shortages of final imported products and/or interruptions to the sowing season.



### Commodity demand slump

Energy commodities will be hit by the expectation of a recession, while other commodities are likely to be hit by lower demand (iron ore, cocoa).



### Other key industries demand slump

Exports of goods like flowers or fruit and services like calling centres will all be affected by shut borders and lower demand.

## Demand

Global demand for goods and services will fall dramatically as containment measures inhibit imports and depress demand in affected countries.



### Tourism

Global recession will hit demand in the medium term as well, while the cruise industry might be particularly hurt.

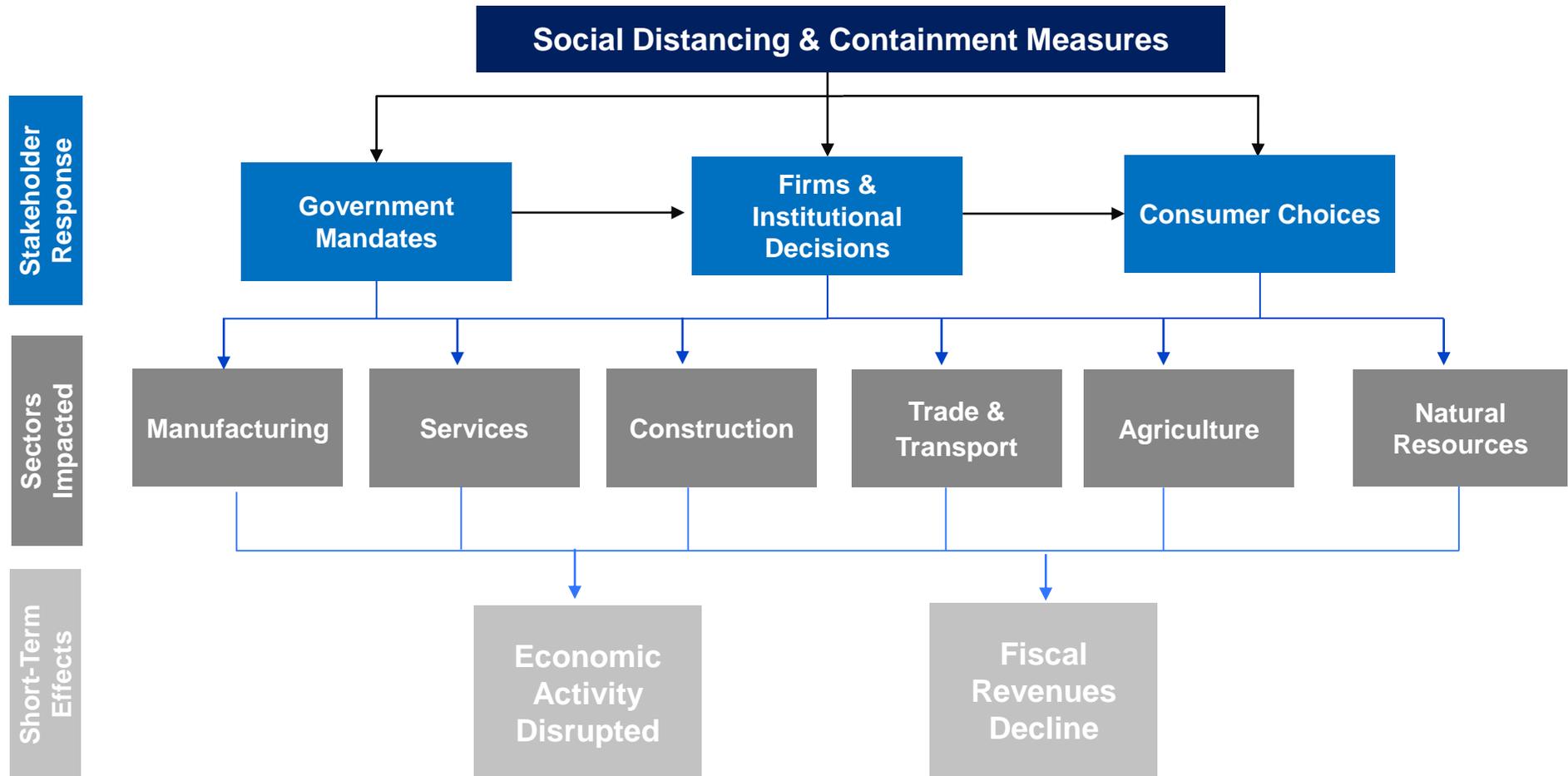


### Transport

Immediately affected by border closings, air travel as well as sea and land can be hit if restriction of land trade of goods expands and containment hits ports.



# Mapping channels of potential short-term economic impact of social-distancing and containment measures





# Guidelines to assess economic impact of social-distancing and containment measures

## Economic Activity

- Estimate impact based on sector components
- Consult representatives of economic sectors to collect metrics of the impact and future plans for investment
- Develop projection based on good predictors of economic activity such as imports, exports, sales, production cycles, utilisation rates, etc.
- Compare impact estimated with previous or current projections by WB and IMF
- Incorporate essential price information, e.g. nominal exchange rates, parallel exchange rates (if any) fuel prices, and prices of a few other key goods

## Fiscal Impact

- Estimate impact on the basis of actual year-to-date revenues, projected shortfalls, and additional expenditures related to the crisis
- Determine revenue shortfalls by disaggregating government revenues and focusing on areas likely to be affected by the crisis
- Develop expenditure estimates based on Ministry of Finance's spending plans as part of the Covid-19 containment effort, i.e. include purchase of critical medical supplies, core logistics, salaries and hazard payment for emergency workers, training, and investment in testing, isolation and treatment centres

### Liberia—Estimated GDP Impact of Ebola (2014)

	Sector contribution to growth shock (%)	Pre-Ebola growth projection (June 2014)	Revised growth projection
<i>Real growth in GDP</i>	—	5.9	2.5
Agriculture	18.0	3.5	1.3
Forestry	-0.1	2.0	2.0
Mining	27.3	4.4	-1.3
Manufacturing	4.6	9.6	5.0
Services	50.2	8.1	4.0

### Liberia—Estimated Fiscal Impact of Ebola in 2014 (as estimated on October 1, 2014)

US\$ millions

	Pre-Ebola projection (a)	Revised projection (b)	Net change (b)-(a)	
Tax and non-tax revenue	499.3	453.6	-45.7	
Current expenditure	441.9	509.1	67.2	
Health response	0	20	20	
Social response	0	47.2	47.2	
Current balance net of adjustments	57.4	-55.5	-112.9	Pre-response fiscal impact
Capital expenditure	275.6	255.6	-20	
Grants	59.6	59.6	0	
Overall balance	-158.6	-251.5	-92.9	Net fiscal impact
Overall balance (% of GDP)	-7.1	-11.8	-4.7	

5. Deep dive: *access to food and management of agriculture*



# 1. Start by estimating expected gaps between supply and demand

## 1 Assess food needs

- Monthly demand for staple food
- Specific needs for the most vulnerable population
- Geographic disaggregation

→ Who needs what, where\*

## 2 Analyse existing supply chains

- Current players: producers, importers, retailers, transporters
- Current food reserves

→ What are the food systems in place?

## 3 Evaluate the likely impact of the crisis

Food prices



In China, food prices went up by almost 22% in February.

Disruption of local production



Farmers in Italy are struggling to find workers at the time of spring planting.

Disruption of global supply



Vietnam is considering restricting rice exports (3rd largest world exporter).<sup>1</sup>

Disruption in logistics



Passenger flights (and their cargo) are down 95% globally. In February, half of shipments to China were halted.

Change in demand from increased vulnerability



Petty trading, wage labour and agriculture have been the most affected livelihoods from Ebola.

→ Use calculations above to formulate a clear plan<sup>2</sup> for food imports, food production and food movements (next 2 slides)

1. See TBI tracker of trade restrictions Sources: [South China Morning Post](#),  
2. See section on mobilising resources [Action Against Hunger](#), [Reuters](#), [VOA](#),  
[BBC](#), [WSJ](#)

\* *Where*: consider **possible mass movements of people outside of cities**. In India, hundreds of thousands of people have fled cities where they couldn't find livelihoods anymore, further propagating the virus to the rural areas



## 2. Secure food imports and solve logistic bottlenecks

Risks	Policy options	What have other countries done
 <b>Import bottlenecks</b> 	<ul style="list-style-type: none"> <li>Waiving import tariffs for essential food basket commodities</li> <li>Facilitating clearing and procedures</li> <li>Regional requests to liaise with global logistics companies</li> </ul>	<b>China:</b> 700 goods from the US, including farm products, are temporarily exempt from tariffs that were put in place during the trade war. 
 <b>Local logistics</b> 	<ul style="list-style-type: none"> <li>Working with existing players<sup>2</sup></li> <li>Green corridors to facilitate transport</li> <li>Mobilising the support of the army</li> <li>Identifying alternate sources of storage</li> </ul>	<b>UK:</b> Public-private coordination under a Food Chain Emergency Liaison Group ensures the delivery of a “feed-the-nation” plan. 
 <b>Reduced household income</b>	<ul style="list-style-type: none"> <li>Cutting VAT on food basket commodities</li> <li>Food vouchers or direct food distribution</li> <li>Cash transfers using mobile money</li> <li>Delays on tax requirements</li> </ul>	Direct food support already announced in: Nigeria, Rwanda, Ghana, Senegal, Cote d'Ivoire. 
 <b>Increased food prices</b>	<ul style="list-style-type: none"> <li>Setting up price tracker across the country</li> <li>Retail price guidelines with max increase</li> <li>Taking stricter measures on price controls if there are abuses</li> </ul>	<b>Rwanda</b> has fined 108 companies (as of 29 March) that have increased food prices. Traders can also have their licence removed. 
 <b>Community engagement<sup>1</sup></b>	<ul style="list-style-type: none"> <li>Emergency guidelines for markets, retailers, logistics companies, etc</li> <li>Reassuring the population that there are strict plans for access to food</li> </ul>	<b>Sierra Leone:</b> Community social mobilisers were key to keep the population informed during the Ebola outbreak. 

1. See brief on external communication  
2. See brief on coordination structure

Sources: [The Straits Times](#), [Taarifa](#), [SCMP](#), [The Guardian](#), TBI's work on Ebola



### 3. Secure local food production for livelihoods and food supply

#### Policy options for increased local food production



- Secure input supplies for planting season
- Facilitating labour movements
- Repurposing export farmers for food
- Soft loans, guarantees, mobile money payments, extending payment due dates<sup>1</sup>



- Supporting additional processing
- Repurposing existing storage facilities
- Reducing post-harvest losses
- Government to forward purchase (with linkages to feeding most vulnerable)



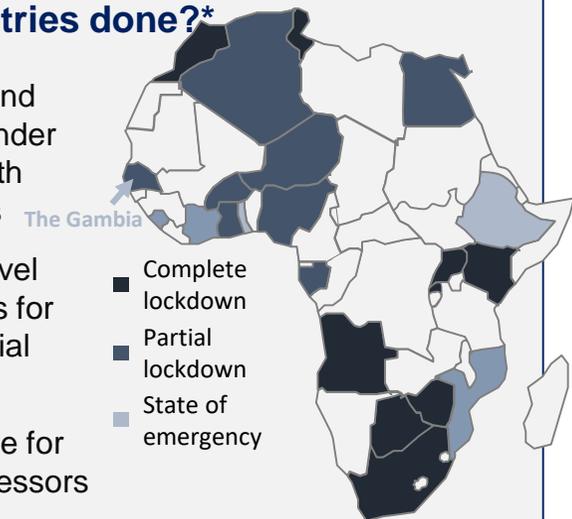
- Guidelines for safe farming: farmers as “essential” hero workers
- Planning ahead: agriculture as the backbone of the economic recovery

It's not just food chains: Drinkable water production and distribution must be frontline in the strategy.



#### What have other countries done?\*

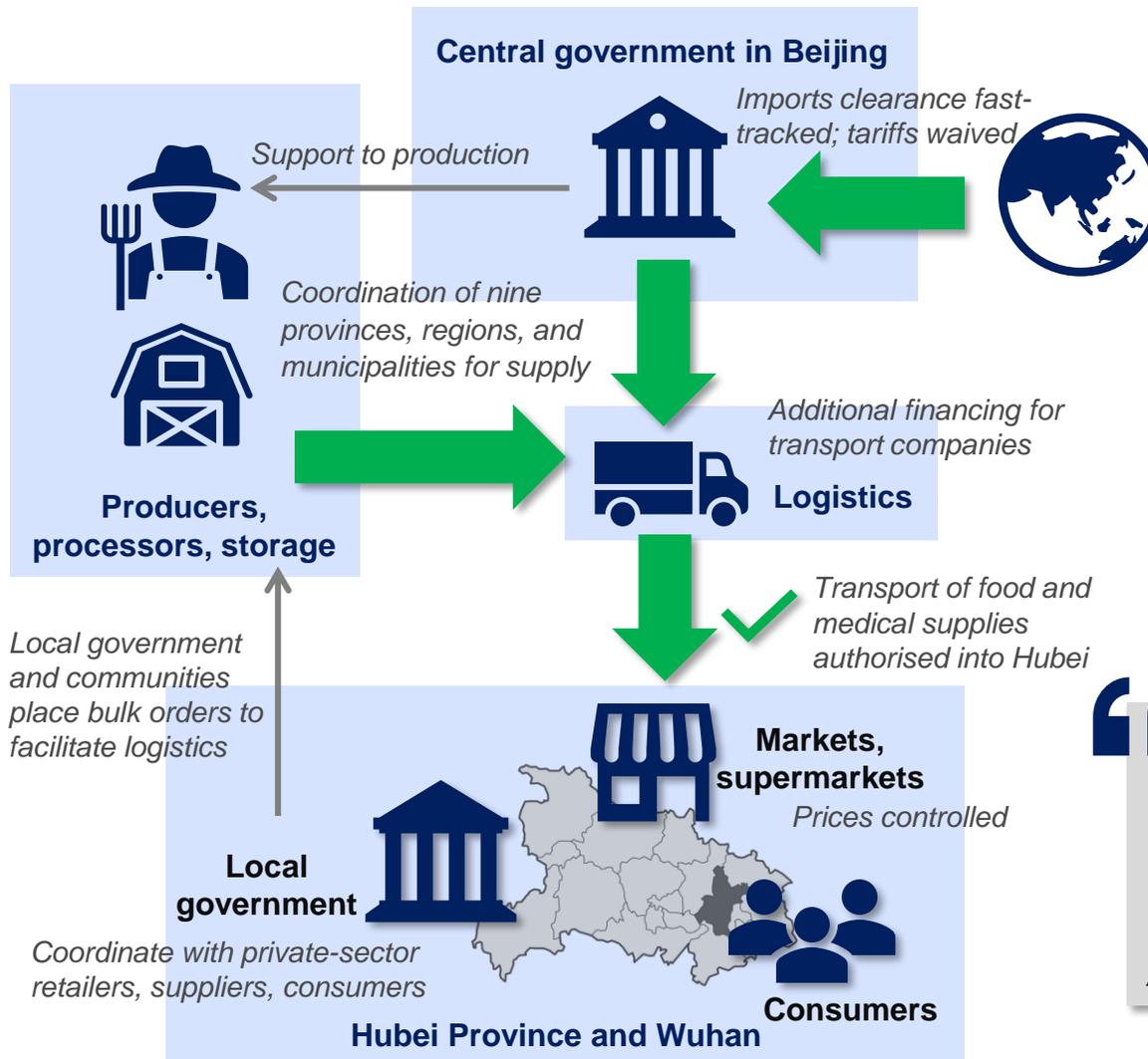
- Exceptions for farmers and fishermen in countries under lockdown: Rwanda, South Africa, Tunisia, Mauritius
- Most countries under travel bans allowing exceptions for trade of food and essential goods
- **Ghana**: financial package for rice, soya and feed processors
- **Rwanda**: additional hygiene instructions to farmers
- **Liberia**: USD\$700K cash land collateral for three rice-processing companies
- **South Africa**: tax measures for workers in agriculture sector
- **Italy**: “Cura Italia”: 100 million euro incentives for agriculture, covering interests for loans and mortgages. Wage compensation transferred to agriculture workers
- **China**: Guarantee to winter and spring production, agricultural water quota for wheat irrigation to curb wastage



1. See section on stimulus package  
Sources: [People.cn](#), [FAQ](#), Ghana Press Statement, TBI Analysis, [LiberianObserver](#)

\*FAO tracker of policies [here](#)

# Green channels in China ensured access to food



**China's green channels** are a coordinated effort to bring food supplies to the Hubei province and other areas severely affected by the virus. **Local authorities** coordinated with wholesale market owners and e-commerce platforms to ensure effective logistics between provinces, including **waiving toll fees**. **Bulk orders** were made through the local government and "organised communities" as **central distribution points**, while delivery services stayed open. Price controls for basic goods were also essential during this period. Additional ways included reducing land-use fees and directing state-owned banks to **give loans on easy terms**.

“ We got the order from our city government at 11pm on Monday and we immediately contacted our farmers, asking them to pick cucumbers overnight and bring their harvest to us before 6am. We sent 70 tonnes in the end [instead of the 60 requested]. We are waiting for the next order. ”

*An official from a producing village*

6. Deep dive: *repurposing manufacturing for critical medical supplies*



# African countries are repurposing manufacturing to fight Covid-19

Country	Critical Medical Supplies				Repurposing initiatives
	Liquid Disinfectant	PPE	Testing Equipment	Medical Facilities	
 <b>Ethiopia</b>					Agreements in place between the Ethiopian Investment Commission and domestic manufacturers in and outside of industrial parks to produce some medical supplies to combat Covid-19.
 <b>Kenya</b>					Government through business association such as Kenya Association for Manufacturers and Kenya Private Sector Alliance are mobilising and encouraging members to repurpose their manufacturing to produce critical medical supplies.
 <b>Senegal</b>					Dakar-based foundation Institute Pasteur partnering with UK diagnostics firm Mologic to locally produce rapid diagnostic testing kits. Discussion with local garment makers underway to produce and distribute PPE in particular masks and surgical gowns and caps.
 <b>Ghana</b>					Manufacturers are exempted from the lockdown and are allowed to produce sanitising products and PPE. The government is engaging the local garment manufacturers to reorganise and reposition by sewing fabrics like scrubs, gowns and masks.

 Not started   
  Leads identified   
  Repurposing in progress



# How to think about the repurposing of the manufacturing sector

Level of complexity	Critical medical supplies	Repurposed subsectors	Estimate required time	Required collaboration	Funding sources
	<ul style="list-style-type: none"> <li>Alcohol-based hand rubs</li> <li>Hand sanitiser mixers</li> </ul> <p>Liquid disinfectant</p> <ul style="list-style-type: none"> <li>Gloves</li> <li>Face masks</li> <li>Surgical gowns</li> <li>Surgical caps</li> <li>Closed work boots</li> </ul> <p>PPE</p>	<p>Beverage, Oil, Distillers &amp; Perfume</p> <p>Garment &amp; Textile</p>	½ - 2 weeks	<ul style="list-style-type: none"> <li>Company internal</li> <li>Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Government purchase agreements</li> <li>Foreign grants</li> <li>Concessional loans</li> <li>Credit lines</li> <li>Private equity investments</li> <li>Impact investments</li> </ul>
	<ul style="list-style-type: none"> <li>PCR testing kits</li> <li>Anti-body testing kits</li> <li>Infrared thermometers</li> </ul> <p>Testing equipment</p> <ul style="list-style-type: none"> <li>Oxygen cylinders, flowmeter &amp; regulator</li> </ul> <p>Medical facilities</p>	<p>Electronics &amp; Tech</p> <p>Electronics &amp; Automotive</p>	2 - 4 weeks	<ul style="list-style-type: none"> <li>Company internal</li> <li>Suppliers</li> <li>Regulatory approval</li> </ul>	
	<ul style="list-style-type: none"> <li>ICU beds/stretchers</li> <li>Isolation tents</li> <li>Powered air-purifying respirators</li> <li>Ventilators</li> </ul> <p>Medical facilities</p>	<p>Electronics, Tech &amp; Automotive</p>	4 - 8 weeks	<ul style="list-style-type: none"> <li>Company internal</li> <li>Suppliers</li> <li>Regulatory approval</li> <li>Cross companies</li> </ul>	

Sources: Adapted from, 'From perfume to hand sanitiser, TVs to face masks: how companies are changing track to fight COVID-19', World Economic Forum



# Policy options to repurpose manufacturing supply chains, production lines and distribution channels

## Supply

- 1 Address immediate **forex requirements** with central, local and international banks.
- 2 Assess and facilitate **input financing or working capital** required by the companies, e.g. via dedicated lines of credit via the banks.
- 3 Permit, ease and expedite **logistical and customs** process for importing raw materials.

## Production

- 4 Set **minimum skills requirements** and run recruitment/training programs.
- 5 Develop **standards and regulations** for manufacturing to ensure functionality, efficacy, and quality of products. Set up **working group with manufacturers** for regular feedback.
- 6 Implement streamlined and **accelerated certification** process.
- 7 Issue **letter of intent** and/or guaranteed **purchasing agreements** to facilitate investments needed for scaling production.

## Distribution

- 8 Mobilise the most efficient and shortest government and private-sector operated **distribution channels**.
- 9 Provide government owned **storage, transport and equipment** required to distribute products.

**In extreme and emergency circumstances, issue executive orders to mandate companies to repurpose their supply chains, production lines and distribution channels. For example, the president of the United States invoked the Defence Production Act to facilitate the production and supply of ventilators.**

***Either way, reach out for support to development partners like IFC, Germany's Compact for Africa, China Aid, DfID's Manufacture Africa, Trade Mark East Africa, AFD, DFC & UNIDO***



# How the garment industry is repurposing around the world

## Repurposing to address PPE shortages



H&M started production of N95/FFP2 face masks for hospital staff in China.  
100,000 planned to be produced by April 2.



Government of Zimbabwe made available USD1.3 million in seed capital for technical universities to produce PPE to meet local demand in clinics and hospitals. Chinhoyi University of Technology (CUT) involved in producing between 2500-3,500 masks/day.



Inditex (owner of Zara SA) converted textile manufacturing capacity in Spain to produce masks.



Gap and Eddie Bauer shifted production lines to manufacture face masks and gowns.

## Success factors

- Garment industry less capital and more labour-intensive making production lines more easily repurposed for manufacturing PPE.
- AFNOR, ISO and the European Committee for Standardization (CEN) offered standards needed to manufacture PPE free of charge.



## Lessons learned & recommendations

- African garment industries can play an important role in supporting governments facing PPE shortages.
- In turn, governments need to map and engage local apparel companies by offering guaranteed-purchasing agreements/orders and incentives packages (fiscal and non-fiscal) to support manufacturers in securing raw materials and financing production and distribution costs.
- Governments should also mobilise local technical universities, hubs, and research institutions and offer incentives (fiscal and non-fiscal) allowing them to manufacture PPE.



# How the automotive sector is repurposing around the world

## Repurposing to address shortages in ventilators



General Motors partnered with Ventec Life Systems, and Ford with GE Healthcare, to produce 10,000 ventilators per month by repurposing GM electronics factory in Indiana.



Indian car makers plan to ramp up ventilator production from 5,000 units per month to 50,000 units by May. Initiative led by a consortia of leading tech firms and automobile makers - Skanray Technologies, BEL, BHEL, and Mahindra group.



Consortium of French industrial and automotive companies (including PSA and Valeo) plan to manufacture 10,000 ventilators by mid-May.

## Success factors

- Intra-industry strategic partnerships between health, tech and automotive firms needed to develop, design and ramp up production of highly complex ventilators. 
- Industrial sector with abundant investment and human capital essential for adapting production lines and capacity to address shortages in ventilators. 



## Lessons learned & recommendations

- Government should proactively mobilise and stimulate private sector in repurposing their production lines.
- Next, governments should facilitate strategic partnerships between automotive, tech, and health sector companies.
- Last, governments need to map and engage companies by offering guaranteed-purchasing agreements/orders and incentives packages (fiscal and non-fiscal) to support manufacturers in securing raw materials and financing production and distribution costs.



# How the beverage, oil, distillery and perfume sectors are repurposing around the world

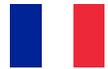
## Repurposing to address shortages in liquid disinfectants



The British Honey Company plans to use spare capacity of its distillery in Worminghall to produce hand sanitiser.



Sasol Ltd. producing alcohols for hand sanitisers and disinfectants, and prioritising local supply to help contain the Covid-19 pandemic.



LVMH (Givenchy, Christian Dior and Guerlain) plans to manufacture and provide hand sanitiser to the French health authorities.

## Success factors

- Most countries have distilleries, beverage producers and chemical plants with the capacity to repurpose their production lines to manufacture liquid disinfectants.



## Lessons learned & recommendations

- Governments should map and approach all in-country chemical plants, distilleries and beverage producers to repurpose their production lines to produce liquid disinfectants.
- In turn, governments need to map and engage companies by offering guaranteed-purchasing agreements/orders and incentives packages (fiscal and non-fiscal) to support manufacturers in securing raw materials and financing production and distribution costs.



# Portugal's extensive measures to repurpose national industry to address shortages in critical medical supplies

## Repurposing national industry to address PPE shortage

- Fan 3d, 3D printing company, producing protective visors for health professionals
- DGA, auto parts manufacturer, producing 4,000 visors
- Hovione producing 30 tons of disinfectant gel with a goal to produce 40 tonnes of disinfectant gel per week
- National Association of Clothing and Garment Industries redirecting their capabilities to produce PPE

## Success factors

- The different branches of industry working together with support from the government in mobilising supply chains, bolstering production lines, and expanding distribution channels



## Lessons learned & recommendations

- African governments should facilitate and connect local companies with 3D printing firms in Europe, Asia and North America to obtain the 3D printing coding and processes needed to produce PPEs.
- Governments should map and approach all in-country engineering and tech firms with capacity to adopt 3D printing to repurpose their production lines to produce PPE and ventilators.
- In turn, governments need to map and engage companies by offering guaranteed-purchasing agreements/orders and incentives packages (fiscal and non-fiscal) to support manufacturers in securing raw materials and financing production and distribution costs.