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MARKETS WATCH | UPDATE

10 July 2020

WFP KENYA COUNTRY OFFICE

## COVID-19 SUPPLY CHAIN AND MARKETS UPDATE

### COVID-19 Related Matters

On 6th July the President announced:

- the lifting of the ban on the movement of persons into and out of Nairobi Metropolitan Area and Mombasa and Mandera counties;
- that domestic passenger flights will resume on 15th July 2020;
- that international passenger flights will resume on 1st August 2020;
- that the night curfew from 2100hrs to 0400hrs countrywide will be extended until 6th Aug 2020.

The World Health Organization (WHO) and Ministry of Health (MoH) are closely monitoring the surging cases of COVID-19 amid the opening of the containment



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measures by the Government from 7th July 2020. Both WHO and MoH have reported that 80 percent of cases are asymptomatic and therefore difficult to identify.

Nairobi and Mombasa governments are initiating home-based care for patients who have tested positive for COVID-19 yet are asymptomatic. Home-base care will also be implemented in other counties as a solution to decongest the already overwhelmed isolation facilities and hospitals.

## Economic Conditions

### Results of the Kenya National Bureau of Statistics (KNBS) survey on the socioeconomic impact of COVID-19 on households:

The latest KNBS survey<sup>1</sup> released on 9th July (which is based on data collected 30 May-6 June) shows that nationally 78 percent of households are food secure. Some 79 percent of the households indicated that there was an increase in food prices due to the COVID-19 pandemic. Seventy-eight percent of the households reported no challenges in accessing markets/grocery stores to purchase food items. Countrywide, 18 percent of households reported having received cash transfers from relatives or friends since the COVID-19 pandemic started.

Nationally, 37 percent of households were unable to pay May rent on the agreed date; this was a 6.5 percent increase from those unable to pay in April. Sixty-one percent of the households cited reduced income as the main reason for defaulting. The proportion of individuals absent from work due to COVID-19 challenges was 62 percent, up from 50 percent in May 2020. Of the individuals absent from work, 78 percent were unsure when they would resume.

**Kenya currency exchange rate:** As of Thursday 9th July, Kenya's currency was **KES 4.54 weaker** to the US Dollar compared to 13th March when the first COVID-19 case was reported in the country. The rate remained stable compared to the previous week, when the Kenyan Shilling closed at 106.54 against

the Dollar. Kenya is a net commodity importer, so a weaker shilling makes commodity imports expensive.

### Kenya exchange rate in US dollars

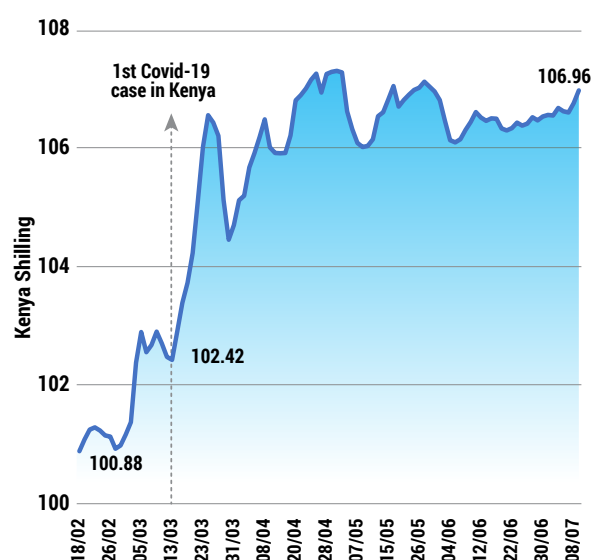


Figure 1: Kenya's exchange rate to the US Dollar. Source: Central Bank of Kenya

### Kenya banned sugar imports in sugar sub-sector reform plan:

The Agriculture Cabinet Secretary announced on Friday 3rd July that Kenya had banned sugar imports with immediate effect and suspended trading licences as the country moves to curb an influx of cheap sugar in the domestic market that has negatively impacted farmers. The Cabinet Secretary pointed out that the imports had rendered Kenyan mills uncompetitive.<sup>2</sup>

## Farmgate and Wholesale Price Trends

WFP continues to actively contribute to the food security and price monitoring efforts of the Kenyan Government through the Food Security War Room under Ministry of Agriculture, Livestock, Fisheries and Cooperatives leadership, which aims to alleviate risks associated with rising food insecurity, as the country grapples with controlling the spread of COVID-19. WFP is also supporting county food security situation rooms to monitor and report on the food security situation on a weekly basis.

1 <https://www.knbs.or.ke/?wpdmprom=survey-on-socio-economic-impact-of-covid-19-on-households-report-wave-2>



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2 Source: <https://www.businessdailyafrica.com/markets/commodities/State-bans-sugar-imports-in-reforms-plan/3815530-5587002-m7yrudz/index.html>

## Farmgate and Wholesale Prices

The Farm to Market Alliance (FtMA), through the Cereal Growers Association, continues to monitor farmgate and wholesale maize, potato, rice and green gram prices across 18 counties.<sup>3</sup>

<sup>3</sup> Busia, Elgeyo Marakwet, Embu, Homa Bay, Kakamega, Kisumu, Kitui, Laikipia, Makueni, Meru, Migori, Nakuru, Narok (Transmara), Nyandarua, Siaya, Tharaka Nithi, Trans Nzoia and Uasin Gishu.

## Weekly Price Trends - Changes from Week Ending July 3rd

Weekly price trends in counties monitored by FtMA: **Farmgate and wholesale prices of rice remained at the same level compared to last week** in the two counties monitored.<sup>4</sup> Table 1 shows counties where maize, potato and green gram price changes were recorded compared to last week.

<sup>4</sup> Busia and Kisumu.

MAIZE						
County	Farmgate* price (90 Kg bag)			Wholesale** price (90 Kg bag)		
	Week Ending 26th June	Week Ending 3rd July	%Change from week Ending June 26th	Week Ending 26th June	Week Ending 3rd July	%Change from week Ending June 26th
Homabay				5,600	4,000	-29%
POTATO						
County	Farmgate price (50 Kg bag)			Wholesale (market level) price (50 Kg bag)		
	Week Ending 26th June	Week Ending 3rd July	%Change from week Ending June 26th	Week Ending 26th June	Week Ending 3rd July	%Change from week Ending June 26th
Nakuru	1,700	1,250	-26%	2,200	2,200	0%
Meru	1,800	1,800	0%	2,500	2,000	-20%
GREENGRAMS						
County	Farmgate price (90 Kg bag)			Wholesale price (90 Kg bag)		
	Week Ending 26th June	Week Ending 3rd July	%Change from week Ending June 26th	Week Ending 26th June	Week Ending 3rd July	%Change from week Ending June 26th
Tharaka-Nithi	6,500	5,400	-17%	7,200	6,750	-6%
Meru	6,500	5,400	-17%	7,200	6,750	-6%

**Table 1:** Monitored counties with changes in farmgate and wholesale maize, potato and green gram prices as of 9th July compared to the previous week

KEY: Price trends interpretation		
Change	Price trend	Sign
< -5%	Decreasing	↓
>= -5% and < 5%	Stable	↔
>= 5% and < 10%	Slight Increase	↗
>= 10%	Increasing	↑

\*Farmgate price: price at which farmer sells to the collector/ aggregator

\*\*Wholesale price: the price buyers are paying at the market

Source: Farm to Market Alliance through the Cereal Growers Association



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**Maize:** Compared to last week, wholesale prices of maize remained the same in all counties monitored except for Homa Bay, which recorded a 29 percent drop as supplies from neighbouring counties increased competition, forcing traders to lower prices.

**Potato:** Farmgate and wholesale prices did not change in Nyandarua and Elgeyo Marakwet. Farmgate prices dropped in Nakuru by 26 percent, while wholesale prices dropped in Meru by 20 percent due to ongoing harvesting, which has increased supply.

**Green grams:** Compared to the previous week, there was no price change in Busia, Kitui and Makueni counties. Tharaka Nithi and Meru counties both recorded a drop in farmgate and wholesale prices due to high supply and competition among buyers. Most green gram industrial buyers have stopped buying.

## Retail Price Trends

### Key Issues Influencing Supply and Prices Across all Monitored Markets

The price of sugar increased in most of the urban markets monitored in Nairobi informal settlements and the arid regions. This is attributed to the **import ban** by the government. Sugar is among the commodities in the minimum food basket approved by the Kenya Cash Working Group. Although sugar only accounts for only 1 percent of the recommended minimum food basket, previous trader and household interviews show that it is purchased in larger quantities. Thus an increase in price may lead to an increase in household expenditure on food.

There were no reported challenges to **physical access to markets** through all the main supply/entry routes to the monitored markets. This is largely attributed to **good road conditions and a fall in diesel prices**, which has **reduced transport costs** from last month.

**Food supply and general trade flows are expected to further improve** due to the lifting of the movement cessation in and out of Nairobi metropolitan area and Mombasa and Mandera counties.

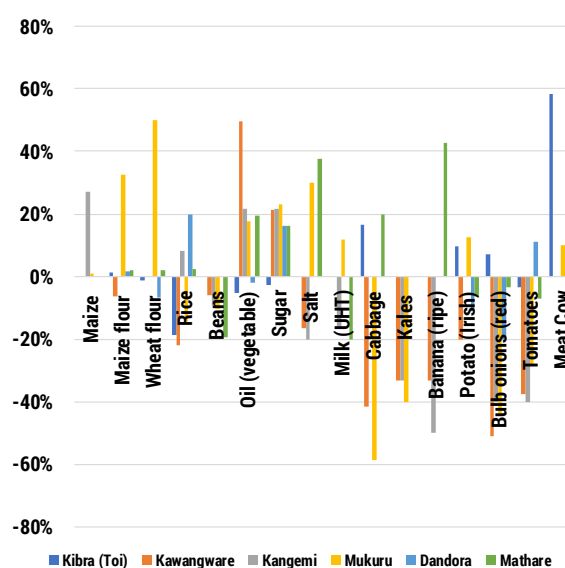
### Retail Prices in the Nairobi Informal Settlement Markets

WFP continued weekly monitoring activities on price, availability of staple commodities and fresh produce (fruit and vegetables) and quality of food

commodities. This targeted five purposively selected markets to represent other informal settlement markets in Nairobi.

A robust market monitoring system is key to informing the WFP Kenya intervention to provide cash transfers to approximately 70,500 targeted households in urban informal settlements in Nairobi who have lost their incomes and livelihoods. Transfers will cover at least 50 percent of the minimum food basket for urban populations, aligned to the transfers provided by the Government in the same areas.

### Weekly Retail Prices Trends in Nairobi Informal Settlement Markets



**Figure 2:** Weekly retail price changes in Nairobi informal settlements. Source: WFP monitoring

Figure 2 shows average prices in the markets monitored. Prices are per kg or litre except for cabbages and bananas (price per piece), salt (price per 200 g) and long-life milk (price per 200 ml).

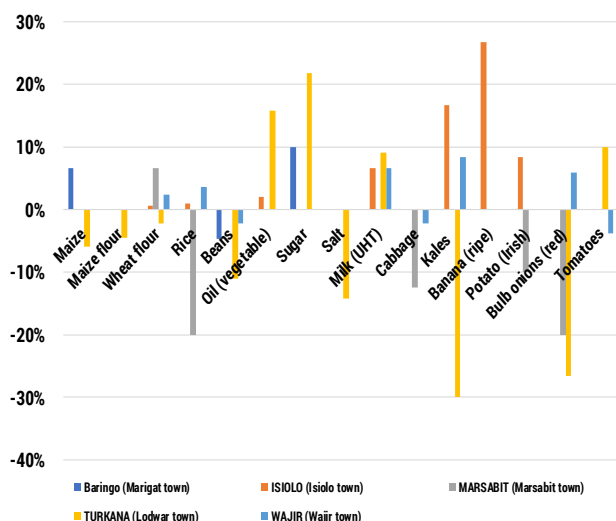
### Key issues influencing availability and prices:

- Generally, **prices displayed mixed signals**, increasing and decreasing in almost equal measure as compared to last week. However, **purchasing power remains low** due **loss of income** related to COVID-19.
- Compared to last week, the price of sugar **increased** from an average of KES 95 per kg to between KES 120 and KES 130 per kg in five of the six monitored markets.
- Some fresh produce (cabbage, onions and tomatoes) have reported **price decreases** in some markets compared to the previous week.

## Retail Price Trends in Urban Areas in the Arid Regions

### Weekly Retail Price Trends in Urban Areas in the Arid Regions

Weekly trends show that in all counties monitored<sup>5</sup> prices generally remained stable or dropped compared to the previous week. However, price increases of more than 10 percent were recorded for vegetable oil and sugar in Turkana, sugar in Baringo and kale and banana in Isiolo (Figure 3).



**Figure 3:** Retail price changes in the arid counties. Source: WFP Monitoring

### Retail Prices and Supply Situation in Marigat Town (Baringo)

- Commodity supply and availability was stable compared to last week.
- Prices for cereals, processed and fresh foods did not change compared to the previous week.
- The price of 1 kg of beans stabilised at KES 100 owing to an increase in supply from Bomet and Uganda.
- The price of 1 kg of sugar increased by KES 10 to retail at KES 110.

### Retail Prices and Supply Situation in Isiolo Town (Isiolo)

- Availability of processed food, pulses, cereals and fresh produce was stable, and supply was adequate. However, stock levels of processed commodities are gradually decreasing as most traders choose to hold less stock to avoid tying up their capital given the decreased sales volumes in the last two months.

- Markets have increased varieties of commodities as neighbouring counties approach harvesting seasons for various fresh food, i.e. fresh beans, cowpeas, sweet bananas, mangoes and green bananas.

### Retail Prices and Supply Situation in Marsabit County

#### Marsabit town market:

- Prices of most food items remain stable compared to the previous week.
- Compared to the previous week, the supply of onions and cabbages was high following a good harvest in the source region of Meru. The increased availability led to a fall in the price of onions from KES 100 to KES 80 per kg, while the price of a medium-size cabbage dropped from KES 80 to KES 70.
- The supply of other food commodities remained stable; there was no interruption in the supply chain.

#### Other remote markets:

- The price of sugar increased by 22 percent in both Laisamis and Loyangalani markets. In both markets the wholesale price of a 50 kg bag increased to KES 5,500 from KES 4,500, from the previous week; this was attributed to a price increase from the source market in Nairobi. The retail price also increased from KES 100 to KES 120 per kg.

### Retail Prices and Supply Situation in Lodwar Town (Turkana)

- Compared to last week, food availability and physical access remained stable, with onions and kale recording an increase in supply.
- The price of sugar increased by 30 percent from KES 100 per kg to KES 130 per kg, while the price of onions decreased by 27 percent from KES 150 per kg to KES 110 per kg.
- Compared to the last week, the price of animal feeds, seeds, pesticides and farm tools remain stable.

### Retail Prices and Supply Situation in Wajir Town (Wajir)

- Compared to last week, there were no significant change in prices for cereals, pulses and processed foods. The supply of green beans and sorghum grain increased within the week.
- Locally sourced kale recorded an 8 percent increase in price attributed to a reduction in local harvest. The price of dry bulb onions continued to increase due to scarcity and a change in their source from Mandera and Moyale to Meru market (which is further from Wajir). Prices for other fresh produce remained stable compared to last week.

<sup>5</sup> Baringo, Isiolo, Marsabit, Turkana and Wajir.

### Retail Prices and Supply Situation in Kakuma Camp and Kalobeyei Settlement (average)

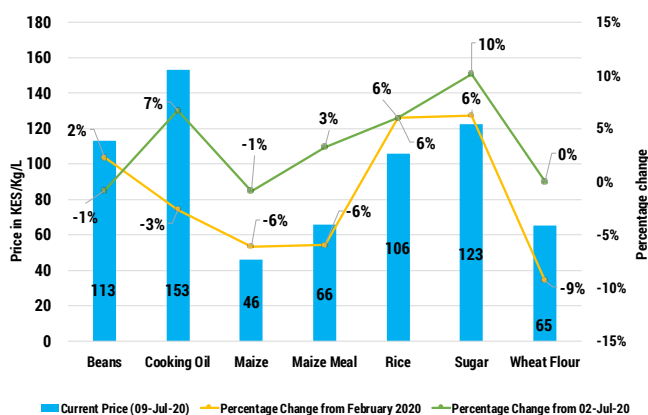


Figure 4: Price trends for key commodities in Kakuma and Kalobeyei. Source: WFP Price Monitoring

- Farmers in Kalobeyei horticultural farms have started harvesting green maize, kale, tomatoes and cowpea leaves leading to increased supply to the markets.
- There is stable availability of assorted commodities in the markets. Potato prices decreased by 13 percent to KES 1,900 per 50 kg bag attributed to increased supplies.
- The wholesale price of sugar increased by 24 percent to KES 5,700 per 50 kg bag.
- There has been an increase in the supply of mangoes to Kakuma and Kalobeyei markets sourced from West Pokot County.

### Retail Prices and Supply Situation in Dadaab Camp Markets

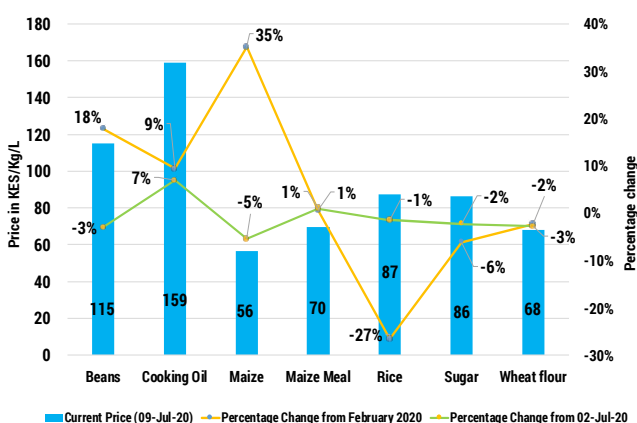


Figure 5: Retail price trends for key commodities in Dadaab. Source: WFP Price Monitoring

- Dagahaley camp market received two 20-ton trucks of sorghum from Moyale and Mandera leading to a 15 percent price reduction.
- Vegetable oil prices increased by 7 percent; the vegetable oil allocation in WFP's general food distribution reduced by 50 percent in the last

cycle contributing to an increase in demand in the market.

- Compared to last week, the price of onions and tomatoes reduced by 13 percent and 10 percent, respectively, across all camp markets as supplies from the source markets in Nairobi and the Kenya/Tanzania border increased.

## Port Operations

Mombasa port is fully operational, working 24/7 over three shifts with vessels continuing to arrive and discharge without any major delays. Discharge of the 15,000 mt in-kind rice donation from Korea from the M.V. Universal Durban finished on 9th July despite the challenge of rain. The reduced availability of trucks for overland dispatches to Uganda continues to be a great challenge to the Mombasa operations.

The contract between WFP a grain bulk handler has now been extended, providing WFP with a variety of storage options and helping to overcome storage issues given the shortage of trucks for transporting food commodities out of Kenya.

WFP Mombasa moved the first batch of 530 mt of pulses to Uganda, Tororo by rail in 15 wagons. The consignment departed on 9th July and is expected in Tororo by 15th July. Warehousing of the remainder of the 10,000 mt of Korean rice donation was completed using forklift trucks. Significant improvements in terms of social distancing, off-loading speeds and costs have been achieved: with the forklift, a truck can be discharged in 15 minutes compared to 45 minutes with conventional handling, and the cost is reduced by 50 percent.

Kenya Ports Authority announced that the use of Inland Container Depot Embakasi and Inland Container Depot Naivasha is now optional: shippers can now choose either road transportation to Inland Container Depot Embakasi, Nairobi or rail transport to Inland Container Depot Naivasha in transit to Malaba border point. This supersedes the 1st June directive and the mandatory use of Inland Container Depot Naivasha for all transit cargo. Some 1,657 20-foot containers moved from Mombasa port directly to inland container depot Naivasha from the time of the directive to 5th July.

The Kenya Maritime Association issued a directive requesting shipping lines to extend the free period on return of empty containers by an additional seven days for transit traffic and three days for local traffic. This directive took effect from 1st July 2020.



## Kenya and East African Community Border Operations

**Malaba (Kenya-Uganda):** The queues reported last week continue. Most truck drivers opt to have their COVID-19 tests done in Uganda as there are **no test charges on the Ugandan side** unlike in all facilities in Kenya where charges are between US\$20 and US\$50 per test, per fortnight. The road blocks continue to be manned by Kenyan police in Kanduyi town in Bungoma county, 42 km from the Malaba border. Truck drivers without a valid COVID-19 certificate park at a designated parking lot and commute on motorbikes to the Malaba Ugandan border health facility for their tests. However, those drivers with valid negative COVID-19 certificates are exempt. The Commissioner of Customs visited the Malaba office and nearby sites to understand the ongoing operations.

**Busia and Lwakhakha (Kenya-Uganda):** Normal operations were reported and the station is opened 24 hours a day. The border is clearing 1,100 trucks (outbound and inbound) per day, including fuel and commercial trucks into Uganda and trucks returning empty via the Lwakhakha border. Before COVID-19, a similar number of trucks were being cleared.

**Lunga Lunga and Isebania (Kenya-Tanzania):** Customs clearance in these two borders are operating slowly and the congestion reported last week has been cleared. Transshipment at the border and driver relay continues, which is time consuming and not cost effective. Samples are being tested in



Kilifi General Hospital for those truck drivers who must cross the borders as exceptional cases, and the waiting period is 3-5 days. The Tanzania Government is not permitting Kenyan drivers to cross into Tanzania from Kenya.

**Namanga (Kenya-Tanzania):** Normal operations continue this week with the Ministry of Health on-site mobile laboratory working efficiently. Both inbound and outbound trucks are moving well.

**Taveta, Loitokitok (Kenya-Tanzania):** Both these borders are operating normally under the same regulations as for other Kenya-Tanzania border crossings. Almost no trucks are using these two borders.

**Lokichoggio/Nadapal (Kenya-South Sudan):** Normal operations are reported this week and security escort granted to every convoy.



**Moyale (Kenya-Ethiopia border):** Transshipment is being undertaken in the border customs yard, and the border remains closed to human traffic. Drivers are not allowed to cross the border on either side. The station has a relative slow operation, clearing 10 to 14 trucks weekly.

**Mandera, El Wak, Diff (Kenya-Somalia border):** The border remains officially closed.

## Transport Operations

Inland transport operations are proceeding well, with enough trucks for primary transport.

Some 1,022 mt of overland transport deliveries from Mombasa and Nairobi to the region were made from 2nd to 8th July. This is slightly lower than the 1,420 mt delivered between 25th June and 2nd July. There is still a major problem of turnaround for trucks, and transporters are not able to mobilize trucks as fast as they were doing pre-COVID-19 due to the prolonged clearance at the border points, especially Malaba and Nimule (Ugandan and South Sudanese borders).

## Air Transport

**UNHAS (United Nations Humanitarian Air Services):** UNHAS operated a cargo flight each to Dadaab and Kakuma on Monday 6th July. Twelve UN

agencies/international NGOs were served and 3,697 kg of cargo transported.

**UNHAS-managed ECHO flight:** The UNHAS-managed ECHO flights did not operate last week due to low cargo bookings.

**WFP Global Passenger Service:** Two Global Passenger Service flights operated from Jomo Kenyatta International Airport to Addis Ababa and back within the week. On both days the service operated using one DHC8-400 and one DHC8-100 due to the high bookings and physical distancing measures on board. On 4th July, **74 passengers** from **30** agencies/NGOs flew. On 9th July 2020, 79 passengers from 29 agencies/NGOs were served.

WFP partners are able to get all related information on COVID-19 travel guidance and information on WFP air services, search and book WFP flights directly through the **Humanitarian Booking Hub Nairobi JKIA operations**.

## National Supply Chain Task Force and Service Provision

WHO has confirmed a donation of laboratory reagents, test kits and swabs expected on 12 July 2020 with transport availed through the WFP Market Place portal. UNICEF is expecting a consignment of laboratory reagents on 11th July transported through the WFP Market Place portal.



World Food Programme

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Coronavirus COVID-19