

# Impact of COVID-19 on Kenya's Food Systems

SITUATION REPORT – EDITION 1  
NOVEMBER 2020

This publication has been produced by the Keeping Food Markets Working (KFMW) programme of the Global Alliance for Improved Nutrition with funding from the Netherlands Ministry of Foreign Affairs, the Department of Foreign Affairs, Trade and Development of Canada, and the Rockefeller Foundation. The views expressed herein are the responsibility of GAIN and do not necessarily reflect the views of the supporting organisations. Any errors are our own. For any questions, please contact Lewis Bett at [lbett@gainhealth.org](mailto:lbett@gainhealth.org).

Please cite this work as: GAIN. 2020. Impact of COVID-19 on Kenya's Food Systems: A Situation Report - Edition 1. November 2020.

## TABLE OF CONTENTS

<i>Key Messages</i> .....	3
<b>1</b> <i>Scope and Purpose</i> .....	3
<b>2</b> <i>COVID-19 Restrictions &amp; Support for the Vulnerable</i> .....	3
<b>3</b> <i>Impacts of COVID-19 on Local Food Systems and FSN</i> .....	5
<b>4</b> <i>Price and Availability Changes</i> .....	11
<b>5</b> <i>Consumer Preferences</i> .....	12
<b>6</b> <i>Support Initiatives for Food System SMEs</i> .....	14

## KEY MESSAGES

- Amongst the Kenyan government's responses to the spread of COVID-19, the mandated **movement restrictions, and easing thereof, had the largest impact on food systems, food security, and nutrition.**
- Early responses to COVID-19 temporarily reshaped food systems, shortening supply chains, and increasing demand for local foods. **Agri-food SMEs faced reduced production volumes and declines in sales.**
- **Food prices and inflation have remained fairly stable in Kenya,** however, there has been continued food system disruption due to COVID-19.
- **There are an estimated 6.2 million people in Kenya who are currently (as of September 2020) either in a stressed, crisis, or emergency food-insecure situation;** the number of people who cannot access and / or afford safe, nutritious foods is even higher.
- **Income loss is affecting consumer preferences and consumption of nutritious foods.** Consumers who regularly consume fruits, fish and seafood, meat, and poultry have fallen by about 50% during the COVID-19 period relative to a normal period (September 2020).

## 1 SCOPE AND PURPOSE

The COVID-19 pandemic is a multiplier of vulnerability, compounding threats to food security and nutrition (FSN), while exposing weaknesses in food systems.<sup>1</sup> In response, the Global Alliance for Improved Nutrition (GAIN) developed the Keeping Food Markets Working (KFMW) programme to provide targeted support to help sustain core food systems, workers, and markets during the COVID-19 emergency. The programme's objective is to mitigate the risk of the collapse of food systems and ensure the availability and affordability of nutritious food. **This report summarises the current situation of Kenyan food systems amidst COVID-19 with a special emphasis on small and medium-sized enterprises (SMEs) and how nutritious foods value chains are changing.**

The information used for this report draws on several sources in relation to the impact of COVID-19 on the respective food systems. Largely it is a synthesis of relevant secondary data, as well as some primary research from GAIN and its partner initiatives. A thorough desk review of available secondary data was collected primarily sourced from Euromonitor; FEWS NET; the Kenyan National Bureau of Statistics (KNBS); the Food and Agriculture Organization (FAO) Big Data tool on food chains under the COVID-19 pandemic; FAO Food Price Monitoring and Analysis; over a dozen studies by FAO, the International Food Policy Research Institute (IFPRI), the World Bank, and others. The information is current as of approximately November 23, 2020.

## 2 COVID-19 RESTRICTIONS & SUPPORT FOR THE VULNERABLE

**Amongst the Kenyan government's responses to the spread of COVID-19, the mandated movement restrictions, and easing thereof, had the largest impact on food systems and food security and nutrition (FSN).** According to IFPRI, the Kenyan government implemented over 120 different policies spanning eight categories; restrictions on

<sup>1</sup> <https://docs.wfp.org/api/documents/WFP-0000119380/download/>

population movements represented about 40% of the policies, mostly comprised of travel bans, curfews, and bans of public gatherings.<sup>2</sup>

After introducing tight restrictions in mid-March 2020, Kenya first showed signs of bending the COVID-19 case-curve in early April 2020. However, the number of cases rose again from mid-April until mid-August (Figure 1). Some of the containment measures, such as cessation of movement in key hotspot counties, were partially lifted in July. International flights commenced in August,<sup>3</sup> and restrictions on public gatherings were relaxed in September. Business activities of many SMEs resumed; for example, restaurants were allowed to open from 7 am to 8 pm. The relaxation of movement restrictions, in combination with a public becoming more relaxed about following the remaining measures in place,<sup>4</sup> played a role in the rise in cases since mid-September. As the number of cases rose again, the government announced that schools would remain closed and curfews were extended.<sup>5</sup> On November 4, 2020, a new nationwide curfew from 10:00 pm to 4:00 am was extended up to January 2021.<sup>6</sup> As this report is being written, Kenya is in the midst of a second wave of cases.<sup>7,8</sup>

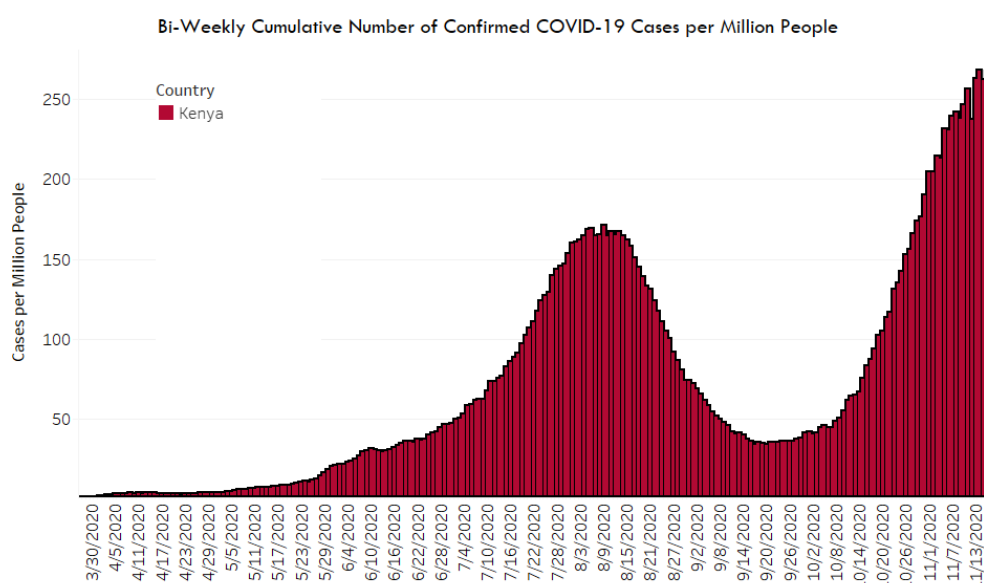


Figure 1: Bi-Weekly Cumulative Number of Confirmed COVID-19 Cases per Million People in Kenya  
Source: <https://ourworldindata.org/coronavirus> – Last updated 11 November.

**In addition to movement restrictions, the government made efforts to support the vulnerable by putting measures in place such as:**

- Making use of an existing cash transfer programme to boost payments to more than one million vulnerable people, including food hawkers and day labourers.<sup>9</sup>
- A labour-intensive public works programme, ‘Kazi Mtaani’, intended to provide immediate job opportunities for more than 26,000 Kenyans across the country.<sup>10</sup>
- 300,000 new household beneficiaries were added to the social pensions programme.<sup>11</sup>
- The Central Bank of Kenya waived charges and expanded the limit for low-value mobile money transactions, while also encouraging mobile money transactions to reduce contact. This led to a significant increase in both

<sup>2</sup> <https://public.tableau.com/profile/ifpri.td7290#!/vizhome/CPRPORTAL/Overview?publish=yes>

<sup>3</sup> <https://www.garda.com/crisis24/news-alerts/365476/kenya-national-air-carrier-kenya-airways-resumes-international-flights-from-august-1-update-28>

<sup>4</sup> <https://www.health.go.ke/wp-content/uploads/2020/10/NERC-COVID-19-brief-30th-October-2020.pdf>

<sup>5</sup> <https://nation.africa/kenya/news/covid-19-uhuru-extends-curfew-by-60-days-reopens-bars-2373712>

<sup>6</sup> <https://www.president.go.ke/2020/11/04/the-thirteenth-13th-presidential-address-on-the-coronavirus-pandemic-wednesday-4th-november-2020-at-state-house-nairobi/>

<sup>7</sup> <https://ourworldindata.org/coronavirus/country/kenya?country=~KEN>

<sup>8</sup> <https://www.health.go.ke/wp-content/uploads/2020/10/NERC-COVID-19-brief-30th-October-2020.pdf>

<sup>9</sup> <https://www.bbc.com/news/world-africa-52426040>

<sup>10</sup> <https://www.capitalfm.co.ke/business/2020/05/govt-creates-26000-jobs-for-kenyans-living-in-slums/>

<sup>11</sup> Gentilini, U; Almenfi, MBA; Dale, P; Demarco, GC; Santos, IV. 2020. Social Protection and Jobs Responses to COVID-19: A Real -Time Review of Country Measures (May 1, 2020) (English). COVID-19 Living Paper. Washington, D.C.: World Bank Group.

value and number of transactions, mostly of \$10 or less, helping to cushion the most vulnerable households and attracting more than 1.6 million additional customers.<sup>12</sup>

- To alleviate risks associated with rising food insecurity, the Ministry of Agriculture, Livestock, Fisheries, and Cooperatives (MoALFC) now monitors food prices and other food security metrics. The initiative is termed Food Security War Room (FSWR) and supported by the World Food Programme (WFP).<sup>13</sup>

#### **In addition, United Nations agencies, civil society, and the private sector also took action, such as:**

- The World Food Programme (WFP) sends about USD 40 in local currency once a month since October 2020 to 400,000 poor families in Nairobi and Mombasa, which will continue until early 2021.<sup>14</sup>
- A private sector-led initiative, Shikilia,<sup>15</sup> delivered about USD 30 in emergency cash per month for three months (until July/August 2020) to low-income Kenyans to help them get through COVID-19 and encourage adherence to COVID-19 restrictions.<sup>16</sup> Shikilia is a collaboration between the Kenyan private sector and non-profit organisations. Partners include Black Butterfly, Busara, Dalberg, Endeavor Kenya, FSD Kenya, GiveDirectly, JoyJet, Mercy Corps, NCBA, Oxfam, Pesalink, Safaricom, Sokowatch, and SunCulture.<sup>17</sup>

More details on SME-related support actions taken can be found in Section 6.

### **3 IMPACTS OF COVID-19 ON LOCAL FOOD SYSTEMS AND FSN**

**According to a September 2020 update report by Food Security Information Network (FSIN) and Global Network Against Food Crises, there are an estimated 6.22 million people in Kenya who are currently either in a stressed, crisis, or emergency food-insecure situation; the number of people who cannot access and / or afford safe, nutritious foods is even higher.**<sup>18</sup> Efforts to curb the spread of COVID-19 have disrupted agri-food supply chains in Kenya and strained the millions of people whose livelihoods depend on the food system as well as citizens who rely on purchased food. At the onset of COVID-19, food chains faced a ‘triple menace’ of mutually exacerbating disasters: COVID-19, a locust invasion, and extreme weather causing floods in some regions and droughts in others.<sup>19</sup> As of September 2020, the long rains harvest led to an improvement in rural food security, but urban food insecurity persists.<sup>20</sup> New locust swarms are expected to start forming in eastern Ethiopia in early December and to move south to Kenya by mid-December.<sup>21</sup>

#### **At the onset of COVID-19**

**Early responses to COVID-19 temporarily reshaped food systems, shortening supply chains, and increasing demand for local foods.** A GAIN survey in May 2020 (n=49) showed that in terms of production volume, 8% of businesses stopped production entirely, 63% had considerably decreased production volume, and 26% decreased production somewhat or slightly. About 41% of businesses had considerably decreased their sales prices (n=29), and most respondents noted that decreased sales were the main COVID-19 impact their businesses faced.

**Traders and transporters, especially, faced various challenges such as accessing farms and markets due to restricted movement** and lockdowns imposed in major towns<sup>22</sup> and long waits for East African cross-border trade.<sup>23</sup>

<sup>12</sup> <https://blogs.imf.org/2020/11/05/bridging-the-digital-divide-to-scale-up-the-covid-19-recovery/>

<sup>13</sup> <https://www.hortinews.co.ke/2020/07/15/formation-of-food-security-war-room-to-support-kenyas-covid-19-response/#:~:text=To%20address%20the%20aforementioned%20challenges,support%20Kenya's%20COVID%2D19%20response.&text=The%20main%20focus%20is%20on,%2C%20rice%2C%20tea%20and%20beans>

<sup>14</sup> <https://news.un.org/en/story/2020/10/1076542>

<sup>15</sup> [www.shikilia.com](http://www.shikilia.com)

<sup>16</sup> <https://www.givedirectly.org/covid-19/kenya/>

<sup>17</sup> <https://www.givedirectly.org/covid-19/kenya/>

<sup>18</sup> [https://docs.wfp.org/api/documents/WFP-0000119673/download/?\\_ga=2.94136349.1460453165.1604404521-792094182.1603971374](https://docs.wfp.org/api/documents/WFP-0000119673/download/?_ga=2.94136349.1460453165.1604404521-792094182.1603971374)

<sup>19</sup> <https://www.iied.org/how-covid-19-impacting-changing-east-africas-agri-food-systems>

<sup>20</sup> <https://reliefweb.int/report/kenya/kenya-key-message-update-long-rains-harvest-improves-rural-food-security-urban-food>

<sup>21</sup> <http://www.fao.org/ag/locusts/en/info/info/index.html>

<sup>22</sup> <https://www.hortinews.co.ke/2020/07/15/formation-of-food-security-war-room-to-support-kenyas-covid-19-response/#:~:text=To%20address%20the%20aforementioned%20challenges,support%20Kenya's%20COVID%2D19%20response.&text=The%20main%20focus%20is%20on,%2C%20rice%2C%20tea%20and%20beans>

<sup>23</sup> [https://www.odii.org/sites/odii.org.uk/files/resource-documents/africa\\_trade-covid-19\\_web\\_1.pdf](https://www.odii.org/sites/odii.org.uk/files/resource-documents/africa_trade-covid-19_web_1.pdf)

For example, testing and clearing of drivers carrying fresh produce across Kenya’s international borders took up to 5 days and reduced the number of trucks cleared per day by 80%, ultimately leading to food loss as perishables rotted as they waited. While these impacts were relieved as measures were lifted in July and August, there was a lasting impact on poverty and employment.<sup>24</sup> This also caused, for example, delays in food supply leading to **loss of perishable goods** such as fresh fruit and vegetables (particularly at the Tanzanian border).<sup>25</sup>

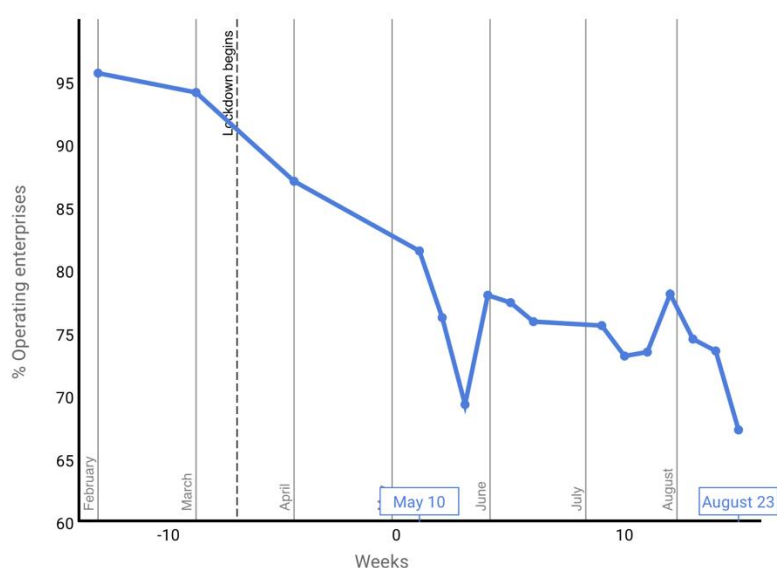
**SMEs play a key role in the supply and distribution of food, and from the onset of COVID-19 they faced challenges in terms of finance and transport, which are expected to have a long-term impact on food security.**

According to a rapid assessment by Wageningen University (July 2020), input delivery (both for crops and livestock) was heavily constrained due to restrictions in mobility and border closures. The cross-border import of agricultural inputs (e.g., antibiotics, animal feed, fertiliser, and some food crops) was a key challenge. 40% of SMEs involved in agriculture reported a significant negative impact on their ability to source agricultural inputs for sale, while 55% of businesses involved in the processing of food reported not having enough raw materials to meet current demand.<sup>26</sup>

### COVID-19 Impact Post May/June 2020

**A study carried out by the Kenya Private Sector Alliance (KEPSA) between September 15 and October 25 (n=428) reported that 64% of SMEs had been considerably affected by COVID-19, with 66% losing customers due to reduced expenditure.**<sup>27</sup> While the food system SMEs have been negatively affected, tourism and education sectors have been worst hit. A weekly survey in Siaya County by Kenya COVID-19 Tracker (n=5,000) shows that the percentage of enterprises operating each week steadily declined from the onset of COVID-19 until August 23, 2020, with only 67% of enterprises operating at the end of August compared to 94% at the beginning of March 2020 (see Figure 2).

**Enterprises operating each week**



February, March and April data points assume that no business that closed down up until that point reopened, and they correspond to the first day of each month.

**Figure 2: Enterprises Operating Each Week. Siaya County, Kenya.**

Source: Kenyacovidtracker.org.

The six key impacts of COVID-19 on Kenyan food system SMEs are as follows:

<sup>24</sup> [https://www.odt.org/sites/odi.org.uk/files/resource-documents/africa\\_trade-covid-19\\_web\\_1.pdf](https://www.odt.org/sites/odi.org.uk/files/resource-documents/africa_trade-covid-19_web_1.pdf)

<sup>25</sup> [https://www.wur.nl/upload\\_mm/a/5/3/e99ab70b-5b12-435a-8c73-8b445a71e913\\_COVID-19%20Food%20System%20-%20Rapid%20Country%20Assessment-Kenya%20%28July%29.pdf](https://www.wur.nl/upload_mm/a/5/3/e99ab70b-5b12-435a-8c73-8b445a71e913_COVID-19%20Food%20System%20-%20Rapid%20Country%20Assessment-Kenya%20%28July%29.pdf)

<sup>26</sup> <https://www.wur.nl/en/Research-Results/Research-Institutes/centre-for-development-innovation/Our-Value-Propositions/Guiding-Sector-Transformation/The-effects-of-COVID-19-on-food-systems-rapid-assessments/Rapid-Country-Assessment-Kenya.htm>

<sup>27</sup> <https://www.standardmedia.co.ke/ktmnews/business/video/2000199918/kepsa-report64-of-smes-grossly-affected-by-covid-19-66-lost-customers-due-to-reduced-expenditure>

1. **Although markets are open, an increasing number of vendors are experiencing decreased sales.** A survey of vendors of fresh fruits and vegetables at two markets in Kenya reported that the percentage of vendors who experienced a decrease in sales went from 67% to 77% between mid-September and mid-October at Madaraka Market, Kiambu.<sup>28</sup> The same trend was also reported in Marikiti Market, Machakos where the number rose from 90% to almost 93% within the same period.<sup>29</sup> One reason for this is that consumers are concerned about contracting COVID-19; as a result, many choose to minimise visiting informal retail markets for purchases, as the number of reported COVID-19 cases has been rising in Kenya since mid-September.
2. **Lower sales for SMEs producing nutritious foods.** Although food availability was reported to improve in Kenya around May with the harvest of early planted crops,<sup>30</sup> September recorded a spike in food shortages in urban Kenya.<sup>31</sup> Food prices increased due to a general slowdown in trade, compounded by reduced earnings in poor households due to the nationwide curfew and cessation of movement in and out of Nairobi, Mombasa, and Mandera counties.<sup>32</sup>
3. **Delays in input delivery, and thus late planting.** Kenya is dependent on road freight for the trade of essential goods, but COVID-19 testing regimes at East African borders caused transport bottlenecks, leading to delays in delivering agri-food commodities and inputs. As a result, some farmers reported shortages of inputs, such as seeds and fertilisers,<sup>33</sup> which meant they were late in planting the next season's crops, which may also have repercussions for SMEs later in the value chain. In the longer term, this could lead to decreased outputs of staple commodities, threatening both future livelihoods and wider food security issues.
4. **Marginalised women and youth with informal positions in food chains are in a vulnerable position in relation to the COVID-19 crisis.**<sup>34</sup> A rapid assessment conducted by Wageningen University in Kenya in April 2020 showed that women and youth, especially those in retail and transport, lack the necessary capital and finances to deal with the fluctuations in income resulting from restrictions in mobility.<sup>35</sup>
5. **Increase in digitalisation.** ICT and digital solutions have become the new norm of doing business, especially for the private sector and SMEs.<sup>36</sup> For example, the World Bank released a brief in mid-October that highlighted plans to leverage digital technologies through ongoing partnerships with AgTech start-ups in Kenya to enable farmers to overcome temporary COVID-related constraints and ensure more effective service delivery, especially in remote areas.<sup>37</sup> As Kenya is one of the most digitally enabled countries in Sub-Saharan Africa, with 3G cellular covering 93% of the population,<sup>38</sup> the initiative is aimed at transforming the delivery of inputs, soil testing, crop insurance, credit, extension advice, and market linkages.<sup>39</sup> Below are further examples of digitalisation in local food systems since COVID-19:<sup>40</sup>
  - A partnership between e-commerce platform Jumia Kenya and Twiga Foods, a Kenyan business-to-business marketplace that sources products directly from farmers for delivery to urban retailers. Under the partnership, Jumia's 1.5 million customers now have access to fresh fruits and vegetables from Twiga Foods, and Jumia remains relevant as customers pivot to buying essential goods from e-commerce platforms.

<sup>28</sup> GAIN. Feed the future-bi-weekly bulletin – Issue 1: Sept 15, 2020. [Madaraka Market, Kiambu, Kenya]

<sup>29</sup> GAIN. Feed the future-bi-weekly bulletin – Issue 1: Sept 15, 2020. [Machakos Retail Market, Machakos, Kenya]

<sup>30</sup> <https://fews.net/east-africa/kenya/food-security-outlook/june-2020>

<sup>31</sup> <https://www.worldbank.org/en/country/kenya/brief/monitoring-covid-19-impact-on-households-and-firms-in-kenya>

<sup>32</sup> <https://www.devdiscourse.com/article/health/1264886-kenyas-covid-19-response-chaos-amid-lack-of-information>

<sup>33</sup> <https://www.iied.org/how-covid-19-impacting-changing-east-africas-agri-food-systems>

<sup>34</sup> [https://www.wur.nl/upload\\_mm/a/5/3/e99ab70b-5b12-435a-8c73-8b445a71e913\\_COVID-19%20Food%20System%20-%20Rapid%20Country%20Assessment-Kenya%20%28July%29.pdf](https://www.wur.nl/upload_mm/a/5/3/e99ab70b-5b12-435a-8c73-8b445a71e913_COVID-19%20Food%20System%20-%20Rapid%20Country%20Assessment-Kenya%20%28July%29.pdf)

<sup>35</sup> [https://www.wur.nl/upload\\_mm/a/5/3/e99ab70b-5b12-435a-8c73-8b445a71e913\\_COVID-19%20Food%20System%20-%20Rapid%20Country%20Assessment-Kenya%20%28July%29.pdf](https://www.wur.nl/upload_mm/a/5/3/e99ab70b-5b12-435a-8c73-8b445a71e913_COVID-19%20Food%20System%20-%20Rapid%20Country%20Assessment-Kenya%20%28July%29.pdf)

<sup>36</sup> <https://www.eac.int/press-releases/146-gender,-community-development-civil-society/1735-regional-civil-society-and-private-sector-organizations-prepare-joint-response-to-covid-19>

<sup>37</sup> <https://www.worldbank.org/en/topic/agriculture/brief/food-security-and-covid-19>

<sup>38</sup> [https://www.bain.com/globalassets/noindex/2020/bain\\_report\\_farmer\\_allied\\_intermediaries.pdf](https://www.bain.com/globalassets/noindex/2020/bain_report_farmer_allied_intermediaries.pdf)

<sup>39</sup> <https://www.iied.org/how-covid-19-impacting-changing-east-africas-agri-food-systems>

<sup>40</sup> <https://www.mercycorps.org/blog/digital-platforms-growth-covid-19>

- Kenya's Sendy, an e-logistics provider, partnered with Tuskys supermarket chain to facilitate home delivery for the supermarket's customers.
- Herdy Fresh, a Kenyan grocery e-commerce platform, which traditionally sources meat from rural farmers, onboarded new suppliers from the Nairobi area to cope with movement restrictions that disrupted its original trade routes.
- Some digital platforms have also started diversifying products. For example, Get Boda, an on-demand logistics platform, evolved from depending on pick-up stations, which are experiencing lesser foot traffic, to focusing on fleet couriers and targeting essential services such as restaurants, pharmacies, and grocery stores.

**6. Increased calls for behavioural change in handling of food items in wet markets.** Before the pandemic, poor hygiene was a concern in wet markets where fresh produce like meat, fish, and other perishable agricultural produce are sold in the open air—often alongside live animals and/or bushmeat;<sup>41</sup> now COVID-19 has been associated with them. One of the off-farm food supply chain policy options highlighted by the FAO is to more strictly monitor and regulate wholesale markets, retail wet markets, and processing clusters.<sup>42</sup> The report noted the need for long-term investments to help SMEs improve hygiene practices and site design to help them remain competitive. Attention to better hygiene in wet markets has increased as a result of COVID-19, as noted at an International Association for Food Protection virtual annual meeting that featured food safety experts from Africa.<sup>43</sup>

### Food and Nutrition Security in Focus

**Despite relative stability across the country, studies show that food security and nutrition have worsened since pre-COVID-19.** A survey conducted by the Centre for Agriculture and Biosciences International (CABI) (n=442) in September, revealed that the proportion of people who are food and nutrition insecure had increased by 38% in Kenya compared to pre-COVID-19.<sup>44</sup> Low-income households and those dependent on wage labour were more vulnerable to income shocks and had poorer consumption of nutritious foods since the onset of COVID-19.<sup>45</sup> World Bank figures show that as of November 16, 46% of low-income households skipped at least one meal over the last seven days, up from 28% since the beginning of November.<sup>46</sup> Figure 3 shows the percentage of households that experienced food and nutrition insecurity in the last month (November 2020). Bomet (68%) and Meru (58%) – two rural counties – are the most affected.

In urban areas, the restrictive measures introduced in March to curb the spread of COVID-19 severely affected low-income households, which mainly rely on daily wages earned through casual labour, hawking, food vending, construction activities, and domestic work. Due to a sharp decline in income, coupled with increasing food prices, the FAO estimated in October 2020 that about 1.7 million people<sup>47</sup> in urban informal settlements in Kenya were food insecure. Despite phasing out of some restrictive measures, FSN of

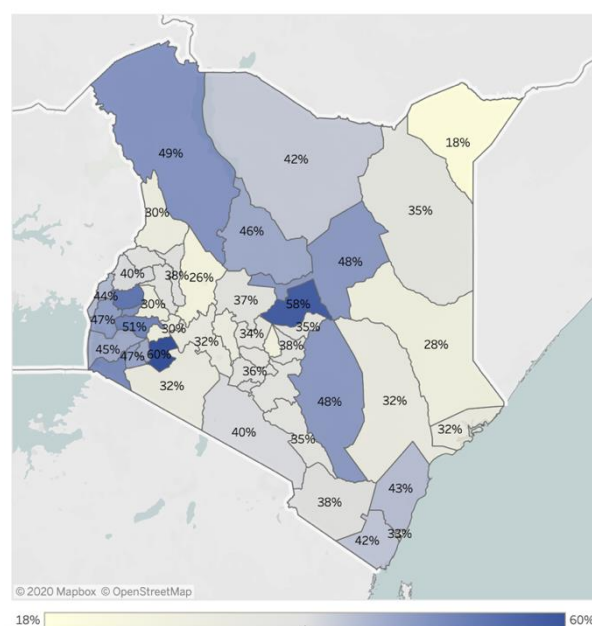


Figure 3: Households that Experienced Food Shortage over the Last Month (November 16, 2020). Source: World Bank.

<sup>41</sup> <https://reliefweb.int/sites/reliefweb.int/files/resources/ZP.pdf>

<sup>42</sup> <http://www.fao.org/3/ca8822en/CA8822EN.pdf>

<sup>43</sup> <https://www.foodsafetynews.com/2020/10/experts-give-insight-into-food-safety-in-africa/>

<sup>44</sup> [https://www.eurekalert.org/pub\\_releases/2020-09/c-nrh092120.php](https://www.eurekalert.org/pub_releases/2020-09/c-nrh092120.php)

<sup>45</sup> <https://reader.elsevier.com/reader/sd/pii/S0305750X20303260?token=1239440C94735D332A4BBCAADBE1EBBFAE1EB71DF8FD9338A96CA58E62E1F076ACBA312EFB392CA16956D51454282753>

<sup>46</sup> <https://www.worldbank.org/en/country/kenya/brief/monitoring-covid-19-impact-on-households-and-firms-in-kenya>

<sup>47</sup> <http://www.fao.org/giews/countrybrief/country.jsp?code=KEN>



the urban poor is not expected to improve in the short term, as the recovery of economic activity is likely to be slow.<sup>48</sup> To analyse the FSN situation closer, a combination of FAO's dimensions of food security<sup>49</sup> and GAIN's Supply Chain Analysis for Nutrition (SCAN)<sup>50</sup> tools were used (see Figure 4). The impacts of COVID-19 are likely to play out on different time scales in Kenya. While there were many short-term shocks to production and trade at the onset of COVID-19, many are giving way to longer-term consequences for other parts of the food system.<sup>51</sup>

---

<sup>48</sup> <http://www.fao.org/giews/countrybrief/country.jsp?code=KEN>

<sup>49</sup> Note: According to FAO, the four dimensions of food security are: availability of food, access to food, food utilization, and stability of the three dimensions over time. SCAN is a tool to understand how the various stages of the supply chain contribute to the accessibility, desirability, and quality of the food in question.

<sup>50</sup> <https://www.gainhealth.org/resources/reports-and-publications/supply-chain-analysis-nutrition-tool-scan>

<sup>51</sup> <https://www.devex.com/news/sponsored/opinion-how-to-address-the-impact-of-covid-19-on-global-food-systems-96892>

Key Influencer	Sub-Influence	Underlying Factor	Urgency Indication	Context
Accessibility	Availability	Drop in production levels		<ul style="list-style-type: none"> <li>Milk supply is gradually failing to meet the formal demand; the food balance at end of June had a milk surplus: 4.3 million liters (UHT) and 1.4 million kilos (powder), production has dropped by 36% while consumption remained stable.</li> <li>COVID-19 disrupted the milk market following the closure of schools and hotels hence a laxity from farmers in producing milk</li> </ul>
		Disrupted transportation /distribution for products		<ul style="list-style-type: none"> <li>The start of COVID-19 coincided with the rain, a time when livestock keepers limit livestock sales to maximize milk production and animal growth and engage in alternative sources of income such as milk trading, or agricultural labor</li> <li>COVID-19 disruptions in the livestock sector (a major source of meat and milk) persisted through June due to closure of feeder markets and borders, especially the Kenya-Somali and Kenya-Ugandan border</li> <li>As of October, although the Kenya-Ugandan border is opened, operations continued slowly at Malaba while Busia has improved and the Kenya-Somali border remain officially closed since May.</li> </ul>
	Affordability	Reduced income		<ul style="list-style-type: none"> <li>A McKinsey survey in Kenya from early May found that around 60% of consumers expected to be financially worse off by August.</li> <li>World Food Program (WFP) research shows that 57-65% of the major urban informal settlements of Nairobi, Mombasa, and Kisumu engaged in livelihood coping strategies indicative of food crisis.</li> </ul>
		Low demand/sales		<ul style="list-style-type: none"> <li>As some of the first cases of COVID-19 in Garissa and Wajir county were diagnosed in livestock traders moving between Kenya and Somalia, stigma was quickly attached to traders and transporters working along the area's major commodity trade routes further reducing their income earning ability</li> </ul>
		Price hike		<ul style="list-style-type: none"> <li>In September, prices of beans in Kenya were higher than average levels in most market country-wide partly due to below normal long rains production</li> </ul>
	Desirability	Convenience	Mass emergence of e-commerce	
Perception		Unemployment, low purchasing power		<ul style="list-style-type: none"> <li>In late September 2020, the rains were as forecasted and led to high harvest yields. This coupled with the influx of more people turning to farming in the face of unemployment, has made the supply of fresh produce in excess of the market demand. What this means is buyers are offering only a fraction of the usual price, if they are buying at all.</li> </ul>
Quality	Nutrition	Reduced income		<ul style="list-style-type: none"> <li>A WFP situation update in September reported that there's been an increase in cases of malnutrition among infants under the age of five in Mombasa County during the pandemic period.</li> </ul>
		Health concerns		<ul style="list-style-type: none"> <li>The Kenyan ministry of health actively recommended nutrition requirements disaggregated by age group, vulnerability, &amp; gender.</li> </ul>
	Awareness	Health concerns		<ul style="list-style-type: none"> <li>COVID-19 disrupted how things are done in a lot of industries, especially those interlinked with health. It could drive a change in how traders at open air wet markets handle fruits and vegetables and increase the awareness of washing hands and food items well before consumption on the consumer side.</li> </ul>

**Figure 4: Matrix of Key Factors Influencing Nutrition and Food Security Situation in Kenya.**

Note: Darker colouring indicates a stronger effect on the availability, convenience, and affordability of food in November.

## 4 PRICE AND AVAILABILITY CHANGES

**Agriculture is key to Kenya's economy: the sector contributed about 32.4% to Kenyan GDP in 2019.<sup>52</sup> The sector accounts for about 65% of Kenya's export earnings and contributes to improving nutrition through production of safe, diverse, and nutrient dense foods.<sup>53</sup>** COVID-19 has especially disrupted the food supply chain within informal markets in Kenya's local food system is heavily dominated by small, independent transporters as the link between producers and consumers. Produce markets, which are at the heart of distribution in urban areas, serve consumers and smaller retailers. About 90% of fresh fruits and vegetables are sold through these markets.<sup>54</sup>

The impact of COVID-19 was felt most among low-income urban households. For example, a GAIN survey in Madaraka Market, Kiambu, Kenya (October 2020) showed that all vendors (100%) reported that the volume of food they sell had decreased under COVID-19. Similarly, 60.4% of the consumers interviewed had observed changes in food availability in the market, mostly affecting fresh fruits (82.8%) and fresh vegetables (41.4%).<sup>55</sup> To limit impacts on food markets, on April 1 the Kenyan government reduced the value-added tax on all goods from 16% to 14%; the measure is still in effect.<sup>56</sup>

**Inflation rates in Kenya have remained fairly stable.** The consumer price index (CPI) stood at 108.6 in September 2020, which was almost the same level as in August 2020. The overall year on year inflation in September 2020 was 4.20%, compared to 4.36% recorded in August 2020.<sup>57</sup> As shown in Figure 5, a marginal increase in inflation was observed between March and April. This can be attributed to increased demand, as Kenyans were driven to panic buying and stocking of essential supplies at the beginning of COVID-19.<sup>58</sup>

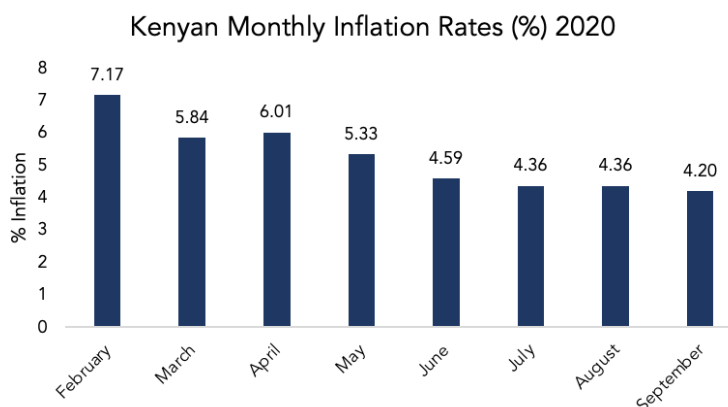


Figure 5: Kenya Inflation Rates (%) (KNBS) 2020.

The tax reduction and relief measures effective from April 2020 meant that taxpayers had more disposable income. It would be expected that the tax reduction would have raised demand, which would drive the price of goods and services upwards. However, the reverse was the case as the inflation rate steadily decreased from May onwards. This can be explained by the fact that some Kenyans lost jobs and some received pay cuts, while others in informal employment were not eligible for tax relief.<sup>59</sup>

**Overall, changes in prices have remained fairly stable, with price hikes noted at the onset of COVID-19 and signs of increasing prices at the beginning of November as a result of the second COVID-19 wave.** In September 2020, the month-on-month food and non-alcoholic drink price index rose by 0.15%, while year-on-year food inflation increased by 5.18%. This was mainly attributed to an increase in prices of peas (13.7%), oranges (3.8%), Irish potatoes (2.7%) and cabbages (1.7%). The price increase for food and non-alcoholic drinks is associated with good rains that boosted supply, while demand was muted by reduced economic activity and measures to contain COVID-

<sup>52</sup>[https://www2.deloitte.com/content/dam/Deloitte/tz/Documents/finance/Economic\\_Impact\\_Covid-19\\_Pandemic\\_on\\_EastAfrican\\_Economies.pdf](https://www2.deloitte.com/content/dam/Deloitte/tz/Documents/finance/Economic_Impact_Covid-19_Pandemic_on_EastAfrican_Economies.pdf)

<sup>53</sup><http://www.fao.org/kenya/fao-in-kenya/kenya-at-a-glance/en/#:~:text=Agriculture%20is%20key%20to%20Kenya's,cent%20of%20Kenya's%20rural%20people.>

<sup>54</sup> <https://theconversation.com/why-covid-19-is-another-blow-for-kenyas-food-security-135567>

<sup>55</sup> Feed the future bi-weekly bulletin – Issue 2: Oct 2020, Madaraka Market, Kiambu, Kenya

<sup>56</sup> <https://unctad.org/news/covid-19-threat-food-security-africa>

<sup>57</sup> <https://www.knbs.or.ke/?wpdmpro=consumer-price-indices-and-inflation-rates-for-september-2020>

<sup>58</sup> <https://www.theelephant.info/data-stories/2020/10/09/the-drivers-of-inflation-during-the-covid-19-pandemic/>

<sup>59</sup> <https://www.theelephant.info/data-stories/2020/10/09/the-drivers-of-inflation-during-the-covid-19-pandemic/>

19.<sup>60</sup> However, prices of maize grain, fortified maize flour, and *sukuma wiki* (kales) decreased by 1.5%, 1.1%, and 0.26%, respectively.<sup>61</sup>

**Prices of maize followed mixed trends in October.** They declined in Eldoret market, located in a western key-producing area, with the start of the long rains harvest, expected to be above average. However, prices remained stable in Nakuru market, also located in a western surplus-producing rural area, while in the capital, Nairobi, persistent supply chain disruptions linked to pandemic-control measures led to further increases in prices. Overall, prices in October were down from a year earlier.

The Kenya COVID Tracker shows average weekly prices for breads and cereals using a rapid online survey. **As of mid-November, maize flour, wheat flour, rice, and brown bread showed, on average, slightly higher prices than at the beginning of COVID-19, also with slight increases at the beginning of November.**<sup>62</sup>

## 5 CONSUMER PREFERENCES

---

**Since Kenya announced the country-specific responses to the outbreak, consumers have been adapting their purchasing behaviour to cope with the rapidly evolving situation.**<sup>63</sup> A GAIN survey (September 2020) in Madaraka Market, Kiambu, found that 85% of consumers have changed their shopping behaviour due to COVID-19, with 71% reporting that they have reduced the frequency of shopping.<sup>64</sup>

### At the onset of COVID-19

**Local demand for vegetables and staple crops was on the rise**, as people were prioritising staple foods – such as maize – and non-perishables for stockpiling. Demand fell again due to price increases and decline in purchasing power. **There were also steady increases in the consumption of pasteurised and powdered milk, as well as value-added dairy products, such as yoghurt and fermented dairy products.**<sup>65</sup> The induced demand shock was associated with uncertainties in the dairy market, with buyers and consumers trying to minimise risks connected with spoilage. **There was also increased demand (and prices) for locally sourced fish in Kenya.** For example, small-scale fishers at Lake Victoria saw prices for their catch rise, as supplies of frozen filleted fish normally imported from China had declined.<sup>66</sup>

### Post May/June 2020

**Many Kenyans are now setting aside spending intentions and saving less.** In September 2020, Nielsen's Consumer Confidence Index (CCI) Survey for 2020 Q2 showed that consumer confidence fell by 11 points to 88. Only 20% of interviewed Kenyans said they had spare cash, down from 27% in the last quarter.<sup>67</sup> Dwindling disposable income resulted in changes in spending habits, with only 15% of Kenyans purchasing what they want immediately, as opposed to delaying, compared to 24% in the previous quarter.<sup>68</sup> This postponement of spending is due to dwindling confidence in job prospects in the coming year and increasing food prices in the country. The uncertainties associated with COVID-19 have led consumers to focus on essential living expenses and home improvements. As a result, fewer people are putting money aside for savings and investments.<sup>69</sup>

---

<sup>60</sup> <https://www.bloombergquint.com/onweb/kenya-inflation-slows-to-12-month-low-as-food-price-growth-cools>

<sup>61</sup> <https://www.knbs.or.ke/?wpdmpro=consumer-price-indices-and-inflation-rates-for-september-2020>

<sup>62</sup> <https://www.kenyacovidtracker.org/prices.html>

<sup>63</sup> <https://www.bizcommunity.africa/Article/410/168/202025.html>

<sup>64</sup> GAIN. SBI-weekly Bulletin – Issue 1: Sept 15, 2020. [Madaraka Market, Kiambu, Kenya]

<sup>65</sup> <https://www.africa-milk.org/news/the-effect-of-covid-19-on-production-and-marketing-of-milk-the-case-of-selected-dairy-processors-in-kenya>

<sup>66</sup> <http://www.oecd.org/coronavirus/policy-responses/fisheries-aquaculture-and-covid-19-issues-and-policy-responses-a2aa15de/>

<sup>67</sup> <https://kenyanwallstreet.com/kenyans-spending-consumer-confidence-dips/#:~:text=The%20Nielsen's%20Consumer%20Confidence%20Index,27%25%20in%20the%20last%20quarter.>

<sup>68</sup> <https://kenyanwallstreet.com/kenyans-spending-consumer-confidence-dips/#:~:text=The%20Nielsen's%20Consumer%20Confidence%20Index,27%25%20in%20the%20last%20quarter.>

<sup>69</sup> <https://kenyanwallstreet.com/kenyans-spending-consumer-confidence-dips/#:~:text=The%20Nielsen's%20Consumer%20Confidence%20Index,27%25%20in%20the%20last%20quarter.>

**Consumption of several nutrient-dense food groups has declined, especially fruits.** The CABI survey (September 2020) showed that in Kenya, except for vegetables, the number of consumers who regularly consume each of five food groups - fruits, vegetables, fish and seafood, meat, and poultry - have fallen by about 50% during the COVID-19 period relative to a normal period.<sup>70</sup> The regular consumption of fruits decreased by about 30%, compared to a normal period pre-COVID-19.<sup>71</sup> Another study conducted in Machakos and Kiambu counties in September and October reported an increase in the number of consumers who have reduced their frequency of shopping for food, especially fresh fruits and vegetables; this stood at 57.9% in mid-September and 64.9% in early October.<sup>72</sup>

**Consumers still shop less for nutritious foods, signalling that purchasing power is still low.** Earlier in May, McKinsey reported that 72% of middle-income consumers in Kenya reported having less than four months' worth of savings to see them through the pandemic.<sup>73</sup> By August, a study conducted by Help Age International found that 76% of older persons (age 60+) in Nairobi reported reducing the quantity of food eaten since the outbreak of COVID-19, while 52% reported reduced quality of food eaten.<sup>74</sup> Declining demand has also impacted retail shops. For example, Shoprite (Africa's largest food retailer) closed one of its three Kenya stores in late August 2020 after revenue declines due to COVID-19 restrictions; it plans to close the remaining two stores by December 2020.<sup>75</sup>

**Consumers are adopting new online shopping behaviours.** As physical distancing was imposed, many online platforms were used to purchase and deliver products in Kenya. Digital commerce emerged as a contact-reduced way to provide products and services, allowing for food security and economic resilience even when shops are closed or movement is restricted.<sup>76</sup> Consumption patterns shifts related to e-commerce and COVID-19 in Kenya include reduced foot traffic in supermarkets and open-air market closures causing retailers to move to e-commerce, either by setting up new digital platforms or partnering with existing ones.<sup>77</sup> Small traders who previously depended on offline retailing have also transitioned to online platforms, utilising social media to reach consumers.

**Despite the fear of contracting COVID-19, there is a marginal increase in the way consumers perceive safety of food sold at informal markets.** Compared to the start of COVID-19, consumers report now having more trust in the food they buy at informal markets (September 2020). Both vendors and consumers cite confidence in the measures implemented by the government to keep markets safe. For example, 71.4% of fresh fruit and vegetable vendors at Marikiti Market agree that government initiatives within markets are helping them to sell safe food to consumers,<sup>78</sup> and more than 90% of consumers agreed that all vendors wear masks, while 82.5% reported adherence to distancing between patrons.<sup>79</sup>

<sup>70</sup> [https://www.eurekalert.org/pub\\_releases/2020-09/c-nrh092120.php](https://www.eurekalert.org/pub_releases/2020-09/c-nrh092120.php)

<sup>71</sup> <https://reader.elsevier.com/reader/sd/pii/S0305750X20303260?token=1239440C94735D332A4BBCAADBE1EBBFAE1EB71DF8FD9338A96CA58E62E1F076ACBA312EFB392CA16956D51454282753>

<sup>72</sup> GAIN. Feed the future-bi-weekly bulletin – Issue 2: October 2020. [Machakos Retail Market, Machakos, Kenya]

<sup>73</sup> <https://www.mckinsey.com/featured-insights/middle-east-and-africa/safeguarding-africas-food-systems-through-and-beyond-the-crisis>

<sup>74</sup> <https://reliefweb.int/sites/reliefweb.int/files/resources/COVID-19%20RNA%20Kenya.pdf>

<sup>75</sup> <https://kenyanwallstreet.com/shoprite-supermarket-to-exit-kenya-in-2021/#:~:text=South%20Africa's%20retail%20giant%20Shoprite,setting%20up%20its%20first%20outlet.>

<sup>76</sup> [https://reliefweb.int/sites/reliefweb.int/files/resources/africa\\_s\\_digital\\_solutions\\_to\\_tackle\\_covid\\_19\\_en.pdf](https://reliefweb.int/sites/reliefweb.int/files/resources/africa_s_digital_solutions_to_tackle_covid_19_en.pdf)

<sup>77</sup> <https://www.mercycorps.org/blog/digital-platforms-growth-covid-19>

<sup>78</sup> GAIN. Feed the future-bi-weekly bulletin – Issue 1: Sept 15, 2020. [Machakos Retail Market, Machakos, Kenya]

<sup>79</sup> GAIN. Feed the future-bi-weekly bulletin – Issue 2: October 2020. [Machakos Retail Market, Machakos, Kenya]

## 6 SUPPORT INITIATIVES FOR FOOD SYSTEM SMES

**SMEs suffer in times of crisis due to weak cash flow and financial structures, low equity reserves, tightened credit lines, and lack of necessary skills to adopt or make necessary strategic decisions.** Layoffs and business closures of food system SMEs were widespread at the onset of COVID-19, and the effects are still affecting food system SMEs. A PEDL study of 5,000 businesses in 653 rural villages in Siaya County, Western Kenya, showed that in a typical pre-pandemic month, 2% of employees are laid off; this number jumped to 8% at the start of the lockdown, and job losses in May remained at nearly double the pre-pandemic rate (see Figure 6). The study research also showed that in June 2020, entrepreneurs indicated that cash transfers and business loans could be effective policies for mitigating the negative effects of the downturn.<sup>80</sup>

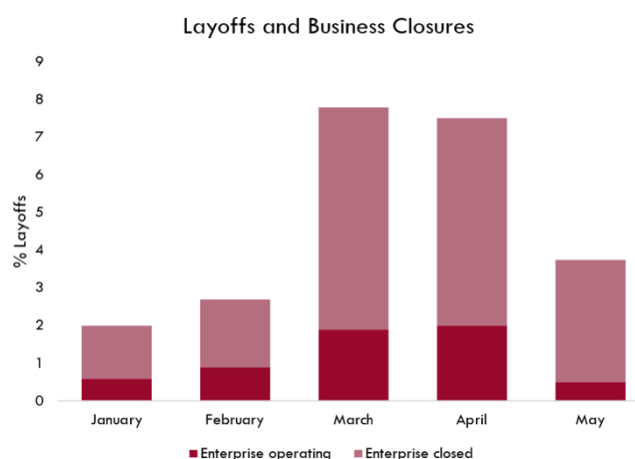
The government, private sector, civil society, UN agencies, and multinationals have taken a number of actions to support SMEs, especially in terms of cash flow and facilitating digital activities.

### Government Policy Responses

The Kenya Private Sector Alliance (KEPSA) conducted surveys in April and May/June 2020 to assess the impact of COVID-19 and track effectiveness of government stimulus measures. About 61% of the respondents indicated benefiting from reduced PAYE, 48% from reduced VAT, and 45% from reduced corporate tax. Reduction of turnover tax benefited 21% of businesses, while 12% had accessed cheaper loans.<sup>81</sup> Of the stimulus measures, pending bills and VAT refunds remained a challenge, with only 6% and 11% of businesses benefiting, respectively.

A number of other measures were taken by the government and the central bank in March and April to help support business, including SMEs, such as:

- A reduction in turnover tax rates from 3% to 1% for MSMEs.<sup>82</sup>
- Temporary suspension of the listing of loan defaulters for any person, MSME, or corporate entity whose loan account is in arrears, effective April 2020.<sup>83</sup>
- Flexibility requirements for loans that were performing from March 2, 2020, and payment periods extended or restructured.
- The Central Bank Rate was lowered to 7.25%, signalling commercial banks to lower their lending and deposit rates. Accordingly, depositors were urged to be accommodative of lower rates for their deposits, which will lead to more affordable credit.<sup>84</sup>



<sup>80</sup> <https://pedl.cepr.org/publications/impacts-covid-19-lockdowns-private-sector-activity-developing-countries-evidence-kenya>

<sup>81</sup> <https://nation.africa/kenya/brand-book/private-sector-covid-19-response-2452934>

<sup>82</sup> [https://en.wikipedia.org/wiki/COVID-19\\_pandemic\\_in\\_Kenya](https://en.wikipedia.org/wiki/COVID-19_pandemic_in_Kenya)

<sup>83</sup> [https://en.wikipedia.org/wiki/COVID-19\\_pandemic\\_in\\_Kenya](https://en.wikipedia.org/wiki/COVID-19_pandemic_in_Kenya)

<sup>84</sup> [https://www.centralbank.go.ke/uploads/press\\_releases/2088534699\\_Press%20Release%20-%20Banking%20Sector%20Additional%20Measures.pdf](https://www.centralbank.go.ke/uploads/press_releases/2088534699_Press%20Release%20-%20Banking%20Sector%20Additional%20Measures.pdf)

- The Cash Reserve Ratio was lowered to 4.25%, providing additional liquidity of Ksh 35.2 billion (USD 36,000) to commercial banks. The Central Bank of Kenya made this liquidity available to banks based on their demonstrated requirement to support COVID-19 distressed borrowers.<sup>85</sup>
- The Central Bank of Kenya also provided flexibility to banks regarding requirements for loan classification and provisioning for loans that were performing on March 2, 2020 and whose repayment period was extended or were restructured due to the pandemic.<sup>86</sup>
- An Eight-Point Economic Stimulus Programme was developed that covers agriculture, SMEs, and health, amongst other sectors. However, only registered businesses are involved; informal SMEs are ineligible to participate.

An analysis was done by the SME Support Centre on the effectiveness of policy measures for MSMEs in Kenya, with specific focus on the impact on their cash flow (see Table 1). It is important to note that the informal sector (accounting for 90% of the market)<sup>87</sup> is usually at a disadvantage when crises hit; with the COVID-19 pandemic, the sector is even more disadvantaged, as government financial and monetary policies may not reach them.<sup>88</sup>

Table 1: Analysis of the Effectiveness of the Kenyan Government Policy Measures on MSMEs. Source: SME Support Centre.<sup>89</sup>

#	Type of Intervention	Policy Measures	Effectiveness		
			Low	Medium	High
1	Monetary	Lowering of the Central Bank Rate to 7.25% from 8.25%			
		Reduction of the Cash Reserve Ratio to 4.25% from 5.25%			
		Increased flexibility in statutory requirement for bank loan classification			
		Temporary suspension of negative listings with the Credit Reference Bureau, effective April 1, 2020			
2	Fiscal	Directing all government ministries to release pending payments			
		Income of USD 225 of less to be exempt from PAYE			
		Reducing the standard corporate tax rate from 30% to 25%			
		Reducing the Transient Occupancy Tax rate from 3% to 1%			
		Reducing the standard VAT rate to 14% from 16, effective April 1, 2020			
		Immediate release of ALL VAT refunds			

### Private-Sector Responses

- Through GAIN's emergency response to the crisis, its Keeping Food Markets Working (KFMW) programme is supporting SMEs within food systems. As of early November 2020, the programme has provided emergency grants to over 50 SMEs across Kenya, Tanzania, Nigeria, Mozambique, and Ethiopia. It will support over 100 SMEs. The programme is also providing virtual trainings to SMEs in Kenya on digitisation and enhancement of business resilience.
- TechnoServe's Smart Duka programme provides tailored support to micro-retailers. It is working to address the gender gap in internet access, using digital tools like WhatsApp to share advice and interactive training materials, and facilitating information-sharing and problem-solving among entrepreneurs.<sup>90</sup>
- Precision Agriculture for Development produced digital tools to advise farmers on what to plant and when, as well as what equipment to use to safeguard their crops. They report that overall, 98% of agro-dealers

<sup>85</sup>[https://www.centralbank.go.ke/uploads/press\\_releases/2088534699\\_Press%20Release%20-%20Banking%20Sector%20Additional%20Measures.pdf](https://www.centralbank.go.ke/uploads/press_releases/2088534699_Press%20Release%20-%20Banking%20Sector%20Additional%20Measures.pdf)

<sup>86</sup>[https://www.centralbank.go.ke/uploads/press\\_releases/2088534699\\_Press%20Release%20-%20Banking%20Sector%20Additional%20Measures.pdf](https://www.centralbank.go.ke/uploads/press_releases/2088534699_Press%20Release%20-%20Banking%20Sector%20Additional%20Measures.pdf)

<sup>87</sup> <https://theconversation.com/why-covid-19-is-another-blow-for-kenyas-food-security-135567>

<sup>88</sup> <http://nai.diva-portal.org/smash/get/diva2:764521/FULLTEXT01.pdf%3c>

<sup>89</sup> <https://sme-supportcentre.com/a-look-at-the-profiles-of-msmes-in-kenya-in-light-of-the-covid-19-stimulus-package/>

<sup>90</sup> <https://www.technoserve.org/wp-content/uploads/2020/06/COVID-19-and-Entrepreneurs-Supporting-Business-Survival-and-Recovery-20200601.pdf>

reported communicating with suppliers via mobile phone, and 70% reported receiving messages from farmers about inputs at least once a day.<sup>91</sup>

- KEPSA, the apex body of the private sector in Kenya with over 500,000 direct and indirect members, played a key role in the country's COVID-19 response. It conducted three surveys (in March, April, and May) to assess the impact on SMEs and track effectiveness of the government's stimulus measures.<sup>92</sup> The initial survey led to crafting an economic management framework that was proposed to the government.<sup>93</sup>
- KEPSA partnered with Trademark East Africa (TMEA) for the e-Commerce Booster Programme. About 2,000 SMEs were trained on e-commerce and digital marketing and on-boarded onto digital marketplaces. In partnership with Jumia, KEPSA is also training business owners on online marketing tools while supporting them to digitise, register, and open shops at zero initial cost. This is meant to help them grow their sales and save jobs.<sup>94</sup>
- Mastercard Foundation financed 400 MSMEs with up to Ksh 1 million (USD 9,000) in interest-free loans, repayable within six months.<sup>95</sup>

### UN and other Multinationals

- The African Development Bank designed a Feed Africa Response to COVID-19 to address specific issues faced by the agriculture sector. The aim is to:<sup>96</sup>
  1. Build resilience, sustainability, and self-sufficiency in food production and distribution and minimise COVID-19-related disruptions to the agriculture value chain.
  2. Support African governments, farmers, and the private sector, including SMEs, in their efforts to mitigate the pandemic's impacts on food systems.
- Mastercard Foundation financed 4,000 women under the WomenWork Network; 100,000 direct and association members of Kenya National Chamber of Commerce and Industry (KNCCI) who are hawkers, retailers, and restaurant owners; and 400 MSMEs through KEPSA with up to USD 15 million (Ksh 1.6 billion).<sup>97</sup>
- The International Finance Corporation made funds available through a USD 50 million loan to Equity Bank Kenya in March.<sup>98</sup> The loan, intended to ultimately support hundreds of Kenyan businesses in the manufacturing, health, trade, transport, and consumer goods sectors, was part of IFC's global \$8 billion fast-track COVID-19 facility. It is designed to help businesses maintain operations and jobs during and after the crisis.<sup>99</sup>

### Conclusion

This rapid review of secondary information has indicated that while **food prices and inflation have remained fairly stable in Kenya**, there has been continued food system disruption due to COVID-19, particularly in terms of negative effects on nutritious food consumption and increasing the number of SMEs in crisis. Early responses to COVID-19 temporarily reshaped food systems, shortening supply chains and increasing demand for local foods. **Agri-food SMEs faced reduced production volumes and declines in sales.** There are an estimated 6.2 million people in Kenya who

<sup>91</sup> <https://africanbusinessmagazine.com/sectors/agriculture/africas-agricultural-sector-faces-up-to-covid-19-crisis/>

<sup>92</sup> <https://allafrica.com/stories/202010010075.html>

<sup>93</sup> <https://nation.africa/kenya/brand-book/private-sector-covid-19-response-2452934>

<sup>94</sup> <https://nation.africa/kenya/brand-book/private-sector-covid-19-response-2452934>

<sup>95</sup> <https://khusoko.com/2020/08/13/kepsa-mastercard-foundation-extends-interest-free-loans-to-400-msmes/>

<sup>96</sup> <https://www.afdb.org/en/documents/feed-africa-response-covid-19-brief#:~:text=The%20COVID%2D19%20pandemic%20has,most%20economic%20sectors%2C%20including%20agriculture.&text=As%20part%20of%20its%20COVID,faced%20by%20the%20agriculture%20sector.>

<sup>97</sup> <https://mastercardfdn.org/mastercard-foundation-announces-key-partnerships-to-drive-covid-19-recovery-and-resilience-efforts-for-msmes-in-kenya/>

<sup>98</sup> <https://www.cajnews.co.za/2020/07/23/kenya-smes-receive-funds-against-covid-19/>

<sup>99</sup> <https://www.cajnews.co.za/2020/07/23/kenya-smes-receive-funds-against-covid-19/>



are currently (as of September 2020) either in a stressed, crisis, or emergency food-insecure situation; the number of people who cannot access and / or afford safe, nutritious foods is even higher. **Income loss is affecting consumer preferences and consumption of nutritious foods.** Consumers who regularly consume fruits, fish and seafood, meat, and poultry have fallen by about 50% during the COVID-19 period relative to a normal period (September 2020). The second wave of the pandemic is already showing signs of having similar effects to the first wave, with prices starting to rise alongside rising numbers of people at risk of reduced nutritious food consumption.