



Covid-19 in Kenya Newsletter

5th May 2020

This Newsletter is based on the monitoring and data collection work carried out by [#NCovAfrica](#), to provide an overview of the status of Coronavirus (COVID-19) in the Kenya. In it you will find a quantified assessment of the state of the pandemic in the DRC followed by a complete overview of the response measures put in place by the government and financial institutions. Lastly, the response from a strategic sector of the country's economy is presented, along with a focused press review.

01. Key figures and statements

Statements



Uhuru Kenyatta, President of Kenya:

« The whole world walks through the valley of the shadow of death. However, I know that the strength of our resolve as a nation, the faithfulness of each of us to keep the enemy at bay, and the enduring grace of God will allow us to see the light. »



C. Felipe Jaramillo, World Bank country director for Kenya, Rwanda, Somalia and Uganda :

« Like all governments around the world, the Kenyan authorities face a difficult task in the face of huge uncertainties to minimize the loss of life and livelihoods in the face of the virus. Social distancing and other containment measures have helped to delay the spread of COVID-19, likely preventing unnecessary loss of life by preventing the healthcare system from being overwhelmed and buying time to strengthen it. Nonetheless, the containment measures are also costly to incomes and jobs by reducing social interaction, production and demand. »

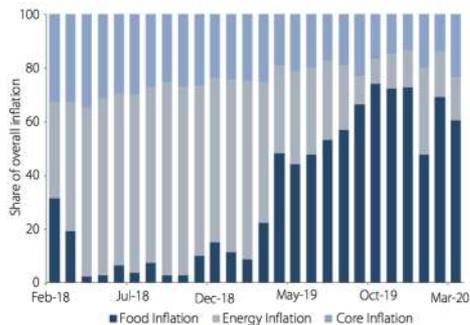


Hosea Machuki, chief executive officer of the Fresh Produce Exporters Association of Kenya:

« Kenyan farms have drastically reduced export volumes to 50 per cent, with a sizeable number suspending exports altogether. If the current situation does not improve soon, companies are facing downsizing or closure...which will result in increased poverty, insecurity and hunger. »

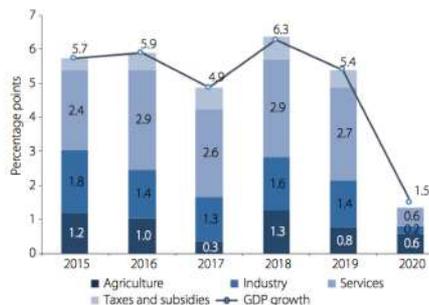
01. Key figures and statements

Key figures



Source: Kenya National Bureau of Statistics and World Bank

Food security in Kenya is facing a twin shock from restrictions in place due to the COVID-19 crisis and the earlier locust attack-contributing to a spike in food prices. The food supply chain disruption and the curfew has led to an important increase in prices.



Source: World Bank, Kenya National Bureau of Statistics

Growth in services and manufacturing will be severely impacted by the COVID-19 pandemic

2

beds in hospitals for 1000 people.

0,2

physician per 1000 people (4 in Italy)

79

people have died from Covid-19 in Kenya

2 474

confirmed cases

1,6%

share of health in national budget

15th

most affected African country by the epidemic

3rd

West-african economy

02. Overview of measures implemented

National measures

On 25 March, President Uhuru Kenyatta announced a **series of measures** to mitigate the impact of the pandemic on businesses and households. To protect the most vulnerable, who are particularly vulnerable to the crisis, **every Kenyan earning less than \$225 per month will benefit from full tax relief.**

The Kenyan government has not imposed full lockdown but has gradually tightened its measures to prevent the spread of the virus. At the end of March, it introduced **a night curfew** throughout the country (from 7 p.m. to 5 a.m.), which was extended until 6 June. On the same day, it **suspended all international flights.** In April, it banned people from **entering or leaving the Nairobi metropolitan** area and the counties of Mombasa, Kilifi, Kwale and Mandera. Then in early May, he ordered the cessation of movement in and out of Eastleigh, Nairobi, and the old city of Mombasa. The **borders with Somalia and Tanzania were closed on 6 May,** following the registration of several positive cases from these countries

To curb cross border transmission, the ministers of transport of Kenya and Tanzania agreed that lorry drivers **9** wanting to cross the border between the two countries **must carry out Covid-19 tests in their respective countries and present test certificates** to health authorities at the border posts. As of June 4, more than 85,000 tests have been conducted in the country. Kenya is also maximizing its numerical strength during this crisis. On 22 March this year, the authorities set up the continent's **first telemedicine centre dedicated to the fight against Covid-19** at the Kenyatta National Hospital.

In addition to supporting households, the government is committed to reducing the shock to the national economy and encouraging post-crisis recovery. Several measures are particularly aimed at **supporting small businesses.**



80% of Kenyan businesses are **micro, small and medium enterprises.** They generate nearly **75% of employment and 30% of GDP** (2019).

03. Mobilization of the international community

On Wednesday 6 May, the **International Monetary Fund** announced that it had approved **\$739 million in emergency financial assistance for Kenya through its Rapid Financing Instrument**, which allows for faster disbursement of funds than other IMF instruments. The international institution was quick to express its support for the country also because, following a mission from 19 February to 3 March 2020, the important progress made by the Kenyan authorities in implementing a range of reforms to promote strong and inclusive growth had been noted.

Raised to **5.6%** in 2019, national growth had indeed been able to resist the slowdown in agriculture due to either late or excessive rains. The current account deficit, i.e. the difference between exports and imports, **narrowed to 4.6%**. In 2020, The latest World Bank Kenya Economic Update (KEU) predicts growth of **1.5 %**.

The **European Union** and three of its Member States (Denmark, Finland and Sweden) pledged on 27 April to provide **€1.8 million** in support to Kenya to improve access to water at the main contamination sites. On 14 May, the European Union reaffirmed its support for the countries of the Horn of Africa by releasing a package of €105 million, **€15 million** of which will be allocated to finance Kenyan humanitarian projects.

The Board of Directors of the African Development Bank approved on 22 May a **EUR 188 million loan** to support the efforts of the Government of Kenya. A **50\$ million Covid-19 facility credit** from the **World Bank** was approved on April 2 to help Kenyan government acquire critical supplies such as personal protective equipment and testing kits.



04. Budgetary and economic policy



The **Tax Laws Amendment Act 2020** (TLAA) was assented to by the President of Kenya on April 25, 2020. Kenya has adopted a **two-fold approach** aimed at cushioning taxpayers by providing tax reliefs, at the same time as maintaining tax revenues through reducing tax exemptions and incentives.

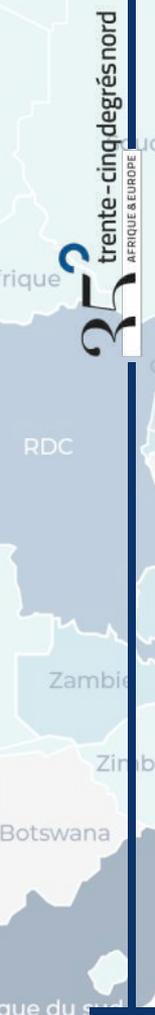
Reduction of Tax Rates measures

- Reduce value-added tax (VAT) rate from 16% to 14%;
-> *price of these goods are expected to decrease but it doesn't affect essential goods.*
- reduce corporation tax rates for residents from 30% to 25%;
-> *will help resident businesses but for others, the corporation tax rate remains at 37,5%*
- reduce the highest pay as you earn tax band from 30% to 25%;
-> *increase of liquidities for higher income kenyans*
- 100% income tax relief for persons earning employment income of 24,000 Kenyan shillings (\$226) and below per month;
- Reduce the turnover tax (TOT) rate from 3% to 1%.
-> *will benefit individuals and businesses operating in the informal sector*



Measures to Sustain Tax Revenues

- Increase of the Tax Scope : now includes payments made to nonresidents for service relating to sales promotion, marketing, transportation of goods (excluding air and shipping transport services). Also, there has been an increase in resident withholding tax rates on dividend payments from 10% to 15%.
-> *ensure that the government would be able to sustain the economy*
- Reduction of Tax Incentives : deductions on investments in building and equipment, which would ordinarily range from as high as 100% to 150% of the expenditure have been reduced to 50%, preferential corporation tax rates for newly listed companies and resident life insurance businesses are lowered from 25 to 20%
- Reduction of Exempt Income



05. Focus : agricultural sector

Kenya's Agriculture **export industry was worth KES 144 billion in 2019** with **cut-flowers at 104 billion** accounting for **72%** of the total and earning vegetables and fruits earnings of 27 billion and 13 billion respectively.

Affected by several successive **locust plagues** and a **severe drought**, Kenya's agricultural sector is weakened, leading to **food riots in some parts of Nairobi**. Indeed, food prices rose sharply in March (12% for maize, 24% for tomatoes and 18% for onions). Food inflation this month observed and uptick to around 10.6 percent in March 2020 from about 2.8 percent in the same month in 2019. Kenya has then banned any direct, uncoordinated distribution of food donations. To prevent the situation from getting worse, the Government has called upon farmers to intensify production and to other value chain actors to **ensure farm produce reach the markets**. Also, on 31 March, the Minister of Agriculture announced the setting up of two structures for coordinating and monitoring agricultural production and supply chains

Border closures, reductions in customs personnel and other measures to limit the spread of the disease are **slowing the movement of goods**. For example, freight transport between Kenya and Uganda now takes 10 days when it used to take 4 days before the pandemic, resulting in **additional costs and loss of perishable goods**.

Before the crisis, Nairobi airport had a transport capacity of **1400 T/week**. Today, the cessation of passenger flights and the reduction of cargo flights from South Africa have led to the reduction of the transport capacity to **360T/week**. This creates real tensions for the export of flowers, fruits and vegetables and fish.

The floriculture industry is being particularly hard hit with large farms laying off workers and struggling to service their loans. **Coffee and tea exports are on the decline as well due to weak demand and low commodity prices in target markets**. Vegetable exports on the other hand are witnessing strong demand, but decreased air freight services are constraining the revenues earned from this sector.

06. Private sector initiatives



Eastmatt

Coega Dairy

Founded in 2010 by 13 South African farmers, Coega Dairy claims to combine farm freshness with eco-friendly technology to bring consumers quality dairy. The company published on its website an explanatory tutorial on the use of masks in several languages and, a few days later, shared a document on good practices to be applied in telework situations. Since the beginning of the crisis, the company has regularly donated food products and shares its employees' commitments such as participation in blood donation campaigns. Kenya's dairy industry has an estimated value of four per cent of the gross domestic product (GDP). The dairy industry is, to date, one of the most resistant to the shock represented by the Covid-19 pandemic. Unlike in other sub-sectors of the agriculture economy, the main industrialists in the sector have committed to continue to pay their milk suppliers.

Gobeba

In the face of the pandemic and social distancing measures, consumer behaviour is changing. Kenyans prefer to shop online rather than in stores to avoid contact. The local delivery platform GoBeba reported that the gross value of its basic necessities tripled within three weeks of the first reported case of COVID-19 in the country. The site has also set up « Families Covid Assistance Packages », baskets of basic necessities at preferential prices.

Eastmatt

Eastmatt is one of Kenya's leading supermarket chains. Present in most Kenyan cities, the company has been particularly active since the beginning of the crisis. Every visitor to its stores must disinfect his or her hands, put on a mask and hydroalcoholic gels will be available at manufacturer's prices for one week. The supermarket is also a partner in the initiative launched by Safaricom "Bonga for good", which enables Kenyans to pay for products with points earned from using Safaricom products over the years or to donate them to the most vulnerable in the society.

07. Point of view

Julien Garcier, Managing Director, Sagaci Research



Covid-19 is reshaping grocery shopping in Kenya

The epidemiological impact of Covid-19 in Kenya has been relatively modest, with 2,340 cases and 78 deaths reported at the time of writing. However, the economic toll exacted by a dusk-to-dawn lockdown that is now in its third month has been enormous: A Sagaci Research survey conducted during late May found that almost nine-tenths of respondents in employment at the onset of the crisis had lost income due to Covid-19, with 28% on unpaid leave, 26% on reduced working hours, 25% having lost their jobs, and 9% having taken a pay cut.

The impact on consumption has been stark: 48% of respondents said they had eaten less during the four weeks prior to the survey, while a further 34% had skipped meals. Less than one-fifth (18%) of respondents said that Covid-19 had not impacted their food consumption habits, with this figure rising to 29% among those on mid/high incomes. 38% of participants in the survey said that they had spent less on grocery shopping in April 2020, compared with 12 months previously.

This has had a knock-on effect on shopping habits. While some have responded by stocking up, most FMCG categories have seen a reduction in demand, with non-essential items experiencing the largest falls: 27% of respondents said they were buying less packaged food, with this figure rising to 41% and 55% for non-alcoholic and alcoholic beverages, respectively.

Apart from what they buy, Covid-19 has also affected where they buy it. The crisis has boosted the popularity of supermarkets, with 50% of respondents having visited a modern retail outlet during the four weeks prior to survey. While this is still significantly lower than the figures for kiosks/mama mogas and grocery stores/dukas (77% and 55%, respectively), the penetration rates of these two channels have been flat.

Many are also switching supermarkets. The main factors driving this are a desire to shop closer to home (cited by 34% of respondents who had changed their most-visited supermarket chain since the onset of the crisis), overcrowding in their usual outlet (25%), stock-outs (10%), and increased price sensitivity (9%). Growing signs of financial stress at the Tuskys chain could presage a wider shake-up in the market.

Online delivery services have been the other big winners from the crisis, with 9% of respondents using one during the four weeks prior to survey. Previously ignored or, at best, considered a “necessary evil” by most supermarket chains, the likes of Glovo and Jumia have seen a surge in demand since the onset of the curfew in late March.

Some chains (like market leader Naivas) have widened their delivery offering and offered such incentives as free delivery in an effort to grow their share of this nascent channel, while others (like Tuskys and Eastmatt) have struggled to develop delivery services from scratch. This shift to supermarket shopping and online delivery is likely to outlast the current crisis, acting as a catalyst for trends that were already evident in the marketplace.

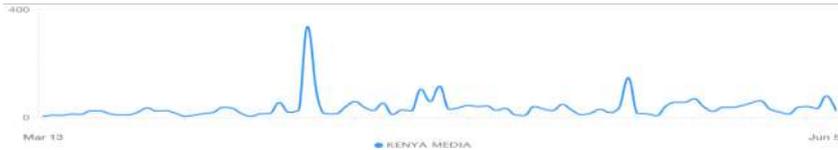
Sagaci Research** is the reference in **surveys and market research on the African continent**. Its unique positioning is based on four main operating principles: a total focus on the African continent, a **sharp know-how in understanding the African consumer and distribution networks**, a strong local presence without subcontracting, and a culture combining flexibility and responsiveness. **The company, created in 2012, currently operates in thirty countries on the African continent from its 17 directly operated sites.

08. Press and social media analysis

• Press analysis

Since March 13, day of the first case of Covid-19 in Ghana, there has been more than 3,2K articles covering issues related to national food security and food value-chain in Kenya. April 10, the day of peak media coverage, corresponds to the hunger riots that took place in several cities across the country.

Media coverage



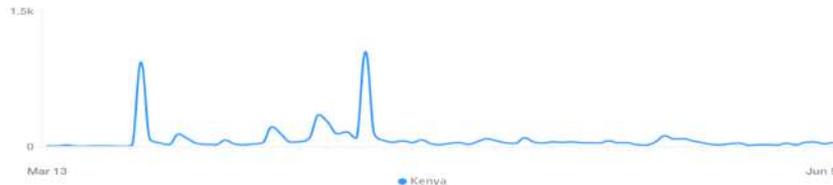
Trends



Twitter analysis

Since March 13, day of the first case of Covid-19 in Kenya, 6.43k tweet has been covering issues related to national food security. The ancillary subjects that have been raised the most in relation to this theme are the issues of food packages, disruptions in lifestyles and production chains and the transport of goods. There are two days of peak activity on twitter: March 23 and April 16. The first is a day of announcements of measures by the Kenyan president, the second is the simultaneous publication in several pan-African media of articles on the state of food security in Kenya.

Media coverage



Trends



09. Press review

Focus : food security

FINANCIAL TIMES

Kenya farmers face uncertain future as Covid-19 cuts exports to EU

Shipments of flowers, vegetables, herbs and fruits to the European Union, which accounts for more than 80 per cent of horticulture exports from Kenya, all but ceased in March after European capitals, roiled by the spread of Covid-19, locked down and Kenya suspended most international flights. By April, Kenya's horticulture industry was losing about \$3.5m a day, according to the Fresh Produce Exporters Association of Kenya. As European countries have begun to ease restrictions, some demand has returned and losses have reduced to about \$1m a day, but the outlook remains bleak.

Standard

Government should save dairy sector threatened by the coronavirus

The dairy value chain is a major contributor to the county gross domestic product. About 90 million Kenya shillings is paid directly to the farmers from the formal dairy processors to the farmers. A similar amount is paid to the primary producers by domestic consumers in the informal sector. This is a value chain whose effect cannot be under-estimated.

DAILY NATION

Dairy sector braves Covid-19 disruption

While many economic sectors are losing millions of shillings in the wake of Covid-19, the dairy industry is shaking off the turmoil, with milk prices remaining firm. Kenya's dairy industry has an estimated value of four per cent of the gross domestic product (GDP). It's "one of the few enterprises that guarantee income for our families at this time when the other value chains are experiencing depressed performance especially when it comes to returns for farmers," said Mr Edwin Sing'oei, who sells his raw milk to leading processor in the country Brookside Dairy.

THE CONVERSATION

Why COVID-19 is another blow for Kenya's food security

Kenya relies heavily on maize, wheat, rice and Irish potatoes for food. It is estimated that the country imports about 90% of the total rice demand and about 75% of the total wheat demand. The rest is produced locally. For example, Kenya produces most of the total maize demand itself, importing only about 10%. A key challenge for the country is to raise productivity in the agriculture sector. This would not only ensure food availability, but potentially lift households out of poverty.

allAfrica

Kenya: Fears for Kenya's urban food supply as floods drown rice

The inundation of rice fields across Kenya over the past two months could worsen food insecurity in a country already struggling to feed a fast-urbanising population. Climate scientists say sudden, intense floods are becoming more common due to extreme weather worsened by global warming. Kenya's recent floods have ruined harvests in several rice production hubs - including Kisumu, Homa Bay and Busia counties - which Tanui said together supply up to 40% of all rice grown in the country. "We had taken out loans to be able to plant this season and now that everything has been destroyed, we have used all our savings to replant. The government should just help us." said William Otieno.

STAR

Nestle partners with Red Cross in Covid-19 war

Nestle Kenya has bolstered the war against Covid-19 with a Sh17.99 million donation handed over on Wednesday to the Kenya Red Cross Society and International Federation of Red Cross and Red Crescent Society.

The money will be spent on among others, sensitisation, food relief, water, sanitation and hygiene initiatives.

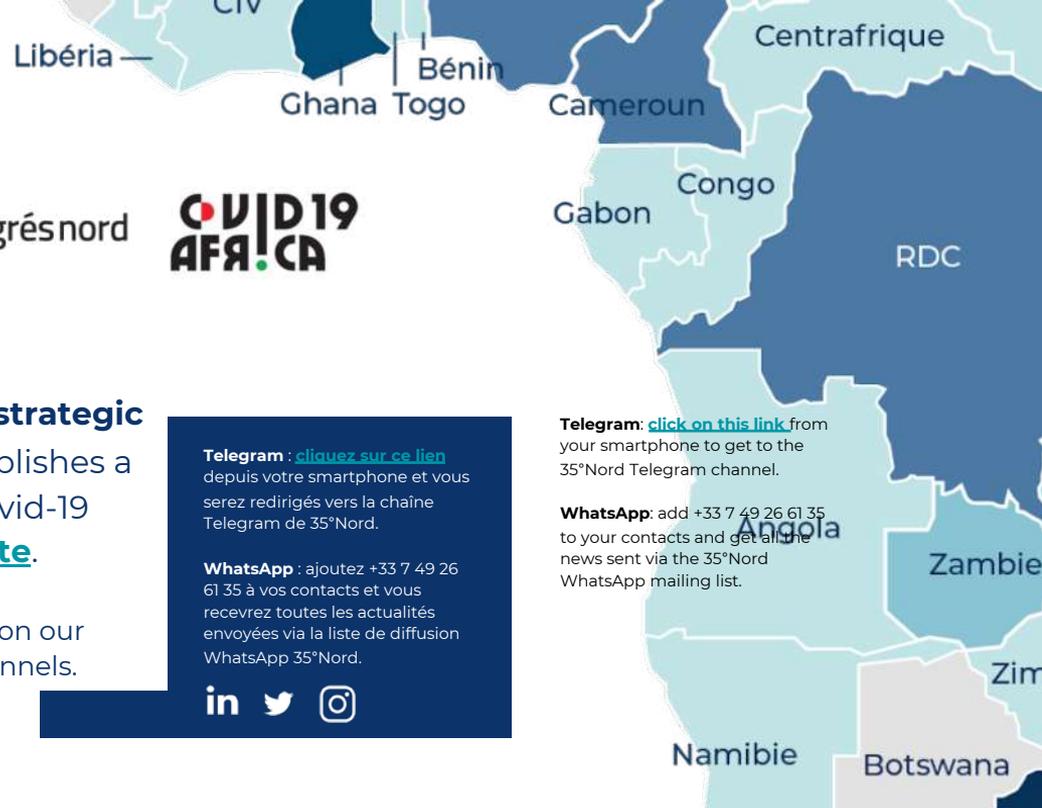


35° Nord, an Africa-focused strategic communication agency, publishes a daily newsletter on the Covid-19 pandemic on its [website](#).

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