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MARKETS WATCH | **UPDATE**

12 June 2020

WFP KENYA COUNTRY OFFICE

COVID-19 SUPPLY CHAIN AND MARKETS UPDATE

Economic Conditions

Kenya currency exchange rate: As of Thursday 11th June, Kenya's currency was **KES 4.17 weaker** to the US Dollar compared to 13th March when the first COVID-19 case was

reported in the country. The rate remained stable as compared to the previous week, when the Kenyan Shilling closed at 106.09 against the Dollar. **Kenya is a net commodity importer, so a weaker shilling makes commodity imports expensive.**

Kenya's exchange rate to the US dollar

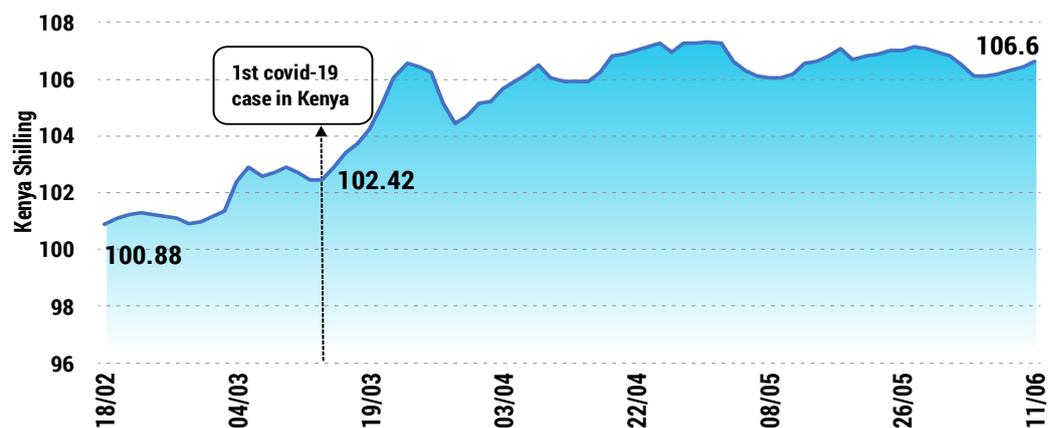


Figure 1: Kenya's exchange rate to the US Dollar. Source: Central Bank of Kenya

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 the Council of Governors to establish county food security situation rooms to monitor and report on the food security situation on a weekly basis.

The Farm to Market Alliance (FtMA), through the Cereal Growers Association, continues to monitor farmgate and wholesale maize, potato, rice and green gram prices in 18 counties.¹

Weekly price trends in counties monitored by FtMA: **Farmgate and wholesale prices of maize, potato, rice and green grams have been relatively stable or have decreased** within the week throughout most of the counties monitored. Table 1 shows counties where price changes were recorded compared to last week.

Maize: Wholesale prices remained stable except for in Narok County, which saw a 7 percent increase because of low availability. Makueni County recorded an 11 percent increase in farmgate prices due to low production. Lower eastern Kenya is experiencing a drought causing shortages of maize. Other farmgate prices remained stable.

Potatoes: Farmgate and wholesale prices remained the same in Nakuru, Elgeyo Marakwet and Nyandarua counties. Meru County recorded a minimal increase in wholesale prices.

Rice: Farmgate and wholesale prices remained the same as last week in Busia County. Kisumu recorded a 17 percent drop as demand reduced due to a change in variety produced.

Green grams: Tharaka Nithi and Meru counties recorded a slight increase in both farmgate (8 percent) and wholesale (7 percent) prices. Green gram harvesting is ongoing and prices will fluctuate until full harvesting is complete. Traders are competing for supplies to meet urban demand. Meru and Tharaka Nithi are key sources for green grams in the country at the moment.

1 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.

County	Farmgate* price (90 Kg bag)			Wholesale** price (90 Kg bag)		
	Week ending June 5th	Week ending June 12th	% Change	Week ending June 5th	Week ending June 12th	% Change
MAIZE						
Busia	4000	3900	-3%	4500	4400	-2%
Kakamega	4000	3900	-3%	4200	4200	0%
Siaya	4000	3900	-3%	4200	4200	0%
Homabay				5400	5600	4%
Migori				4200	4000	-5%
Narok (Transmara)	2800	2900	4%	3000	3200	7%
Meru	2400	2500	4%	2800	2900	4%
Kitui	2500	2500	0%	3100	3150	2%
Makueni	2250	2500	11%	3100	3150	2%
POTATO						
	Farmgate price (50 Kg bag)		% Change	Wholesale price (50 Kg bag)		% Change
Meru	1500	1500	0%	1800	1850	3%
RICE						
	Farmgate price (90 Kg bag)		% Change	Wholesale price (90 Kg bag)		% Change
Kisumu	2000	2000	0%	6000	5000	-17%
GREENGRAMS						
	Farmgate price (90 Kg bag)		% Change	Wholesale price (90 Kg bag)		% Change
Tharaka-Nithi	6000	6500	8%	6750	7200	7%
Meru	6000	6500	8%	6750	7200	7%

Table 1: Monitored counties with changes in farmgate and wholesale maize, potato, rice and green gram prices as of 9th June compared to 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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Retail Price Trends

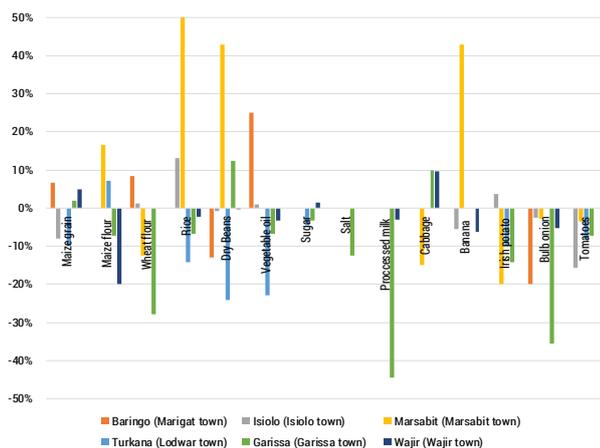


Figure 2: Retail price changes in the arid counties. Source: WFP Monitoring

Weekly trends show that in all counties monitored,² prices generally remained stable or dropped compared to the previous week. However, price increases of maize grain, maize flour, rice, dry beans, vegetable oil and bananas were recorded in some counties. Figure 3 shows the changes in retail prices.

Retail Prices and Supply Situation in Marigat Town

- Availability and supply of cereals, processed commodities and fresh food remained stable compared to last week.
- Prices are also stable. There was a reduction in the prices of onions (20 percent) and beans (from KES 150 per kg last week to KES 120 this week). This is attributed to availability of local supplies from Nakuru and Kerio Valley this week compared to last week when the onions were imported from Tanzania. One kg of beans retailed at KES 100, a 13 percent drop from last week, caused by low demand. Vegetable oil increased in price by 25 percent.

² Baringo, Garissa, Isiolo, Marsabit, Turkana and Wajir.



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Retail Prices and Supply Situation in Isiolo Town

- Availability of food commodities in the market was adequate and the retail prices of cereals, pulses and processed commodities remained stable
- Compared to last week, some commodities recorded a drop in wholesale prices: a 90-kg bag of sorghum dropped by 20 percent, millet by 20 percent, green grams by 13 percent and a 50-kg bag of potatoes by 24 percent.
- The inflow of fresh commodities from the supply sources (Meru, Nyeri and Nyandarua Counties) was stable.

Retail Prices and Supply Situation in Marsabit County

- The markets continued operating normally and the price of most food commodities dropped. However, prices of maize flour, rice, dry beans and bananas increased compared to last week.
- The supply of vegetables remained stable. Current main source markets for vegetables to markets in the county remain Isiolo and Meru. There is also a notable supply of vegetables from Saku in Marsabit.
- The demand for most key commodities, such as maize flour, rice, maize, beans and vegetable oil, has declined in the recent past due to lower purchasing power and lower incomes as a result of COVID-19. There is an increase in the purchase of smaller quantities.
- The main source market for processed foods remains Nairobi. Supply has remained stable with trucks arriving daily to deliver assorted commodities. The relatively low fuel prices have played a role in maintaining a steady price for these commodities.

Retail Prices and Supply Situation in Lodwar Town

- The supply of commodities into Lodwar market remained stable. Prices of key food commodities also remained relatively stable or dropped as compared to the previous week, with maize flour retailing as KES 80 per kg and rice retailing at KES 100 per kg.
- The price of spinach seeds decreased by 25 percent for a 25-gram packet: from KES 200 in April-May to KES 150. This is attributed to stockists obtaining seeds directly from suppliers hence cutting off the cost associated with middlemen. The decrease in seed prices has encouraged farmers to purchase more, hence an increase in sales volumes.
- Despite the temporary halt of farm input support that was being offered to farmers by the county government and development partners

due to COVID-19 movement restrictions, the markets have responded well, showing they have capacity to meet the demand for farm inputs.

Retail Prices and Supply Situation in Garissa Town

- With the exception of dry beans and cabbage, prices of all other commodities remained stable or dropped compared to last week.
- Traders reported that the delay to the start of curfew hours (from 7 p.m. to 9 p.m.) was beneficial as their sales increased due to increased trading hours. This also led to reduced losses of fresh produce.

Retail Prices and Supply Situation in Wajir Town

- Compared to last week commodity prices and remained stable or dropped.
- There were no shortages reported. Meru and Isiolo towns remained the main source markets. There was also supply of vegetables from local irrigation within the county, especially in Wajir, Bute and Habaswein markets.
- Roads in the entire county remained motorable, facilitating the smooth flow of commodities.
- Livestock-related commodities, other than fish and eggs, were readily available in the local markets as a result of the improved pastures after the long rains.

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

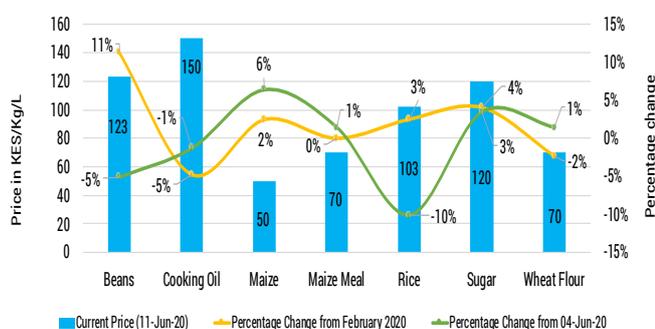


Figure 3: Price trends for key commodities in Kakuma camp and Kalobeyei settlement. Source: WFP Price Monitoring

- The inflow of staple foods is stable and they are readily available with a notable gradual drop in the wholesale price of potatoes to KES 2,000 per 90-kg bag compared to last week of KES 2,700.
- Beans remained scarce, though the wholesale price remained the same as last week at KES 3,800 per 45-kg bag. Maize wholesale prices dropped by 3 percent to KES 1,650 per 45-kg bag sourced from truck traders.
- Onion and cabbage supply and availability is very low. Cabbages in the refugee camp markets

are supplied by truck traders, and none were supplied in the reporting week. Other vegetables and fruits are available in the markets and are still being sourced from Kitale.

- Processed commodity supply is stable; wholesalers reported that they restock thrice a week and can hold stock enough to sustain the market for three months.
- Due to the increased WFP cash transfer value in the refugee camps, one of the major wholesalers in Kakuma camp has a promotion for wheat flour and maize flour. The wholesale prices have been reduced by 10 percent to KES 1,300 per 24-kg bale for wheat flour and 7 percent to KES 1,400 per 24-kg bale of maize flour compared to other wholesalers. This is to enable the retailers to stock and meet the increased demand.
- Farmers in Kalobeyei settlement Kakuma are replanting, and this has affected the supply of the locally produced vegetables to the markets. However, there is still a sufficient supply of indigenous vegetables.

Retail Prices and Supply Situation in Dadaab Refugee Camp

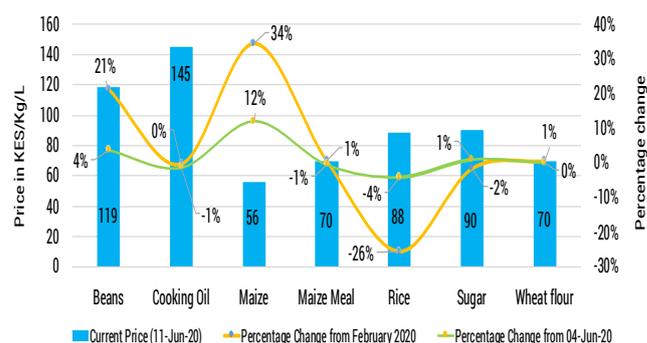


Figure 4: Price trends for key commodities in Dadaab refugee camp. Source: WFP Price Monitoring

- Prices for processed food and vegetables generally remained relatively stable.
- Price fluctuations were observed on onions retailing at KES 140 per kg, an increase of 16 percent. Red beans were retailing at KES 119 per kg, a 4 percent increase from last week. Both commodities have remained scarce due to unavailability from source markets of Tanzania for onions and Moyale for beans.
- The average price for all rice brands was KES 88 per kg; however, the retail price of Iftin brand, sourced from Djibouti through the Moyale (Ethiopian) border, dropped by 14 percent to retail at KES 60. The Iftin brand is currently popular amongst refugees because of its quality, affordable price and availability.



Port Operations

Mombasa Port continues to report smooth operations, with three shifts working 24/7 without any major delays in all arrival and discharge consignments. WFP is expecting over 400 containers of food and non-food consignments in the next four weeks. With the arrival of the MV. Universal Durban on 22nd June carrying 15,000 mt of bagged rice from Korea for Uganda (5,000 mt) and Kenya (10,000 mt), Mombasa is planning deliveries to Tororo (Uganda) through the borders of Malaba or Busia. Prior to vessel's arrival, staff on the ground will be trained on how to handle and store the jumbo bags. The use of jumbo bags on charter vessels is an emerging trend by consolidating 20-30 bags weighing 40-50 kg in one big bag. The operation is mechanized to enable faster discharge of the vessel and loading onto trucks and also reduces damage to individual bags.

A cost-benefit analysis is underway to analyse capital expenditure costs, operational efficiencies to be accrued and the impact on social distancing on installing a racking system at WFP main warehouse in Kilindini. Maersk Line has extended the free lease period to September for the three refrigerated containers at WFP Kilindini warehouse.

There is still a shortage of overland trucks as some truck drivers continue to arrive without a COVID-19 certificate.

On Friday 5th June 2020, WFP Kenya donated assorted PPE items to Kenya Ports Authority including hand sanitisers and surgical masks valued at USD 13,000 to help mitigate the spread COVID-19 at the port.³

Kenya and East African Community Border Operations

Lokichoggio/Nadapal (Kenya-South Sudan border): Cargo is moving without significant challenges.

Moyale (Kenya-Ethiopia border). This border is now is closed to human traffic. The border is open to trucks; however, drivers must quarantine for 14-days as soon as they cross the border.

Mandera (Kenya-Somalia border). This border remains officially closed.

Malaba (Kenya-Uganda): The long queues reported last week have almost cleared although there are still queues as truck drivers wait for their COVID-19 test results or to be tested. The Ministry of Health issued a directive on 4th June 2020 stating that all drivers should arrive at the border with valid COVID-19 certificates to ease congestion upon

³ https://twitter.com/Kenya_Ports/status/1268852871270772741?s=19

arrival. In addition, there are insufficient testing kits at the border testing point.

Busia and Lwakhakha (Kenya-Uganda): These two border crossings are now operating smoothly with no queues reported as from 10th June.

Busia has been planned as a fall back in case of operational challenges at Malaba.

Namanga, Lunga Lunga, Taveta, Isebania, Loitokitok (Kenya-Tanzania): All Kenya-Tanzania border crossing points were closed indefinitely. The Tanzanian Government cited that truck drivers from Kenya were high-risk carriers. Senior government authorities from both Kenya and Tanzania have been in consultation meetings this week and are discussing modalities to have the borders opened.

Transport Operations

Inland and Overland Transport

Inland transport operations are proceeding without any problems. WFP is deploying 6x6 all-terrain trucks to support Garissa County Government's relief assistance to areas that have been rendered inaccessible by flooding.

Overland transport deliveries are resuming though not yet to full scale due to delays at Malaba border for drivers getting COVID-19 certificates. The second convoy of 470 mt is planned to depart from Mombasa to Kapoeta in South Sudan on 17th June. The convoy will proceed to Lokichoggio/Nadapal border for a final escort to Kapoeta.

Deliveries to Burundi via Tanzania are on hold as the Lunga Lunga Kenya-Tanzania border is closed. All deliveries to Burundi are required to pass through Tanzania as the Rwandan corridor to Burundi is not passable as directed by the Rwandan Government.

The medium gauge railway line that services Mombasa to Uganda is still out of commission after being damaged by floods at Kijabe and Eldoret. The deadline to complete repairs has been extended to 15 June 2020.

Air Transport

Nairobi Jomo Kenyatta International Airport

Operations: On 6th June 2020 the President extended the below movement restrictions due to the COVID19 pandemic:

- Movement of persons in and out of Nairobi metropolitan, Mombasa and Mandera County until 6th July 2020;
- International passenger flights until 6th July 2020;
- Night curfew countrywide until 6th July 2020, but the timings changed to start from 2100hrs to 0400hrs the next day.

The Government of Kenya has continued to allow international cargo flights to operate in compliance with the COVID-19 directives as stipulated by the Kenya Civil Aviation Authority. The flight evacuation programme continues, with the passengers from regional embassies, diplomatic missions and others departing from Kenya. Kenyan nationalities stranded



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Handover from WFP of personal protective equipment to Kenya Ports Authority (WFP Kenya)

abroad are also arriving on designated carriers approved by the Ministry of Foreign Affairs.

Kenya Airways announced a special flight between Nairobi and London on 18th June and from London to Nairobi on 19th June.

The WFP Global Passenger Air Service continues to operate between Nairobi and Addis on Thursdays and Saturdays. Please refer to the Humanitarian Booking Hub <https://humanitarianbooking.wfp.org/en/wfp-aviation/> for the most up-to-date information on the flights and countries' mandatory entry health requirements to be followed by all passengers.

WFP global passenger service Nairobi-Addis Ababa-Nairobi on Saturday 6th June carried 15 passengers. The flight on 11th June 2020 carried 24 passengers.

UNHAS (United Nations Humanitarian Air Services): UNHAS flights continue to operate for cargo on Mondays only. This week's flight on 8th June to Dadaab and Kakuma transported 1,907kgs, serving 19 user agencies and NGOs.

UNHAS-managed ECHO flights: The UNHAS-managed ECHO flight operated on 12th June.

National Supply Chain Task Force and Service Provision

The Ministry of Health (MoH) has a critical gap in testing kits and PPEs and is urging partners for a response. MoH is expecting a consignment of testing kits to arrive before the end of this week. The number of testing centres for drivers from Mombasa and Nairobi have been increased on the Northern Corridor: the main ones being in Miritini (Mombasa County), Mlolongo (Machakos County) and Naivasha (Nakuru County).

The protocol for home-based isolation and care guidelines for patients with COVID-19 has been published and implemented in Nairobi and Mombasa as isolation and quarantine facilities have been reported to be full due to the surging numbers of positive cases.



Handover from WFP of personal protective equipment to Kenya Ports Authority (WFP Kenya).