

BOMA PROJECT REPORT

The impact of COVID-19 on markets and
businesses in Northern Kenya

LOCATION(S) | ISILOLO, MARSABIT, AND SAMBURU COUNTIES, KENYA

SHOCK | COVID-19 PANDEMIC

ASSESSMENT | DATE APRIL 8-14, 2020





Executive Summary

Kenya announced its first confirmed case of COVID-19 in Nairobi on March 15, following which the Kenyan Ministry of Health (MOH) announced aggressive steps to limit travel, promote social distancing, and encourage prevention measures. The BOMA Project conducted a survey in the rural counties of Isiolo, Marsabit, and Samburu, where it conducts direct implementation of its graduation programming.

Across the three counties, public health measures to prevent COVID-19 have affected access to markets. Livestock markets have been closed. The cost of transporting goods has increased significantly — despite official policy designating food delivery an “essential service” exempt from the dusk to dawn curfew, many transporters still fear police harassment and therefore avoid nighttime travel.

Across all three counties, traders of all sizes have reported a decrease in customer traffic. For many households, purchasing power has gone down, as they subsist on reduced or no income due to loss of jobs or businesses, and the closure of livestock markets. At the same time, with children home from school due to school closures, household food needs are higher than seasonal norms. The increasing prices for staples like maize flour, sugar, cooking oil and soap are placing further pressure on households.

Finally, supply chains have been disrupted. Wholesalers largely continue to operate in local markets. However, many small traders have been affected to the point that many have dropped out of doing business, as they do not have sufficient cash to continue buying food.

Despite these unprecedented shocks, BOMA's women participants are displaying resilience in the face of the pandemic. Despite the pandemic and the implications for the market outlined above, there was movement of stock in most locations. Across all three counties, REAP participants took more income or credit from their businesses than they did in March. When compared with a “normal” April, the levels of credit borrowed are higher in most regions. The report provides details on each of the factors mentioned above, as well as provides preliminary recommendations for targeted interventions to help the people of these regions — many of whom live in extreme poverty. These preliminary recommendations are related to the safe opening of markets, complementing the existing social protection transfers and actions to bolster the market.





INTRODUCTION

Between April 8-14, 2020, *The BOMA Project* conducted a quick appraisal of local markets in Isiolo, Marsabit, and Samburu counties to assess changes in markets given the effects of COVID-19 and anticipated changes to food access and livelihoods. This appraisal cannot replace more in-depth market assessments with more comprehensive methodology and wider sampling required to fill out analysis in the near to medium term. However, it provides an early snapshot of the developing situation to determine how the emerging crisis is affecting people's access to essential commodities and identifies potential ways to assist shock-affected populations in accessing basic needs as necessary and appropriate.

CONTEXT: ISIOLO, MARSABIT, AND SAMBURU COUNTIES

The BOMA Project conducts direct implementation of its graduation programming — also called the Rural Entrepreneur Access Project (REAP) — in the three targeted counties of Isiolo, Marsabit, and Samburu. According to the 2019 National Census, Isiolo is home to a population of 267,997 people, Marsabit 447,150 people, and Samburu 307,957 people¹. The three counties share borders with one another as well as several climate and economic characteristics.

All three counties have high levels of extreme poverty, defined as combined food and non-food expenditures failing to meet the minimum daily caloric requirement². According to the 2015/16 Kenya Wellbeing Report, Samburu County was home to a population of 120,000 classified as extreme poor, Marsabit 75,000, and Isiolo, 14,000.

These three vast counties are largely composed of non-arable land used for grazing by pastoralists, with some limited pockets suitable for agro-pastoralism. Accordingly, certain food commodities must be imported from neighboring counties (and countries) to meet demand. In addition, food commodity markets in these three counties are generally comprised of wholesalers (both stationary and “mobile” in trucks), retailers who own shops in population centers (medium and small traders), and dukas (small shops or kiosks). Beyond markets for key food commodities, markets for livestock and livestock products are essential to the economies of all three counties. Animals are an important form of savings for pastoralist communities — a “household ATM” of sorts — to help cope with shocks and cater to immediate needs, especially where financial services may not be readily available or accessible.

1 Kenya Population and Housing Census 2019

2 Fitzgibbon, C. *Defining & Better Targeting the Ultra Poor in Kenya: A study prepared for the Working Group on Ultra Poverty in Kenya*, co-Chaired by the Social Protection Secretariat, Government of Kenya and UK Department for International Development.



Other vulnerabilities these counties share include low population density and poor infrastructure, conflicts over natural resources (particularly water and pasture), and climate shocks (especially drought and flash flooding). More recently, the region has been grappling with food security and livelihoods threats from desert locusts. Widespread rains in March produced locust swarms, threatening rangelands and crop production³. All of these conditions contribute to market systems that were already susceptible to shocks even prior to the onset of the COVID-19 pandemic and unprecedented control measures imposed by the Kenyan government.



Kenya announced its first confirmed case of COVID-19 in Nairobi on March 15. As of the time of BOMA's market appraisal, there were a total of 234 confirmed positive cases in Kenya, 53 recoveries, and 11 deaths. The President of Kenya and the Ministry of Health (MOH) announced aggressive steps to limit travel, promote social distancing, and encourage prevention measures, especially focusing on handwashing with soap and water. Other measures included a nationwide curfew from 7 p.m. to 5 a.m., the cessation of movements into and out of Nairobi, Mombasa, Kilifi and Kwale counties, a suspension of international flights (as of March 25th) and the closure of all schools.

Following reports from BOMA field staff across the three counties of disruptions in markets as well as concerns about prices and supply chain, *The BOMA Project* undertook a rapid appraisal.

METHODOLOGY

The regional assessment teams used tools drawn from the QUick Appraisal of LoCal MarKet (QUACK)⁴. QUACK draws on a family of other emergency market assessment tools and is especially appropriate for use in the early days of an emergency. A QUACK based assessment can generally be conducted in three to five days to rapidly inform response options, and does not replace more in-depth market assessment or monitoring which can provide deeper, more representative and detailed information in the near to medium term to refine the design of a crisis response.

The QUACK tool is composed of market-focused questions related to the following factors: market resiliency, prices, trader numbers, volumes, supply restocking, alternative sourcing options, constraints, demand, and growth. BOMA's regional staff in the three counties aimed to interview approximately

³ <https://reliefweb.int/report/kenya/desert-locust-situation-update-21-april-2020>

⁴ The QUACK Tool has been derived from various existing Catholic Relief Services (CRS) market assessment tools, ICRC's Rapid Assessment of Markets (RAM), and OXFAM's 48-hour assessment tool.



10 informants each, with relatively equal gender balance. Due to social distancing measures, the team carried out interviews over the phone, avoiding all gatherings. Actual respondent numbers varied by county, based on availability and willingness of respondents to spend significant time on a phone interview and a limited time window for the exercise. The final respondent numbers and types are below, by county.

Type of respondent	Large trader/ wholesaler		Medium-sized trader		Other key informants		REAP business representatives
	Male	Female	Male	Female	Male	Female	Female
Isiolo			3	1	2		4
Marsabit	1						2
Samburu	1	1	1	1			2

The key commodities examined across traders included three household food staples, specifically maize flour, sugar, and cooking oil, along with soap. As a commodity, soap is of heightened importance given the promotion of hygiene practices in the context of the COVID-19 pandemic.

To flesh out this qualitative analysis, BOMA also remotely collected routine monitoring data from 3,215 active REAP business groups across the three counties in April. The monitoring data was enriched with specific reflections on our participants’ COVID-19 related concerns and experiences.

ANALYSIS

1 PHYSICAL ACCESS TO MARKETS

Across the three counties, public health measures to prevent COVID-19 have led to widespread closure of livestock markets. In Isiolo County, the only livestock market remaining fully operational is in Isiolo town, which still attracts buyers from surrounding counties (i.e. Meru, Laikipia, Nyeri) and maintains high prices. Transportation of livestock from the surrounding areas such as Garbatulla, Sericho, and Kinna to Isiolo town is a hindrance to market participation, especially as regulation of social distancing in the transport sector has led to higher transport costs. Feeder livestock markets — that trade in livestock of higher weight and muscle mass — have mostly been closed, including Merti, Kinna, Sericho, Kipsing and Oldonviro.



With closure of livestock markets in Samburu County, the only sales ongoing take place at home and are essentially stress sales. For example, a goat which only a few weeks prior was purchased at 3,500Ksh is now sold at 1,500Ksh. A camel bought at 45,000Ksh under normal circumstances recently sold at 30,000Ksh.

Another likely challenge will be a significant dip in Kenya's exports of sheep and goats to the Middle East which normally average about 8,000 goats and sheep daily. Demand will also drop due to the significantly lowered demand from closed or restricted restaurants, hotels, and nyama choma joints down country⁵.

“Demand is low, because many people are cashless due to closure of livestock markets.”

MEDIUM-SIZED TRADER, ISIOLO

Another important market of note beyond livestock, highlighted by Marsabit County respondents, is miraa — a stimulant that is commonly used by the local population. The many small traders in this market are largely women. The Marsabit County Executive Committee has declared a suspension of the sale, distribution, and storage of miraa as part of COVID-19 prevention and control measures. Accordingly, sellers who are still able to access supply, despite roadblocks, have seen a sharp drop in customers, prices, and incomes.

In addition, the 7 p.m. to 5 a.m. curfew and restrictions on the number of passengers permitted to travel in vehicles together have curtailed transportation. The cost of public transport and transport of goods has increased significantly. Despite official policy designating food delivery an “essential service” exempt from the dusk to dawn curfew, many transporters still fear police harassment and therefore avoid nighttime travel.

2 PURCHASING POWER, DEMAND, AND CONSUMER BEHAVIOR

Traders across all three counties reported a decrease in overall customer traffic. They attributed much of this decrease to the national 7 p.m. to 5 a.m. curfew and social distancing directives which have shortened business hours (sometimes by as much as 50%), eliminated evening sales, and decreased market traffic generally. Many customers and traders fear contracting COVID-19, and only go to the market when they have no other choice. In some cases, especially around Oldonyiro and Kipsing in Isiolo, families have been forced to rely more heavily on their own production of milk as an alternative source of food as they have had to reduce their budget for buying food.

⁵ <https://www.kenyamarkets.org/covid-19-and-pastoralists-livelihoods/>



Wholesalers and town-based traders in Isiolo noted a marked decrease in customers from outside the county, and decreased demand from businesses such as restaurants and hotels whose operations have been disrupted by government directives.

For many households, purchasing power has gone down, as they subsist on reduced or no income due to loss of jobs or businesses, reduced remittances from family members in urban centers (such as Nairobi), and the closure of livestock markets. At the same time, with children home from school due to school closures, household food needs are higher than seasonal norms.

“The income is very little, because customers are very few. They buy once and use the good minimally unlike before when they used to even buy the same good twice a day.”

REAP KIOSK BUSINESS,
CHARI A, ISIOLO COUNTY

Different market actors reported varying changes in trade volumes. Some wholesalers, including in Marsabit town, initially reported increased demand for commodities as buyers stocked up their shops and households. In Maralal town (Samburu County) and many customers travelling home to rural areas for traditional circumcision ceremonies (which authorities have since stopped) bought in bulk just before COVID-19 measures

were announced). Other customers in Samburu bought in bulk in attempts to beat price hikes and/or to stock up on food after schools were closed and people headed home to rural areas. However, these central wholesalers are now seeing lower numbers of customers in town centers. In Marsabit, the number of customers has gone up for some medium and mobile wholesalers, as people prefer buying from them instead of traveling into town. Smaller retailers in rural areas of Isiolo County noted that some of their normal retail customers preferred to buy directly from mobile wholesalers' trucks, buying up to a months' supply in advance to avoid shopping and travel.

Traders serving poorer customers who live hand to mouth reported customers buying smaller quantities than normal due to price increases and lower incomes. Business groups selling non-food items such as clothing or utensils described near zero demand for these items, as customers limit purchases to food items. Some small traders had seen volume reduced by half or more.



BOMA participant Grace Endnog has diversified income streams to move away from livestock businesses after COVID-19.



3 PRICE TRENDS

Across the three counties and across market actors, prices for maize flour, sugar, cooking oil and soap are generally trending upwards as compared to seasonal norms. However, from the small sample of the rapid appraisal, the degree of increase varies greatly by location and there is a degree of volatility, both current and expected.

“It is not possible to restock as before, due to high prices of the goods. Even suppliers cannot access some goods due to price increase.”

REAP KIOSK BUSINESS,
CHARI A, ISIOLO COUNTY

In Isiolo County, medium-sized traders reported vastly different prices for basic goods. Increases in maize flour prices ranged from 8%-33%, cooking oil was up 7-25%, sugar prices were up 10-16%, and soap prices were reportedly 7.5-50% higher.

Smaller traders in Isiolo as well as rural areas also noted increased prices. REAP businesswomen were experiencing higher buying prices from their suppliers for all four goods — maize flour, cooking oil, sugar, and soap — and were passing along some, all, or more than all this increase to their consumers. Women running a kiosk business in Gafarsa noted that fewer trucks were transporting goods, creating a sort of monopoly. Their last purchase of stock saw increases of 33% for maize flour, 10% for cooking oil, 12% for sugar, and 43% for soap.

A limited number of respondents in Marsabit County reported similar trends. A wholesaler in Marsabit town highlighted a particularly worrying decrease in the availability of maize flour, resulting in prices 87% higher than the seasonal norm. The same trader reported a 40% increase in the price of cooking oil. However, it is unclear whether this was the case more widely.



In Samburu county, price increases at wholesaler level were more moderate, with 6-9% increases in maize flour, 0-12% increase in sugar, 11-14% increase in cooking oil, and 10-18% increase in soap prices over normal. Retail respondents reported greater percentage increases in prices across all goods. Petrol prices in Samburu North (250 Ksh/liter) and Samburu East (220 Ksh/liter) were particularly high; over twice the price in Samburu Central (100 Ksh).

4 SUPPLY CHAIN

In Isiolo County, respondents reported that wholesalers are largely still in the market. However, many small traders have been affected to the point that many have dropped out of doing business, as they do not have sufficient cash to continue buying food. Traders were experiencing supply chain disruption. Most food commodities in Isiolo market are sourced from nearby Meru, but Meru in turn gets some stock via Nairobi, where COVID-19 related movement restrictions have made some commodities unavailable. In addition, with most transporters shifting to a day-only work schedule, deliveries of goods

were taking longer than before. For REAP businesses in rural locations, heavy rains were further delaying vehicles. Higher prices and lower sales were creating cash shortages and restocking difficulties. Smaller traders have very limited, to no access to credit. The increase in transport costs created new mobility barriers for rural business owners, increasing reliance on a limited number of mobile wholesalers.

In Marsabit County, traders who previously travelled from other counties to bring perishable foods were mostly absent from the market, except for a few selling kale. For wholesalers based in town, some of their rural retail customers were closed for fear of COVID-19. During normal times, certain goods were sourced in Nairobi, and many of these suppliers were closed. Small retailers, including REAP businesses, selling foodstuffs in rural areas cited higher transportation costs and higher unit cost of goods as barriers to restocking.

Finally, Samburu County respondents cited several supply chain challenges. Wholesalers noted that the number of large wholesalers had dropped by half. The number of medium and small traders in Maralal had decreased even more. Restocking from Nakuru and Nairobi did not pose a problem. However, the traders normally sourcing food commodities from Uganda (which is under a tighter lockdown than Kenya) were unsure of restocking times or alternative

“There has been unpredictable price shift of various commodities. This has affected the quantity of items restocked. Customers are in a hurry and cannot comparison shop, because they do not have time.”

WHOLESALER, MARALALS,
SAMBURUC COUNTY



supply sources. Some traders were specifically rejecting any goods sourced from Nairobi since it was considered “the [most highly] contaminated.”

Smaller retailers reliant on a decreasing number of wholesalers in Maralal town were facing their own limitations. With decreased traffic from rural areas into town, some smaller retailers predicted they may see increased demand from those trying to avoid population centers. Respondents noted that

access to credit is extremely limited for small and medium retailers in Samburu, mostly due to the guarantee requirements of financial institutions, compounded by the COVID-19 situation.

REAP BUSINESS EFFECTS OF COVID-19

How has COVID-19 affected your business?	Frequency of Response
ISIOLO COUNTY	
Authorities forced us to suspend trading due to health concerns	321
Reduced business operation/ meeting hours	287
Reduction in number of customers	199
MARSABIT COUNTY	
Reduction in number of customers	202
Reduced business operation/ meeting hours	190
Authorities forced us to suspend trading due to health concerns	186
SAMBURU CENTRAL, EAST, WEST	
Authorities forced us to suspend trading due to health concerns	603
We voluntarily suspended trading due to health concerns	387
Reduced business operation/ meeting hours	367
SAMBURU NORTH	
Authorities forced us to suspend trading due to health concerns	484
Afraid of going out to buy more stock or meet suppliers	405
Reduced business operation/ meeting hours	386

5 REAP APRIL BUSINESS, SAVINGS, AND CREDIT TRENDS

According to April 2020 monitoring data of REAP businesses in the three counties (540 businesses in Isiolo, 1335 in Marsabit, 740 in Samburu Central, East, and West, and 600 in Samburu North), businesses made more cash sales than credit sales. Despite the pandemic and the implications for the market outlined above, there was movement of stock in most locations with the exception of selected locations in Marsabit and Samburu North (Wamba, Bubisa, Ngilai West, Logorate/Longewan, Lporokwai/ Mugur, Kirimom Ledero/Ngari, Lolmolog, Lodokejek), where 90% of groups or more did not make any sales on cash or credit. BOMA is pursuing follow-up conversations with REAP businesswomen to gain more insights into the trends prevalent in these geographic pockets.

The average value of stock was fair for most regions when compared to historical period in past years. However, in some selected locations, groups were beginning to struggle to purchase new stock.

Across all three counties, REAP participants took more income or credit from their businesses than they did in March. When compared with a “normal” April, the levels of credit borrowed are higher in most regions. Given government restrictions on movement and gatherings, including meetings of savings groups, there was a drop in REAP participant savings contributions in April despite efforts to encourage participants to continue contributing remotely, or even at a business level. In Marsabit, contributions dropped by 21%, in Samburu North by 23% and in Isiolo by 13%. There was also a drop in loan-taking from Savings Groups.



When queried about the effects of COVID-19 on their businesses, REAP participants most frequently cited the challenges raised by curfews and other restrictions, followed by reduced business hours and reduction in customers as the primary challenges. Their top concerns generally about COVID-19

were accessing sanitation and prevention measures (masks, water, soap, etc.) followed by food availability due to the scarcity caused by the situation. Finally, they also had concerns about healthcare, interruption of education, and the prevalence of the general psychosocial fear that has emerged since the outbreak of the pandemic.

REAP BUSINESS CONCERNS OF COVID-19

What are your greatest concerns about COVID-19?	Frequency of Response
ISIOLO COUNTY	
Prevention measures (masks, water, soap, etc.)	333
Food availability, access	310
Psychosocial (fear, anxiety, stress, stigma, mistrust)	277
MARSABIT COUNTY	
Prevention measures (masks, water, soap, etc.)	128
Education	83
Healthcare (access, quality, availability, medicine, home-based care for patients)	68
SAMBURU CENTRAL, EAST, WEST	
Prevention measures (masks, water, soap, etc.)	538
Food availability, access	478
Healthcare (access, quality, availability, medicine, home-based care for patients)	318
SAMBURU NORTH	
Prevention measures (masks, water, soap, etc.)	437
Psychosocial (fear, anxiety, stress, stigma, mistrust)	371
Food availability, access	309

NEXT STEPS | OPPORTUNITIES, CHALLENGES, AND RECOMMENDATIONS

Communities in Northern Kenya are highly dependent on fragile market systems, exposing these areas to particular vulnerabilities given the unfolding COVID-19 pandemic. While the window for market-based action is narrowing, there are some opportunities for intervention with proper coordination and collaboration.

MARKET-INFORMED MENTORSHIP

For existing REAP business groups, providing updated information about market trends as part of remote mentorship calls will become even more important than it usually is to inform participants’ decision-making. The results of this market appraisal and April monitoring data will be a key part of the messages for dissemination to participants in May. For simpler messages, BOMA will be testing out Interactive Voice Response (IVR) technology for delivery of messages in the relevant local languages, whereas mentors will engage business groups in deeper, more personalized discussions about how to adapt their

economic activities in the current environment. This may include advising those groups primarily focused on livestock trade or non-food items to boost up their investment in secondary businesses related to food commodities. Mentors will also redouble efforts to coordinate activities between business groups in the same geographic area and key suppliers in order to minimize the impact of the increase in transport costs related to restocking.



SAFE MARKET REOPENING

There is an urgent need to address liquidity limitations resulting from market closures and movement limitations, particularly as they affect the livestock sector. Livestock markets present obvious public health challenges. However, prioritizing cautious re-opening of key markets while introducing measures to ensure social distancing and hygiene (providing water, use of masks, and handwashing) may allow for a boost in these essential livelihoods. Given the forecasted decreases in national and international demand for livestock and livestock products in the short-term that pose additional risk to the sector, other interventions are appropriate.

SOCIAL PROTECTION/CASH TRANSFERS

As part of its response to COVID-19, the Government of Kenya has resumed Inua Jamii social protection transfers of 4,000 Ksh paid bi-monthly to the elderly, qualifying households caring for orphans and vulnerable children, and people with severe disabilities. In addition, resumption and/or expansion of the Ministry of Labour and Social Protection's Hunger Safety Net Program (HSNP) would provide thousands of additional vulnerable households with much-needed liquidity (generally 5,400 Ksh paid bi-monthly) to provide for basic needs. Where the government does not have capacity to meet these needs, there should be close coordination with multi-lateral, bilateral, and



At a BOMA business group visit in village Serenamunyak, Northern Kenya, mentor Basilli Lonyait met with women entrepreneurs like Ngarle Leriano and Simito Lenaidiki to talk about the dangers of COVID-19, and demonstrate proper handwashing techniques.



NGO partners to explore short-term consumption support. Any support of this type should preferably be delivered using mobile money platforms rather than banks, to limit the need of vulnerable recipients to travel to population centers to “cash out” and/or should be spread out to avoid excessive demand for basic goods related to the release of funds. Use of mobile money can also encourage recipients to minimize their use of cash transactions, which can pose a risk for transmission of COVID-19.

MARKET SUPPORT ACTIONS

Any demand-side intervention will likely require complementary market-based support initiatives. Potential areas for action include assistance to suppliers and transporters. This could come in the form of advocacy support and/or assisting with transportation logistics to safely resume normal operations during curfew; seeking alternative sourcing arrangements for wholesalers whose supplies have been disrupted; identifying warehousing and credit facilities; testing new and innovative no/low-contact delivery services; and providing subsidies or other incentives for provision of competitively-priced supply, especially in rural areas.



APPRAISAL LIMITATIONS

The BOMA Project undertook this “snapshot” market appraisal with a small sample of respondents across a wide area, just as many market effects of the COVID-19 pandemic were still taking hold. Thus, many of these observations, while relevant in pointing out initial trends and potential evolution, may not necessarily be fully representative, accurately reflect what may occur in the near term, or provide adequate context for detailed design of programmatic responses.



NEXT STEPS

This initial analysis is useful for confirming that even counties which have yet to confirm a single positive COVID-19 case are deeply affected by the crisis. Weekly and daily changes to government directives and market adjustments may translate into rapid improvements or deteriorations.

Identified early trends should help to inform initial recommendations for an effective and rapid economic response in the arid and semi-arid counties of Kenya’s north, with deeper and wider analysis required to refine decisions on the type, scale, and duration of appropriate interventions.

These preliminary observations highlight the need for close and continuous collaboration with County Governments and other partners to conduct additional market assessment and ongoing monitoring to inform policy decisions, programmatic design, prioritization and planning. While both markets and this type of coordination will be challenged by social distancing directives, the BOMA Project’s learning from this initial appraisal can inform “good enough” practices for future assessments going forward.