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Assessment of COVID-19 Impacts and Recovery Responses on the Transport Sector in Kenya

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Abbreviations

ACI	Airports Council International
AfCFTA	African Continental Free Trade Area
COVID-19	Coronavirus disease 2019
EAC	East African Community
GDP	Gross domestic product
ILO	International Labour Organisation
IRU	International Road Transport Union
KAA	Kenya Airports Authority
KCAA	Kenya Civil Aviation Authority
KES	Kenyan Shilling
KNBS	Kenya National Bureau of Statistics
KPA	Kenya Ports Authority
NCTTCA	Northern Corridor Transit and Transport Coordination Authority
NHIF	National Health Insurance Fund
RECDTS	Regional Electronic Cargo and Driver Tracking System
RECTS	Regional Electronic Cargo Tracking System
REPO	Repurchase Agreements
SGR	Standard Gauge Railway
SMEs	Small and medium enterprises
STEF	Safe Trade Emergency Facility
TEUs	Twenty-foot equivalent units
TMEA	Trademark East Africa
UNCTAD	United Nations Conference on Trade and Development
UNECA	United Nations Economic Commission for Africa
USD	United States dollar
WTO	World Trade Organization

1. INTRODUCTION

The Transport Sector in Kenya

The transport sector is a vital engine of global socio-economic growth and a catalyst for economic development. Transport infrastructure promotes welfare directly by distributing resources, opportunities and services, and indirectly through promoting the growth of the wider national economy. In Kenya, the role of efficient transport services in socio-economic empowerment and poverty alleviation has been directly linked to the attainment of the President's Big Four Agenda – food security, affordable housing, universal health care, and enhancing manufacturing – which further underscores the vital and cross-cutting role of the transport sector.[1] Not only does the sector create direct and indirect employment, but transport services also provide a support function to all other sectors, as they facilitate the efficient movement of labour and goods. Transport services also support the growth of other sectors; for example, the tourism sector relies on both international and domestic travel. By implication, poor transport infrastructure and high transport costs in a country would therefore discourage tourists especially where better substitutes exist. Furthermore, for an agricultural country like Kenya, transport services ensure that rural and isolated areas get integrated into the national market and economy through transport services.

Transport of people facilitates trade in services, which in turn increases business transactions and makes labour markets flexible. High costs of international travel therefore limit the ability of firms to afford business trips necessary for forming and maintaining relationships with foreign firms. Transport services also play a pivotal role in determining the economic competitiveness of exports. Without efficient transport services, a country's exports are more expensive and less competitive in world markets, as transport costs determine export prices and, consequently, relative trade volumes. Inefficient transport services also limit the competitiveness of local manufacturers in global and regional supply chains, as they cannot guarantee the timely delivery of goods or ensure flexibility in their supply. Poor transport infrastructure further results in high transportation costs from points of production to final destinations, which translates to lowers profits and wages. Research shows that these transport impediments may often represent a greater barrier to trade than tariffs.[2] Indeed, efficient transport is thought to contribute more to integrating countries into global economies than export policies.

Regionally, transport infrastructure promotes integration between states, especially when complemented by institutional arrangements, such as trade agreements. For example, the East African Regional Road Network, which comprises 10 main corridors identified by the East African Community (EAC), is strategically important in the facilitation of trade.[3] Such cross-border transport infrastructure, to a great extent, allows countries to engage in global trade as a bloc rather than as individual markets. This is particularly beneficial for countries with small economies, as it enables them to pool their resources, lower transportation costs and develop their economies of scale.[4]

Under the services sectoral classification list (W/120)[5] , transport services comprise the following modes: maritime transport; internal waterway transport; air transport; space transport; rail transport; road transport; pipeline transport; services auxiliary to all modes of transport; and a residual 'other' sub-sector. For all modes, a sub-category includes passenger and freight (movement of cargo) transport. In terms of services auxiliary to all transport sectors, these include cargo-handling services, storage and warehousing services (including customs warehouse services), freight transport agency services and customs brokerage services.

Beyond the general role of the transport sector as elaborated earlier, each of its sub-sectors, due to their special characteristics, has particular significance in global traffic and trade. Maritime transport, for instance, boasts a large capacity of the transport branch, large individual capacity of ships, flexibility to demand and relatively low transport costs, and therefore offers competitive rates for hauling high volumes of freight. Internal waterway transport services and railway transport services are specifically preferred when hauling high volumes of low-value freight. The low fuel costs of rail transport also make it the preferred means of long-distance freight transport. Rail transport also offers one of the most environmentally friendly forms of transport. However, because they are both marred with physical, operational and regulatory constraints, they are – like all other forms of transport – continuously overshadowed by road transport.[6]

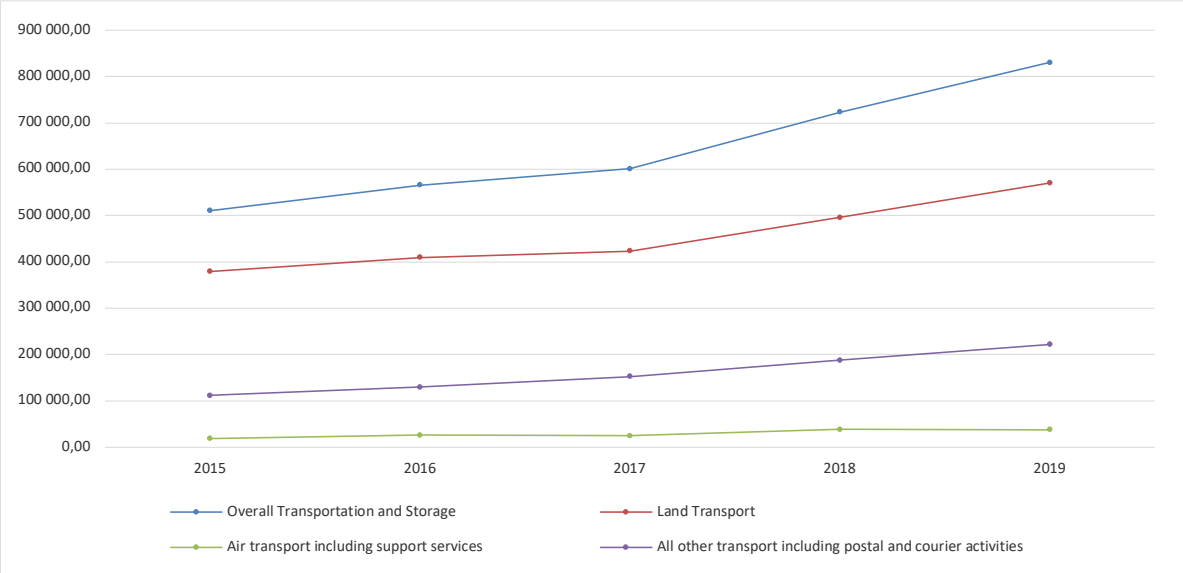
1. Kenya National Bureau of Statistics (KNBS), Kenya Economic Survey 2020.
2. The Global Prospectus: Transport Services: Reducing Barriers to Trade.
3. EAC, Road Transport in East Africa, accessed on https://www.eac.int/infrastructure/road-transport-sub-sector.
4. UNCTAD (2018). Sustainable freight transport in support of the 2030 Agenda for Sustainable Development. Trade and Development Board, Multi-year expert meeting on transport, trade logistics and trade facilitation – 6th session. 21-23 November. Geneva. https://unctad.org/system/files/official-document/cimem7d17_en.pdf.
5. The W/120 is a comprehensive list of the services sectors and sub-sectors covered under the World Trade Organisation's (WTO General Agreement on Trade in Services (GATS), compiled July 1991.
6. UNCTAD (2003). Challenges and Opportunities for Further Improving the Transit Systems and Economic Development of Landlocked and Transit Developing Countries: Report by the Secretary-General. Geneva.

Road transport is hailed for its expansive networks, flexibility and speed. Road transport services are particularly important for landlocked developing countries, who rely on their neighbour's infrastructure, policies and markets to participate in global trade. The additional costs that the landlocked countries incur make their imports more costly and their exports less competitive in the global markets. Therefore, inefficient road transport only compounds their disadvantage and continues relegating them to the periphery of major world markets.[7] Air transport is the fastest and safest way of transporting cargo and persons on longer distance routes and is particularly important in transporting perishable goods. It facilitates the entry of countries, such as Kenya, into the horticulture markets.[8]

Transport services are at the core of Kenya's economic narrative, due to the country's role as a trans-shipment hub for goods moving on to landlocked countries in East and Central Africa. This importance is reflected in the transport services' contribution to the country's gross domestic product (GDP), which, after agriculture, accounts for more than manufacturing, wholesale/retail and financial services. In 2019, transport services contributed 8.5% to GDP, compared to manufacturing (7.5%), wholesale (7.6%) and financial services (6%).[9] Furthermore, the sector in 2019 had experienced improved performance, posting the highest contribution in the five years since 2015. In 2019, the value of output increased by 12.1% to approximately KES 830.6 billion, resulting mainly from growth in tourism and general expansion in all modes of transport (Figure 1).

Land transport is the main transport mode, contributing KES 570.3 billion in 2019 or 68.6% of total transport contribution. Air transport contributed KES 38.4 billion, while all other transport services, including courier and postal, contributed KES 221.9 billion. In air transport, total commercial passenger traffic through the airports increased by 3.4% to 12.1 million in 2019, while domestic passengers handled at the airports increased by 2.1% to 4.9 million. International passengers increased by 4.3% to 7.2 million in 2019. Under marine transport, total cargo throughput at the Port of Mombasa increased by 11.3% to 34.4 million tonnes, while container traffic handled increased by 7.7% to 1.4 million TEUs[10] in 2019. The Port of Mombasa is a crucial landing point for goods and connects to the Northern Corridor that runs west across the country to the neighbouring markets of Uganda, Rwanda, Burundi and the Democratic Republic of Congo. The Northern Corridor is estimated to carry about 70% of the East African region's cargo.

Figure 1: Gross Domestic Product by Activity, 2015-2019, Current Prices, KES million



Source: KNBS, 2020.

7. Ibid.

8. Kenya Roads Board. Annex 3.1: Kenya transport sector details. http://krb.go.ke/our-downloads/NCTIP/Annexes/Annex%203.1%20Kenyan%20Transport%20Sector%20Details%20ver%201.pdf.

9. Kenya National Bureau of Statistics (KNBS). Kenya Economic Survey 2020. Nairobi.

10. Twenty-foot equivalent units (TEUs).

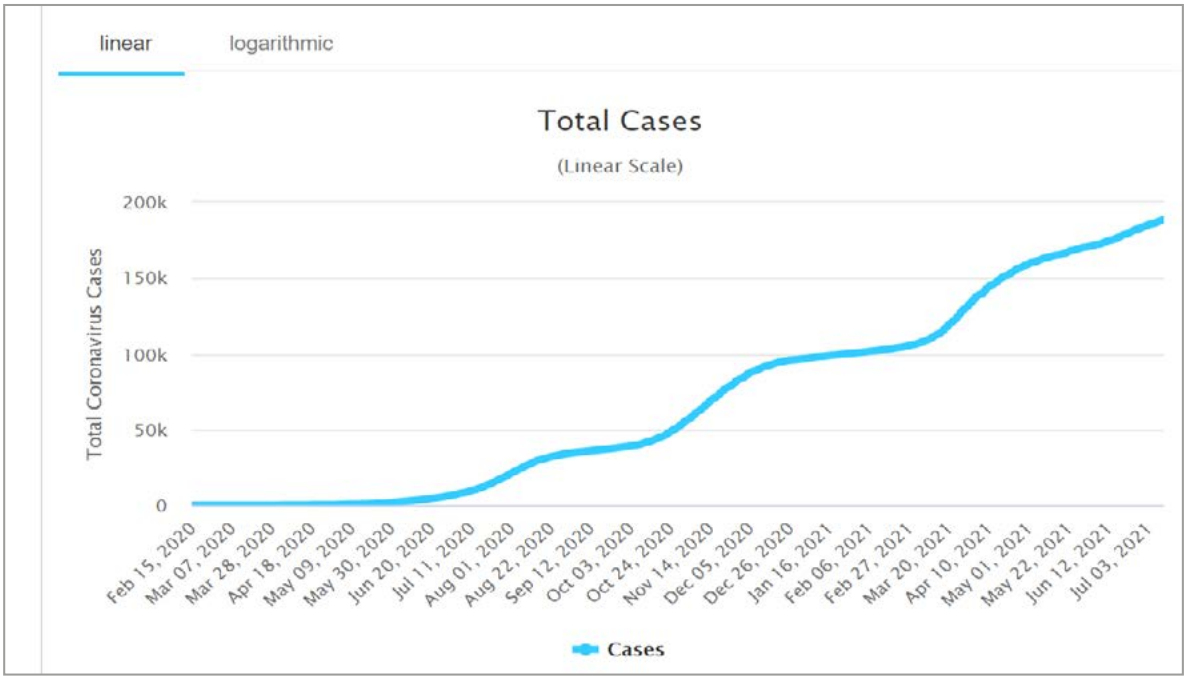
The COVID-19 pandemic

The SARS-CoV-2, now commonly known as the COVID-19 pandemic, has not only had a devastating effect on human health and social interactions, but continues to have high socio-economic costs. By 9 July 2021, total global cases reached 187.4 million, with over 4 million deaths.[11] Due to various government measures that are meant to limit the virus' spread – such as curfews, lockdowns, social distancing, suspension of passenger traffic and other services, like education, tourism, hotels and restaurants, to name a few – countries across the globe are experiencing adverse economic effects manifested through business closures, rising unemployment, revenue and income losses, and disruptions in supply chains.

The global economy is estimated to have contracted by 3.5% in 2020 from a growth of 2.8% in 2019. In September 2020, the World Bank forecasted that Sub-Saharan Africa (SSA) would move into a recession in 2020 for the first time in more than 25 years, and that the COVID-19 outbreak would cost the region between USD 37-79 billion in output losses in 2020 alone.[12] In October, the United Nations Economic Commission for Africa (UNECA) noted that although the Eastern African region has been the least affected by the pandemic in Africa, it will still experience significant economic slowdown. UNECA estimated that the EAC region would see a sharp GDP growth slowdown from 6.6% in 2019 to 0.6 % in 2020.[13] Nevertheless, global growth is projected to increase to 5.5% in 2021 and 4.2% in 2022, reflecting expectations of a vaccine-powered strengthening of activities and additional policy support in a few large economies; however, the impact of new, more transmittable variants remains to be seen.

Like many countries in Africa, the impact of COVID-19 in Kenya has been less severe than initially anticipated, although the pandemic has nevertheless had a devasting effect on human life and businesses. As first reported on 13 March 2020, Kenya had recorded 120,910 total cases, with 2,011 deaths by 21 March 2021. These numbers have steadily increased and stood at 188,513 by 9 July 2021, a number likely to increase given the new more transmittable variants reported globally (Figure 2).[14]

Figure 2: Total Virus Cases in Kenya, as of 3 July 2021



Source: https://www.worldometers.info/coronavirus/country/kenya/.

11. https://www.worldometers.info/coronavirus/.
12. https://www.ifc.org/wps/wcm/connect/05008fd5-a427-4fae-8521-fa6c73d82d88/2020-09-09-SSA-Regional-Brief-19.pdf?MOD=AJPERES&CVID=nhO.iFv.
13. UNECA.Economic and Social Impacts of COVID-19 in Eastern Africa 2020.
14. https://www.worldometers.info/coronavirus/

Beyond the impacts on human health, Kenya's economy in general, as well as various business sectors, have been majorly affected by the pandemic. The impacts mainly result from both external and domestic trade, travel disruptions, as well as containment measures, such as curfews, lockdowns, school closures, closures of bars and restaurants, and restrictions on public gatherings. These impacts particularly affected the transport, travel and tourism sectors, retail trade (including hotels and restaurants), and manufacturing. Economic activity contracted by 5.5% in the second quarter (Q2) of 2020. There was noticeable improvement in economic activity in the third and fourth quarters of 2020 resulting from easing of the containment measures and reopening of various sections of the economy (such as education and international travel), which saw the contraction reducing to only 1.1% in Q3. Overall, Kenya's GDP growth was expected to decline from 5.4% in 2019 to around 1.4% in 2020.[15]

Looking at selected sectors in Kenya's economy, most of them contracted during Q2. In the accommodation and restaurants sector, contraction was 83.2% year-on-year for Q2 and 57.9% in Q3. For the education sector, contraction was 56.2% in Q2, while in Q3, it was 41.9% year-on-year. The results largely reflected international travel disruptions due to restrictions implemented at home and abroad to contain the spread of the virus, such as school and university closures. Moreover, the transport and storage sector contracted by 11.4% in Q2, but grew by 2.9% in Q3. Transportation of goods was less affected by the lockdowns and curfews. Meanwhile, the manufacturing sector contracted by 3.9% year-on-year in Q2 on and contracted by 3.2% in Q3. The wholesale and retail trade sector contracted by 7% year-on-year in Q2, but saw improvement in Q3, when it contracted by 2.5%.

However, some sectors still managed to grow. The all-important agricultural sector grew 7.3% in Q2 from 5.8% in Q1, while growing 6.3% in Q3, supported by higher tea production and fruit exports. The mining and quarrying sector expanded 18.2% in Q3, picking up the pace slightly from a growth of 10% in Q2. Meanwhile, the construction sector grew 16.2% in Q3 from 3.9% in Q2, mainly arising from a continuation of on-going works.[16] Health sector growth, as expected, accelerated to 10.3% in Q3 from 5.6% in Q2. Also on the positive side, many countries globally reported a drop in air pollution and an improvement in air conditions due to lockdowns, restrictions on out-of-home activities and other physical distancing requirements .[17]

Looking specifically at the global transport services sector, the measures instituted to contain the spread of the virus affected selected transport services in the following ways:

• For air transport services, the International Civil Aviation Organisation (ICAO) estimated that the COVID-19 impact on world scheduled passenger traffic for the year 2020, compared to 2019, would be as follows: 50% overall reduction of seats offered by airlines; an overall reduction of 2,699 million passengers, equivalent to a 60% reduction; and an approximate USD 371 billion loss of gross passenger operating revenues for airlines.[18] For airports, this was reflected in an estimated loss of 64.6% of passenger traffic and 66.3% of airport revenues in 2020 (loss of over USD 125 billion) compared to business as usual, according to the Airports Council International (ACI).[19] However, air freight was less affected: Global volumes fell by only 6.6% in November 2020 (compared to 2019), and international cargo declined by a comparative 7.7%.[20]

• For marine transport services, a study undertaken by the European Maritime Safety Agency (EMSA) that focused on the European marine sector noted that in 2020, the number of ship calls in Q1 was similar to the figures from 2019, but a significant decrease of 26.5% was recorded in Q2. The third quarter saw a decrease of 9.1% in comparison with 2019, with Q4 similar to 2019, with only a 1.1% decrease, coinciding with noted recovery globally. Considering the number of ship calls per ship type, a decrease was found for all ship types; cruise ships, passenger ships and vehicle carriers registered the highest decreases in 2020, with drops of 85.8%, 39% and 22.1%, respectively. Bulk carriers, chemical tankers, container ships, general cargo vessels, liquified gas tankers, oil tankers, ropax, and ro-ro cargo ships saw only a small decrease, of up to 5%.[21]

• Concerning road transport's revenue outlook for 2020 (freight and passenger), the International Road Transport Union's (IRU) report, COVID-19 Impact on the Road Transport Industry, indicated that goods road transport companies globally were forecasted to lose USD 679 billion in November 2020, down 18% from their 2019 revenue. Additionally, the IRU estimated that the global road transport sector's losses – passenger and goods – would exceed USD 1 trillion in 2020.[22]

15. African Development Bank. African Economic Outlook 2021: From Debt Resolution to Growth: The Road Ahead for Africa. Abidjan.
16. Kenya National Bureau of Statistics (KNBS). Statistical Release: Quarterly Gross Domestic Product Report, Third Quarter 2020. (The Fourth Quarter Report has not yet been released).
17. https://www.weforum.org/agenda/2020/04/coronavirus-covid19-air-pollution-enviroment-nature-lockdown
18. ICAO. Economic Impacts of COVID-19 on Civil Aviation. https://www.icao.int/sustainability/Pages/Economic-Impacts-of-COVID-19.aspx (accessed 9 July 2021).
19. Ibid.
20. Ibid; see also https://www.willistowerswatson.com/en-US/Insights/2021/01/covid-19-impact-on-the-air-cargo-industry.
21. European Maritime Safety Agency (2021). Impact of Covid-19 on the Maritime Sector in the European Union.
22. IRU (2020). COVID-19 Impact on the Road Transport Industry. November 2020.

Despite the steadily emerging research on the impacts of COVID-19 on various sectors, for many developing countries like Kenya, there has been limited substantial research on the impacts of the pandemic across various transport services sub-sectors; these recovery responses are needed from both the government and businesses, as well as measures required to build future resilience in the transport sector. To obtain such data calls for targeted assessments and an understanding of the impacts of COVID-19 on the transport sector, for both the short and long-term. It is under this premise that this Assessment of COVID-19 Impacts and Recovery Responses on the Transport Sector in Kenya (herein after referred to as the Study) is being undertaken.

Purpose of the Study

The overall objective of this Study is to analyze the COVID-19 impacts on the transport sector in Kenya, at both the national and regional levels; and to elaborate on the policy responses needed to ensure that stakeholders in the sector build inclusive and sustainable recovery solutions, while considering Africa's development frameworks, including the United Nations' Sustainable Development Goals (SDGs), the African Union Agenda 2063, regional economic integration (especially the African Continental Free Trade Area (AfCFTA)), digitalization, and innovations. More specifically, the Study aims to investigate the following:

i) The impacts of COVID-19 on the transport services sector in Kenya, at both the national and regional levels, with regard to: Revenue, service delivery, employment, investment, capacity utilization rate, cost of access to finance, time and cost to return to normal business, and investment decisions (delay/ cancellation), among others.

ii) Best practices and lessons learnt based on measures taken by both the public and private sectors in Kenya and elsewhere to deal with COVID-19 and the key lessons necessary to build stronger resilience to similar crises in the future.

iii) Effective recovery and resilience by identifying and discussing policy options and response strategies, in both the short and long-term, for dealing with the impacts of COVID-19 and similar shocks at the national and regional levels, in order to pave the way for a recovery process that builds more resilient, inclusive and sustainable transport sector services.

The Study is being undertaken as part of the Services Trade in Africa Project, which is jointly implemented by the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Economic Commission for Africa (UNECA). The Project's overarching objective is to strengthen the capacities of national and regional policymakers and stakeholders to measure and analyse value chains, and design services' policies aimed at enabling higher integration into global and regional value chains.

2. METHODOLOGY AND DATA COLLECTION

This Study is both comparative and cross-sectional. Using evidence from stakeholders themselves, the Study has compared pre-COVID-19 with the COVID-19 contexts, in terms of challenges experienced by businesses providing transport services, as well as impacts on various aspects of business, such as revenue, employment, capacity utilization, contract performance and investments, among others. As a cross-sectional study, the Study describes COVID-19 responses by both businesses and the public sector.

2.1 Areas of study, duration, and period of assessment

Due to time and resource limitations, the Study does not cover the entire country. It was undertaken in selected key cities, specifically: Nairobi (the capital of the country and main business hub); Mombasa(the second largest city and seat of the Port of Mombasa, through which over 70% of regional cargo is cleared [23]) and other key towns along the Northern Corridor. Thus, respondents were drawn from 22 counties: Baringo, Bomet, Bungoma, Busia, Embu, Kajiado, Kakamega, Kericho, Kiambu, Kilifi, Kisii, Machakos, Meru, Mombasa, Murang'a, Nairobi, Nakuru, Narok, Nyamira, Nyeri, Trans-Nzoia, and Uasin Gishu).

Although the first COVID-19 positive case in Kenya was reported on 13 March 2020, the period of assessment of impact is January to December 2020, with the comparative period being January to December 2019. This has been done in order to have a better comparative analysis between the two periods and to establish the trends and forecasts in the transport sector before the pandemic.

2.2 Scope of coverage and target population

In terms of sector coverage, the transport sector services selected for this analysis were road transport for both passenger and freight, including motorcycles, ride hailing companies and door-to-door delivery companies; marine transport (passenger and freight); air transport (passenger and freight); rail transport (passenger and freight), and services auxiliary to all modes of transport, particularly cargo handling services, clearing and forwarding and other supply chain solutions. The population targeted for each transport sub-sector covered in the Study is listed in Table 1.

Table 1: Population Breakdown per Transport Sub-Sector

No.	Transport sub-sector	Targeted Population
1.	**Road transport services**	▪ Passenger services: The target was matatu and bus owners that are members of the following associations: Matatu Owners Association, Bus Owners Association, Association of Matatu Operators, and Association of Bus Operators. ▪ Freight services: The target was long distance trucks owners, especially those serving the EAC and the remaining African countries through the Northern Corridor and Nairobi Namanga Route. Recruitment was through members of the Kenya Transporters Association. ▪ Motorcycles: The target was motorcycle owners, through the Boda Boda Safety Association of Kenya. ▪ Ride hailing companies: The population was members of Uber, Taxify, Bolt and Little Cab. ▪ Door-to-door delivery companies: The target population was members of Uber-Eats, Glovo, Sendy and Jumia Foods.
2.	**Marine transport services**	▪ Freight transport: The target population was ship owners, shipping lines, charterers, and logistics companies. These were recruited through the Kenya Ship Agents Association. ▪ Marine passengers: The target was Kenya Ferry Services, the only operator of this service.
3.	**Air transport services**	▪ Passenger and freight air transport: The population was airline operators that are members of the Kenya Association of Airline Operators.
4.	**Rail transport services**	▪ Passenger and freight: The population consists of one key player –Kenya Railways – which operates both passenger and freight rail services. Others include supporting services working under this mode of transport.
5.	**Services auxiliary to all modes of transport**	▪ Population includes cargo handling services, and clearing and forwarding; freight forwarders, warehousing companies and cargo handlers. These were recruited through their representative bodies, especially the Kenya International Freight and Warehousing Association (KIFWA), the Kenya Groupage Cargo Handling Association, and the Shippers Council of Eastern Africa (SCEA).

Source: Research Survey data.

23. The Mombasa Port & Northern Corridor 2018 – 2024 Community Charter

For the target population in Table 1, only businesses that have been in operation for more than two years were interviewed (i.e., established before the beginning of 2019). This was done in order to ensure that the selected companies could respond to the comparative needs of the Study. Other businesses excluded were space transport services (not available in Kenya), internal waterway transport (poorly utilized in the country), and pipeline transport (which operates as a state corporation).

2.3 Sampling methods, sample sizes and number of respondents

A simple, random sampling and purposive sampling were both used to select respondents. According to Mugenda and Mugenda[24], in descriptive research, a sample size of 10-50% of the population is acceptable; however, for a population of more than 10,000, a size of 384 is acceptable. Based on this, for the business respondents, the Study employed a 10% population sample size for all sub-sectors, except road transport, which is the main transport sub-sector with over 10,000 actors. Thus, a sample size of 492 private sector respondents was set, as elaborated in Table 2.

Table 2: Population Size and Breakdown

Transport services sub-sector	Population	Sample Size
Marine transport services (passenger and freight)	42	4
Air transport (passenger and freight)	41	4
Services auxiliary to the transport sector, including supply chain solutions	10,000	100
Road transport services	Over 50,000	384
Of which: Passenger transport services		150
Freight transport services		150
Motorcycles transport services		74
Ride hailing companies		5
Door-to-door deliveries		5
	Total Business Sample Size	**492**

Source: Research Survey data.

For key respondents from the public sector, a sampling method was not applied. Respondents were selected based on their role where transport services were concerned, as well as their role within government in supporting recovery responses. Twenty respondents from the public sector were targeted. In terms of the total number of respondents, a 65.2% response rate was achieved, with 334 transport sector stakeholders participating in the survey. These comprise 320 businesses and 14 of the targeted public sector agencies. The short fall in the targeted sample size may have resulted from respondent fatigue, as other similar studies were carried out concurrently to this Study. A detailed breakdown of the respondents is included in Annex II, which contains descriptive statistics of the data collected through the business surveys, etc.

In terms of the size of the responding companies, the study classified them using the Micro and Small Enterprise Act of 2012. Micro enterprises employ less than 10 people; small enterprises employ 10-49; medium enterprises employ 50-99; and large enterprises employ 100 or more people. In this study, the informal sector (under which most road passenger transport falls) was deemed to be a micro-enterprise. Of the 307 respondents to this specific question, 113 – a relative majority – fall under the small enterprise category. Both micro and medium enterprises had 81 respondents each, while 32 large enterprises participated in the Study.

In terms of gender representation of the employees, the majority of companies – 79% (237) – employ less than 25% of female employees, while 18% (55) of companies employ between 25% to less than 50% of women. Only 0.3% (1) of companies employs more than 75% of female employees. In terms of ownership of the responding businesses, the majority are 100% Kenyan owned – 89.9% (286). 4.4% (14) of the businesses indicated that they were joint ventures with foreigners, and 1.6% (5) indicating that they were a subsidiary/affiliate of international companies.

Looking at the gender ownership dimensions of the respondent businesses, 36.4% (108) of companies who responded to this question and were drawn from

24. Mugenda, OM and Mugenda, AG (2003). Research Methods: Qualitative and Quantitative Approaches. Acts Press. Nairobi.

all transport modes indicated that they had no women in their ownership structure. 49% (146) indicated that they had less than 25% female ownership, with the majority of these businesses being road transport. Only 0.7% (2) companies, who indicated that they operate across two or more modes, were wholly owned by women. When examining the perspective of the size of businesses, the companies that were wholly owned by women were drawn from the informal sector and small and medium enterprise (SME) categories. Twenty-one companies did not respond to the question (Table 3).

Table 3: Ownership Structure across Modes of Transport

Transport mode	Less than 25%	25% to less than 50%	50% to less than 75%	100%	None	Total
Maritime	1	1	0	0	1	3
Air	2	0	0	0	1	3
Road	122	26	8	0	68	224
Railways	2	0	0	0	2	4
Multi-modal / Intermodal	19	6	0	2	36	63
	146	33	8	2	108	297

Source: Research Survey data.

The above findings on ownership and employment are in line with the available research that shows the transport sector is male dominated and women are underrepresented in the sector's global workforce. An International Labour Organisation (ILO) study in 2019 showed that in 2018, females represented less than 20% of the global transport workforce.[25] Within the European Union in the same year, the average female participation rate in the transport-related workforce was 22%, compared to 46% average female participation rate for the total workforce.[26] Furthermore, the research showed that the European Union has one of the highest rates of female employees in the transport workforce compared to other parts of the world. Similar to Kenya, the ILO study also showed that the share of women's participation in the transport sector differs by mode, with the majority of women being employed in the air transport industry, but as air hostesses. In the maritime transport sector, a 2020 International Maritime Organisation (IMO) study indicated that women represent only 2% of the world's 1.2 million seafarers[27], while the ILO 2019 ILO study estimated that 28-30% of cruise ships workers are women seafarers.[28]

Concerning the markets of operation, the majority, accounting for 75.2% (239), operate mainly in the domestic market. This can be explained by the large number of respondents who offer road passenger transport services, which tend to be domestic. 16.4% (52) of the companies offer services across the EAC region, while 5.7% (18) provide services to the rest of Africa. Only a small number, 1.9% (6), provide services outside of Africa, which may correspond to the small number of subsidiaries and affiliates. Looking at the key markets in Africa, 10 markets were indicated by the respondents. The top five are in the Eastern Africa region, with Uganda leading with 39 companies offering services. Tanzania, South Sudan and Rwanda come next, with 27, 23 and 22 companies, respectively.

2.4 Data collection and analysis methods

The Study employed a mixed-method approach to collect data. This included surveys and interviews to collect primary data on impacts, responses, policy options and response strategies. The survey used a questionnaire that was discussed and agreed on during the Inception Phase. It targeted both public and private sector players under the scope of coverage. The surveys included electronic/digital surveys, as well as telephone and face-to-face interviews. The full questionnaire is attached in Annex 1.

Secondary data was obtained from previous research and reports analysing the impact of COVID-19 on the transport sector in Kenya, Africa and globally. Additionally, data on the transport sector, as well as its importance to the Kenyan economy, was obtained from key government agencies, such as the Kenya National Bureau of Statistics (KNBS), the State Department of Transport, the State Department for Maritime and Shipping Affairs, and the State Department for Infrastructure.

Qualitative data was analyzed using thematic analysis aimed at identifying and sorting out themes with common relationships to establish patterns. From the data, descriptive statistics established the patterns and inferential statistics required to draw conclusions in terms of impacts, responses, as well as policy options and recommendations. Analysis of variances was undertaken to establish how each transport sub-sector services has been impacted by COVID-19. Graphs and charts, complemented by statistical commentaries, were used to aid the discussions on the findings. The SPSS statistical software was used to analyse the data.

25. Ng WS and Acker A (2020). The gender dimension of the transport workforce. International Transport Forum Discussion Papers no. 2020/11. OECD Publishing, Paris.
26. Ibid
27. I MO (2020). Women in maritime: IMO's gender programme. International Maritime Organization. Available at: http://www.imo.org/en/OurWork/TechnicalCooperation/Pages/WomenInMaritime.aspx.
28. ILO (2019). Recruitment and retention of seafarers and the promotion of opportunities for women seafarers. International Labour Organization. Geneva.

3. FINDINGS ON COVID-19 MITIGATION MEASURES AND CHALLENGES EXPERIENCED

3.1 Measures and actions taken by the Government to mitigate the spread of COVID-19

Since COVID-19 was reported in Kenya, the Government of Kenya has taken various measures and actions to prevent and mitigate the spread of the virus. In addition, various agencies have put in place measures best suited to the nature of their businesses. Measures adopted evolved quickly depending on the development of the health crisis, both in national and international markets. This section summarises both the general measures taken by the government, and specific measures taken by various agencies that have an impact on the transport sector.

3.1.1 General measures:

These were measures that cut across all sectors of the economy. They included Presidential Directives that are still in force, mask mandates in all public places (including public and private transport), frequent sanitizing/hand washing, and social distancing. Lockdowns and curfews were also instituted in various counties at various times, depending on the rate of infection. This affected movement by road, air and rail.

To cushion businesses across all sectors, several fiscal measures were also put in place from April 2020 onwards. These included a 100% tax relief for persons earning gross monthly income of up to KES 24,000; a reduction of income tax rate (pay-as-you-earn) from 30% to 25%; a reduction of resident income tax (corporation tax) from 30% to 25%; a reduction of the turnover tax rate from 3% to 1% for all micro, small and medium-sized enterprises (MSMEs); and a reduction of value-added tax (VAT) from 16% to 14%. Other measures included a directive to all ministries and departments to effect payment of at least KES 13 billion of the verified pending bills, while the Kenya Revenue Authority (KRA) was expected to expedite the payments of all verified VAT refund claims, amounting to KES 10 billion or allow for offsetting of withholding VAT, to improve cash flows for businesses.

To support businesses in accessing much-needed credit, the Central Bank of Kenya lowered the central bank rate (CBR) to 7.25% from 8.25%, which was expected to prompt commercial banks to lower the interest rates to their borrowers. The cash reserve ratio (CRR) of banks was also lowered to 4.25% from 5.25%, which provided additional liquidity of KES 35 billion for commercial banks to directly support borrowers that were distressed as a result of the economic effects of the pandemic. Within six months leading to October 2020, KES 32.6 billion (or 93.1% of this amount) had been utilized to support lending, especially to the tourism, trade and transport, communication, real estate, manufacturing, and agriculture sectors. To enable banks to secure longer-term liquidity, the Central Bank extended the maximum tenor of Repurchase Agreements (REPOs) from 28 to 91 days; they also provided flexibility concerning requirements for loan classification, and provisions for loans that were performing and whose repayment period was extended or restructured due to COVID-19. The government rolled out an economic stimulus programme of labour-based activities in the areas of infrastructure, education, business liquidity, health, manufacturing, tourism, sanitation, food and agriculture.

To enhance the use of mobile money, including the facilitating of electronic payments, the Central Bank eliminated charges for mobile transactions under KES 1,000, as well as charges by payment service providers and commercial banks for transfers between mobile money wallets and bank accounts. Furthermore, banks increased daily M-PESA[29] transaction limits from KES 70,000 to KES 150,000 specifically to support SMEs, and increased the daily transaction limit up to KES 300,000 in M-PESA wallets from KES 140,000.

3.1.2 Road transport:

Specifically targeting the passenger road transport sector (rail, buses, matatus, taxicabs, motorcycles and tricycles, e-hailing services, and air passenger transport), the measures that were put in place included (but were not limited to) 50% of a capacity limit per passenger transport vehicle, mandatory face masks by employees and passengers, temperature checks, hand sanitizing/washing and cashless transactions using facilities such as mobile money to reduce circulation of hard currency. For cargo vehicles, measures included limits to just three crew members, practice of contactless delivery (which involves logistics providers placing packages at safe drop-off points where they do not have to directly interact with customers), maintaining social distancing, minimising physical contact on boarding, off-loading and transporting, and avoiding unauthorised stops. As road-side kiosks or canteens were considered hotspots for the virus, transport crews, especially long-distance truck drivers, were encouraged to carry their own food supplies to reduce stops. For pre-cautionary contact tracing protocols, daily attendance registers of crew members were

29 M-PESA is a mobile phone-based money transfer service, payments and micro-financing service operating in Kenya.

carried out. Transport crews were also encouraged to maintain routes whenever possible and to avoid ferrying unauthorized passengers.

At various times during the period under review, the land border between both Kenya and Uganda, and Kenya and Tanzania were closed. While cargo vehicles were exempt from these border closures, truck drivers were required to undergo mandatory health screenings for COVID-19. Those coming into the country were required to undergo a mandatory 14-day quarantine at a government designated facility at their own expense.

3.1.3 Air transport:

Domestic air transport services were affected particularly when inter-country restrictions and curfews were instituted on 27 March 2020. This was preceded by the suspension of international transport services on 25 March 2020. The suspension mostly affected passenger flights, as cargo flights were allowed to continue operating albeit under strict guidelines. Negotiated repatriation and humanitarian aircrafts were also allowed to continue operating.

Domestic air transport services resumed on 15 July 2020, while international air travel resumed on 1 August 2020. The Kenya Ministry of Transport, in consultation with Kenya Airports Authority (KAA), the Kenya Civil Aviation Authority (KCAA) and relevant stakeholders, prepared a Protocol for Air Travel Operations during the Covid-19 Public Health Crisis[30] . The Protocol provided guidelines to ensure that air travel remained safe during the pandemic for domestic and international flights. The Protocol also identified specific countries from which passengers would be exempt from quarantine.

Across airports, the Kenyan Government's COVID-19 containment protocols were enforced: health screenings, sanitization, use of personal protective equipment, social distancing, sensitization of staff and stakeholders, decongestion of workplace, and quarantining. Initially there was a requirement for all persons to go into a two-week quarantine upon arriving in Kenya. This was lifted, and only those with "flu-like" symptoms were quarantined.

There were also measures specifically targeting businesses that were put in place. These included:

- The KAA deferred rental payments for some time and offered nine months billed on each quarter (i.e., 25%) from April 2020 to offer the tenants cash flow reliefs;
- In Q4, the KAA also waived minimum guarantee for the full amount on duty-free, car parking, inflight catering, ground handling and advertisement; and
- The KAA waived parking fees for airlines grounded due to COVID-19 pandemic impact.

3.1.4 Rail transport

The Railway Corporation, which operates the Standard Gauge Railway (SGR), put in place a range of measures that ensured their operations were not adversely interrupted while considering the safety of its employees and customers. For the safety of commuters and other clients, in April 2020, the Corporation installed sanitizing tunnels and water points at all major railway stations, as well as establishing passenger hand sanitization and commuter train disinfection.

Internally, the Corporation created awareness on its safety measures, and strengthened its occupational, safety and health capacities. Additionally, the Corporation ensured that staff were protected using personal protective equipment (PPE) and the adopted government COVID guidelines. From April 2020, appropriate information and communications technology (ICT) infrastructure was set up to support and enable staff to conduct virtual meetings and facilitate other work-related programmes. The Corporation also undertook a Review of SGR operations and maintenance (O&M) contracts through negotiations with the SGR operator on the reduction of O&M costs. Measures that specifically targeted businesses were put into place. These included:

- The automation of operations, including migrating to cashless transacting through e-ticketing to decrease the risk of infection through handling of money.
- The acquisation of seven diesel multiple units (DMUs) and the rehabilitation of the Nairobi Commuter Rail System increased efficiency in its service delivery through additional trips and maintaining social distancing.
- The modification of Boma line yard/area into a bonded customs facility to reduce the cost of transporting cargo for small-scale traders within Nairobi and its environs, and spur economic growth.
- The rehabilitation and operationalization of the Thika-Nanyuki branch line to stimulate economic activities within the region, and open up the northeastern regional market for trade.

30. https://www.kaa.go.ke/press_release/cs-ministry-transport-issues-communique-resumption-international-air-travel/; https://kcaa.or.ke/protocol-for-air-travel-operations /; https://www.transport.go.ke/index.php?option=com_content&view=category&layout=blog&id=26&Itemid=293.

3.1.5 Maritime

The Kenya Ports Authority (KPA) established an interagency team to develop mitigating measures against COVID-19. Taking further efforts to curb the spread of the virus, the KPA continuously decontaminated the port, carried out temperature screenings, provided PPE and hand sanitizers, encouraged social distancing and wearing of face masks. Furthermore, counselling and support programs, such as awareness campaigns, were done by the COVID-19 Management Committee.

To help support and restore the economy of Kenya, it is essential that international trade continues; this requires national projects to proceed in order to develop more capacity for long-term growth and respond to the changing shipping dynamics. There were also measures implemented that specifically targeted businesses; these included:

- Where possible, the Authority has continued works on large projects, such as Lamu Port. Despite the challenges – shortage of labour and lack of instalments from abroad – the Authority continued sourcing for resources locally in collaboration with county governments.

- The Authority has also aligned its Port operations to a risk management model to stay ahead of the curve, and facilitate where possible, the return of container ships to Mombasa Port.

- In collaboration with the County Government of Mombasa and other state agencies, KPA has put in place measures to support those affected or infected, including facilitating quarantine, isolation and other support.

- The Authority negotiated with shipping lines on the smooth expatriation of exports by requesting them to tolerate late acceptance of export cargo until the situation normalizes. Similarly, the Authority negotiated with stakeholders to support transshipment business.

- The Authority has utilized technology E-commerce among staff and other cargo interveners for a smooth execution of duties.

3.2 COVID-19 measures and actions taken by businesses

On actions taken by businesses to restrict and mitigate the spread of COVID-19, 94.3% of the respondents provided sanitisers, masks and/or used thermo-guns for staff and customers to mitigate the spread of COVID-19. 84% of the respondents put in place COVID 19 restriction measures, including social distancing, team rotation and decreased the number of staff on site/in the office. Also, 81.1% instituted COVID-19 mitigation policies at places of work that required staff to wear masks and reduce physical contact. These were deemed the bare minimum across all business sectors and corresponded with measures mandated by the government and other health guidelines.

However, there were measures that were specific to types of businesses; for example, only 8.8% (28) instituted driver relay systems for border crossing, which corresponds to the low number of businesses conducting business outside of the domestic market. Public passenger vehicles were also used as awareness-raising 'vehicles' for COVID-19 prevention, as reported by 29.2% of respondents. Evidence shows that many public passenger vehicles were spray-painted with images of cyclists and people with masks featuring messages such as 'We Care for Your Safety', 'Keep Physical Distance' and 'Stop Coronavirus'.

Of note is the 7.9% (25) that repurposed vehicles or aircrafts to transport cargo; for instance, in December 2020, the national carrier Kenya Airways began to repurpose its passenger crafts to boost its cargo transportation capacity amid a slump in passenger numbers linked to the suspension of air passenger transport. The repurposing was aimed at responding to the growing demand for essential medical commodities, like therapeutics and vaccines, as part of its support to the fight against the pandemic. Indeed, Kenya Airways made history by achieving the first-ever cabin cargo repurposing of a Boeing 787 into a "Preighter" – a term coined in the pandemic to refer to passenger aircraft converted to carry cargo. Table 4 lists some of the measures taken by businesses.

31. https://citizentv.co.ke/business/kq-unveils-cargo-flights-repurposed-dreamliner-craft-5863246/.

32.https://www.the-star.co.ke/business/2021-02-08-photos-kq-makes-history-converts-boeing-787-dreamliner-into-cargo-plane/.

Table 4: List of Measures Undertaken by Various Transport Businesses

Measures taken by Businesses	%
COVID-19 mitigation measures (provided sanitisers, masks, thermo-guns etc.) for staff and customers	94.3
COVID-19 restriction measures (social distancing, team rotation, decrease of number of staff on site etc.)	84.0
COVID-19 mitigation policies at place of work (e.g. required staff to wear masks; reduced physical contact etc.)	81.1
Change in working hours	58.5
Change in modes of payments to allow for contactless payments (e.g. mobile money)	52.2
Suspension of operations	31.8
Maintained detailed passenger manifests for contact tracing purposes	30.5
Used transport vehicle to educate customers on COVID-19 (e.g.drawing images of masks etc.)	29.2
Telecommuting (staff working from home)	24.2
Deploying company vehicles for use by staff/paying staff to use private transport means	11.3
Instituted driver relay system for border crossing	8.8
Repurposed aircraft or passenger vehicles to transport cargo	7.9

Source: Research Survey data.

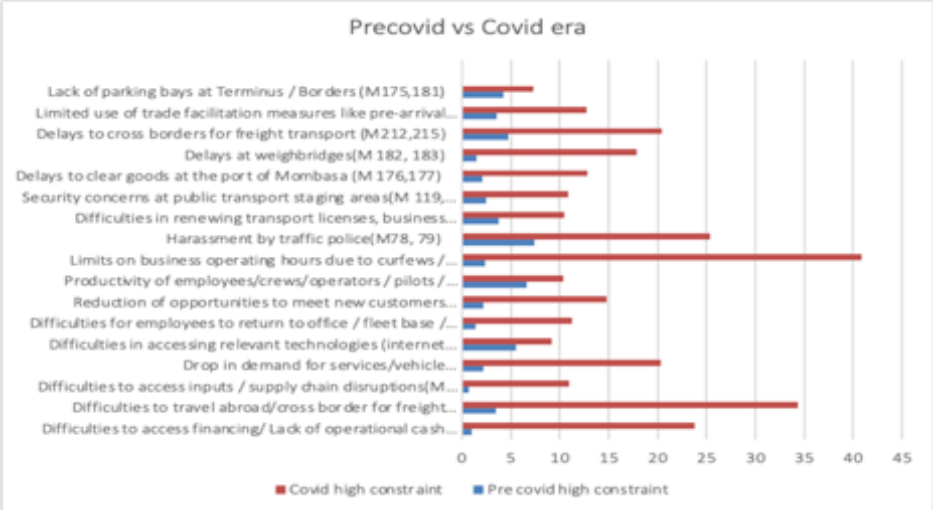
3.3 Key challenges experienced by businesses

Looking at the challenges and constraints experienced by businesses in the context of the pandemic compared to the pre-COVID-19 context, the results show that most businesses, both SMEs and large companies, experienced challenges more severely during the COVID-19 context. Some of the more severe challenges[33] during the COVID-19 context were the following:

- 61.6% of businesses reported limits on business operating hours as being the highest constraint. Conversely, 59.4% of businesses noted that this was not a constraint pre-Covid. This was especially driven by the lockdowns and curfews instituted as mitigation measures.
- 51.5% of businesses reported difficulties to travel abroad and cross borders for freight transporters as being of high constraint. 51% of businesses noted that this was not a constraint at all pre-Covid.
- 41.9% of businesses indicated a drop in demand for services/vehicle utilization/underutilizing aircraft as a high constraint. 61.2% of businesses noted that this was not a constraint at all pre-Covid.
- 40.8% of businesses indicated a high constraint in harassment by police. 35.5% of businesses reported this was not a constraint at all and 28.1% noted that it was a low constraint pre-Covid.
- 38.6% of businesses indicated a high constraint in the cost of accessing financing and or having adequate operational cash flow. 54.9% of businesses noted that this was not a constraint, while 29.1% who said that it was a low constraint pre-Covid.

Other challenges raised are presented in Figure 3 below:

Figure 3: Ranking of Challenges/Constraints during pre-COVID and COVID, Context in %



Source: Research Survey data 2021.

33. Severity was deemed as any challenge market 4 or 5 on the 1-5 ranking used in the questionnaire.

4. COVID-19 IMPACTS ON THE SELECTED TRANSPORT SERVICE SECTORS

As elaborated in the introductory section, most of the economic sectors in Kenya, like much of the global economy, have been adversely affected by the pandemic. The following sections discuss the impacts of the pandemic on selected transport sub-sectors, and also by core activity, mode of transport and company sizes, as well as the regional dimensions of the impacts.

4.1 Overall impacts of COVID-19 on the transport sector

On the impact of COVID-19 and its restrictive measures on various elements of business, including but not limited to operating costs, sales and revenue, ability to deliver services, capacity utilisation, employment and productivity, and access to finance, the Study shows that companies across all modes and activities were negatively impacted across most of these business elements, with almost all businesses reporting a drop in sales and revenue (see Figure 4). Specifically:

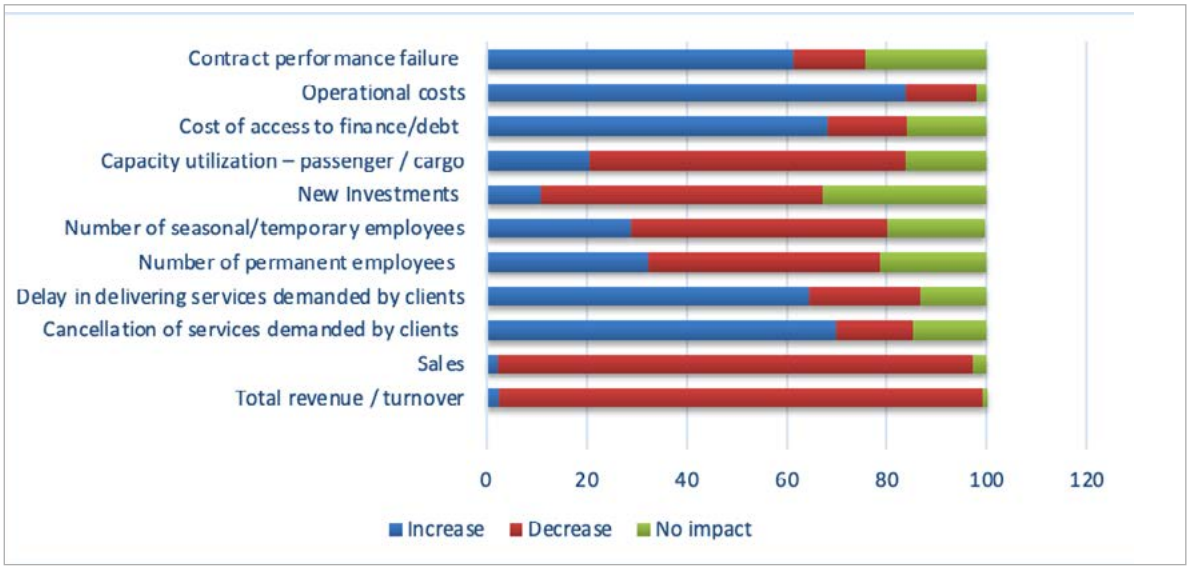
- 95.6% of businesses reported a decrease in total revenue/turnover. Revenue dropped in 2020, in comparison to 2019, by 25-50% for 25.8% of the businesses, and by more than 50% for 16.3%. This is also supported by 95% of businesses who reported a loss in sales, as well as 70% who reported a cancellation of services demanded by clients.

- 83.9% reported an increase in operating costs. Costs increased by less than 25% for 37.1% of the respondents and 24.5% by betwe25-50%. For 5.3%, operating costs increased by more than 50%. These increases can be explained by the protective measures that businesses implemented, including the provision of masks, sanitisers and cleaning points, thermo guns and the like. Furthermore, costs related to crossing borders may have contributed to the increase in costs. For example, the Shippers Council of Eastern Africa established that the time to cross the Busia and Malaba borders increased from 24 hours during the pre-pandemic time, to 5-6 days during March- December 2020. This implies additional travel-related costs, such as fuel, accommodation for drivers etc.[34]

- 63% of businesses reported a decrease in capacity utilisation. 40% of the companies reported operating at 25-50% of their capacity, while 23.8% reported they were operating at less than 50% capacity. These findings can be explained by various pandemic containment measures, like lockdowns and curfews, that resulted in a decrease in demand for services. The reduced capacity impacts, especially those on passenger transport across road, rail and air transport services (as discussed in the coming sections) correspond with the periods of lockdowns. Additionally, there is a general fear of contracting and spreading the virus among potential passengers.

- 46.3% of companies reduced their permanent employees, while 51.1% reduced temporary staff. 22.2% of the companies had a 25-50% reduction in the number of employees, while 6.3% reported a reduction of more than 50%. Notably, a significant number of companies, 32.4%, reported an increase in the number of permanent employees. This could be explained by the uptake of door-to-door delivery services, although the number of respondents in this category was not high.

Figure 4: COVID-19 impact on Businesses



Source: Research Survey data.

34. Shippers Council of Eastern Africa (SCEA); Africa Economic Research Consortium (AERC) and Federation of East African Freight Forwarders Associations (FEAFFA). Impact of Covid-19 on Transport & Logistics Sector in East Africa, March 2021

These impacts are reflected in the overall contribution of the transport sector to the GDP. Based on KNBS, the statistics for the first three quarters of 2020[35] (GDP by activity, growth rates, the contribution of transport and storage services) were lower in the second and third quarters, compared to a similar period in 2019. In Q3, there was a significant drop of -11-4% before the sector rebounded with a 2.9% increase (Figure 5):

Figure 5: Per cent Contribution of Transport and Storage Service Growth to GDP

	Qtr1	Qtr2	Qtr 3
2019	6.4	7.6	7.6
2020	6.1	-11.4	2.9

Source: KNBS.

Looking at the GDP contribution in absolute terms, although the growth rate in 2020 was lower than that of 2019, the contribution only decreased during Q2, from KES 198.5 billion to KES 181.6 billion, before rising to KES 227.9 billion in Q3, compared to KES 214.8 billion in Q3 of 2019.[36] The key factors contributing to both the decline and recovery impacts are detailed in the sections that follow.

4.2 COVID-19 impacts across the core activities

There was a decrease in total revenue and sales across all activity segments (freight/goods, passenger, supporting transport services/logistics, supply chain solutions), with all (100%) companies offering supply chain solutions, and freight goods reporting a decrease. The number of permanent and seasonal employees, new investments and cost of access to finance also decreased across the board. Figure 6 highlights the five main impacts for all businesses, according to the core activity.

Figure 6: Impacts Across Core Activities

Freight	Passenger	Supporting transport services/logistics	Supply chain solutions
•Decrease in total revenue 100%	•Decrease in total revenue 94.8%	•Decrease in total revenue 97.4%	•Decrease in total revenue 100%
• Decrease in Sales 100%	•Increase in cancellation of services 88.9%	•Decrease in Sales 98.7%	•Decrease in Sales 100%
•Increase in cancellation of services 88.9%	•Decrease in Sales 88.6%	•Increase in Operational costs 85.3%	•Decrease in capacity utilization 91.7%
•Increase in Operational costs 85.4%	•Increase in Operational costs 83.9%	•Increase in cancellation of services 81.6%	•Increase in Operational costs 66.7%
•Decrease in capacity utilization 47.7%	•Decrease in capacity utilization 59.2%	•Decrease in capacity utilization 72.6%	•Increase in cancellation of services 53.8%

Source: Research Survey data.

35 KNBS, Statistical Release, Quarterly Gross Domestic Product Report, Third Quarter, 2020.

36 KNBS, Statistical Release, Quarterly Gross Domestic Product Report, Third Quarter, 2020

4.3 Impacts by mode of transport

Looking at the impacts of COVID-19 across the mode of transport, and in light of the challenges experienced by businesses in each mode, the findings are elaborated below.

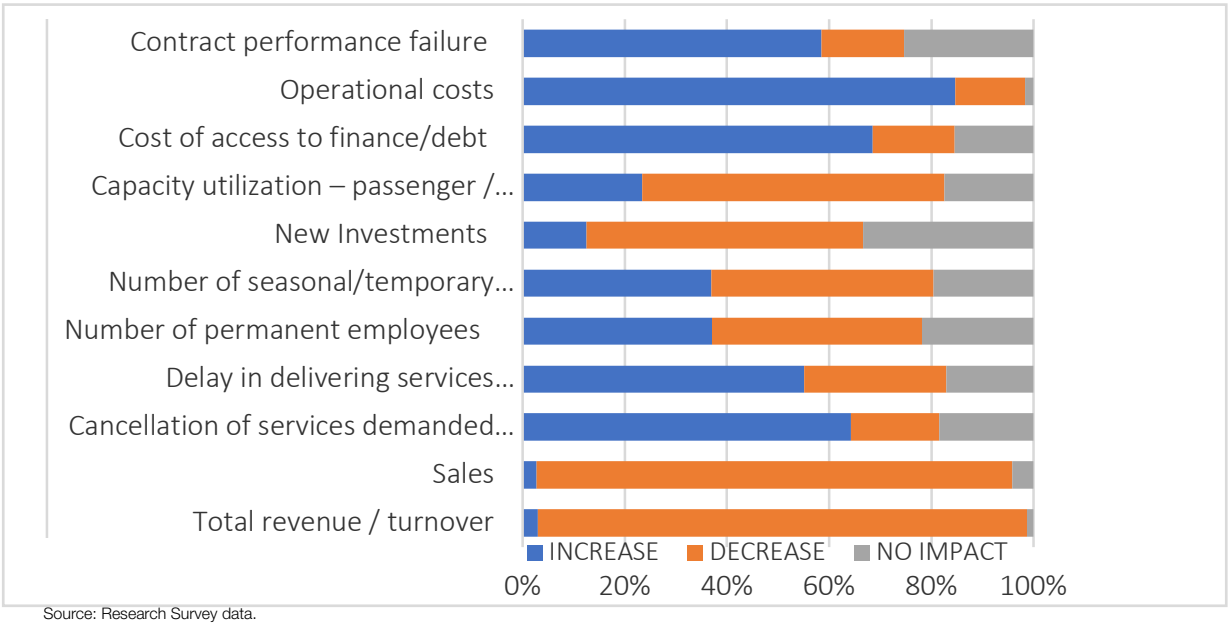
4.3.1 Impact on road transport

Road transport players faced many challenges during the COVID-19 pandemic. The five main challenges faced were as follows:

- 63.8% reported limits on business operating hours due to curfews and lockdowns.
- 50.6% indicated difficulties to travel abroad/cross the border for freight transporters.
- 50.1% reported a drop in demand for services/ vehicle utilization.
- 43.3% reported increased hharassment by police 43.3%.
- 40.8% reported difficulties accessing financing and/ or lack of operational cash flow.

As a consequence of these challenges, incomes plummeted in the majority of road transport businesses, with 95.8% reporting a decrease in revenue, as well as a 93.2% decrease in sales. With the government changing the COVID-19 regulations periodically, there was an increase in cancelling services demanded by clients (64.2%), an increase in contract performance failures (58.5%) and a delay in the delivery of services (55.1%). The social distance rule also resulted in a decrease in capacity utilization (59.1%), increasing the operational cost (84.7%). The road transport sector experienced job losses, with 41.1% of the companies reporting a reduction in permanent employees and a 43.5% reduction in seasonal employees. However, 21.9% reported no impact on the number of permanent employees and 19.6% reported no impact on the number of seasonal employees. Figure 7 presents a summary of all impacts.

Figure 7: Impacts of COVID-19 on Road Transport



Source: Research Survey data.

One area where the impact on road transport can be seen is in the reduced number of new vehicle registrations, especially during the second quarter of 2020, with a rebound observed in Q3 and Q4.

4.3.2 Impact on air transport

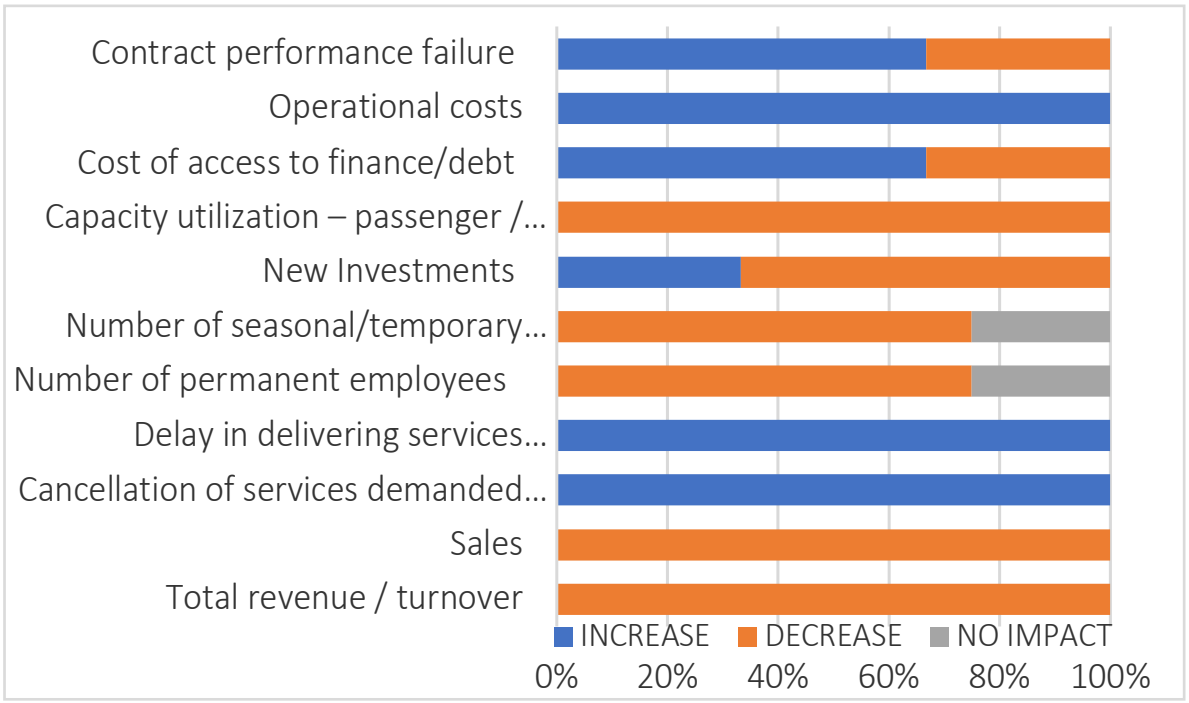
Air transport was the most affected mode of transport, owing not only to Kenya's suspension of domestic and international flights, but also the suspension and restrictions put into place by other countries, also affecting air passenger movements as well. As earlier noted, international passenger flights were suspended from 25 March 2020, and domestic flights declined to almost zero levels following the imposition of restrictions in movement in the counties of Nairobi, Mombasa, Kilifi, Kwale and Mandera. The lockdowns that started on 6 April 2020 affected movements in and out of these counties and major towns. However, cargo flights remained in operation during the suspension and restriction period up to date. Thus, looking at the main challenges reported by businesses in air transport:

- 100% of businesses reported limits on business operating hours due to curfews/lockdowns.
- 100% reported difficulties in traveling abroad.
- 66.7% reported supply chain disruptions.
- 66% reported a drop in demand for services/ underutilizing aircrafts.

Looking specifically at the impacts reported by

businesses, there were not any areas that were not impacted negatively. As shown below, total sales and revenue decreases in all of the aviation businesses. 50% of the companies reported a decrease by more than 50% of sales and revenue. Capacity utilization decreased by more than 50% for 33% of the companies, and operational costs increased by less than 25%. Figure 8 presents other impacts on the aviation industry.

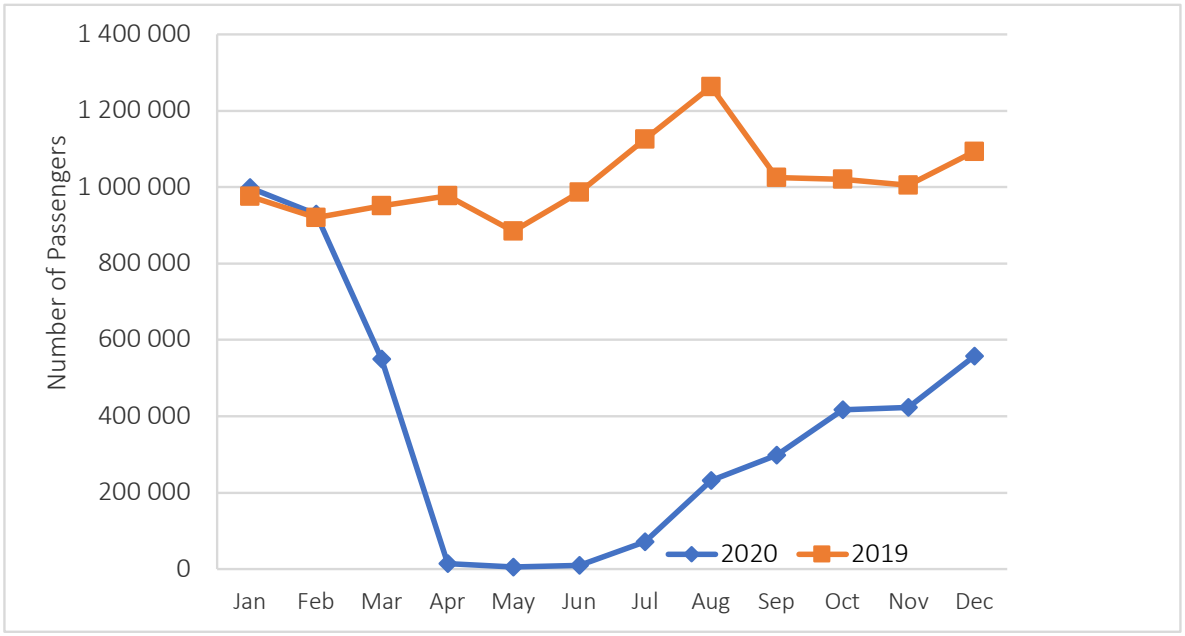
Figure 8: Impacts of COVID-19 on the Aviation Industry



These impacts are supported by data from the Kenya Civil Aviation Authority (KCAA) on the actual impacts on passenger, aircraft and freight traffic. Specifically:

- Passenger traffic was lowest in May 2020, with a recorded decline of 99.4%, in comparison to the same period in 2019. The overall decline for the year was 63.2%. Recovery in air transport has been slow since the lifting of the suspension of international passengers on 1 August 2020. Factors contributing to this included slow virus containment measures in major destination markets, like Europe and the Americas, affecting both international business and personal travel. Delay in the recovery of key sectors that rely on transport, particularly tourism, also contributed to this slow recovery (Figure 9).

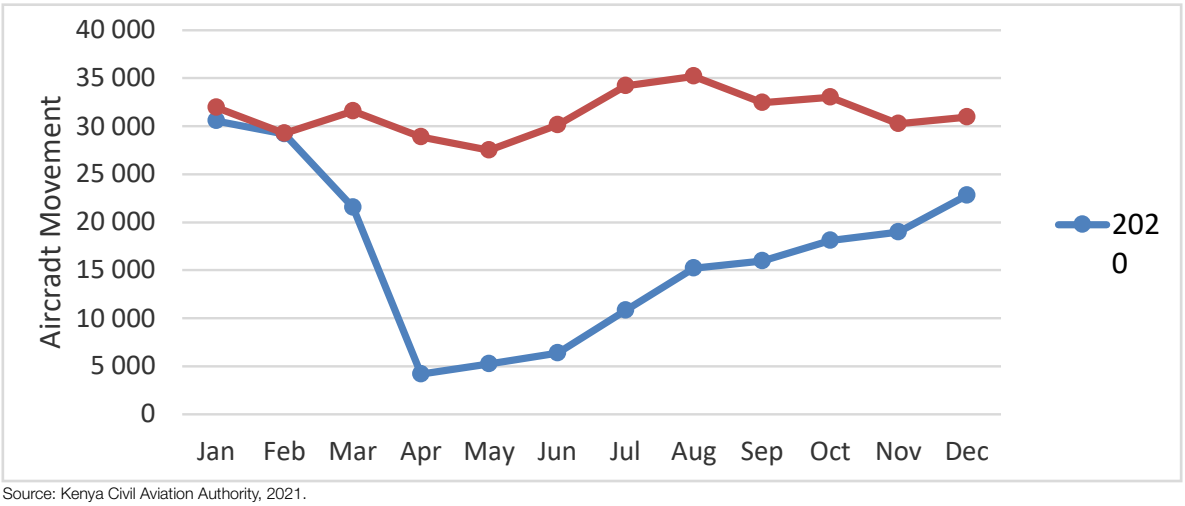
Figure 9: Passenger Traffic Trend for 2019 and 2020



Source: Kenya Civil Aviation Authority, 2021.

• Aircraft traffic movements were at the lowest in April 2020 and were 85.5% below the levels of April 2019. Since then, there has been a slow recovery in the number of aircraft movements, with December 2020 recording a decrease of 26.28%. The overall decrease for the year was 46.99%. As illustrated in Figure 10, the trend shows a dip in aircraft movement in April 2020, but from July to December 2020, the trends show a positive trend, indicating a recovery in air transport movements.

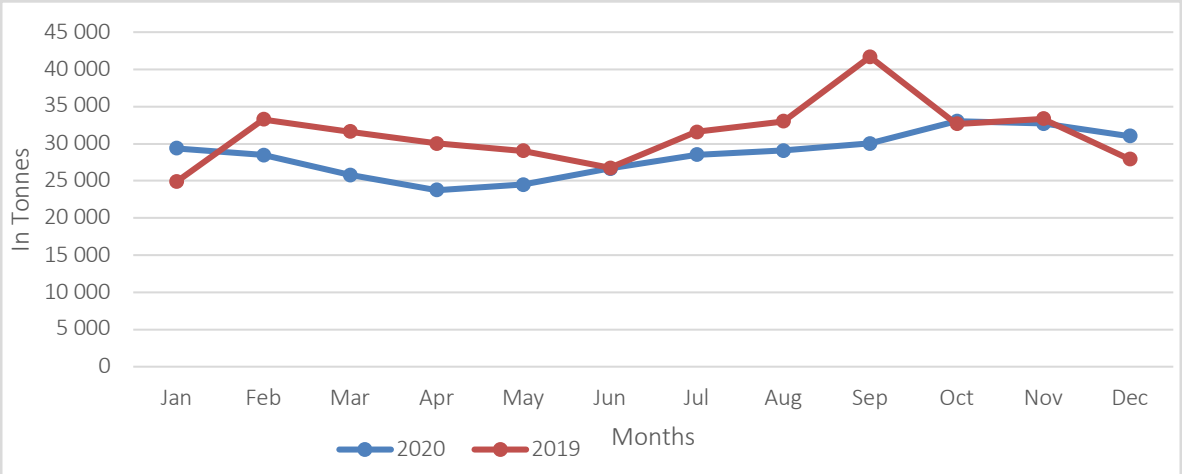
Figure 10: Aircraft Traffic, Comparison of Aircraft Movements, 2019 vs 2020



Source: Kenya Civil Aviation Authority, 2021.

• Overall, freight traffic decreased 8.8% during the year, with September 2020 recording the highest decrease of 28%, while January and December 2020 experienced a growth of 18.1% and 11.1%, respectively. This shows that air freight was not as heavily affected compared to passenger transport, as cargo traffic was not suspended (Figure 11).

Figure 11: Freight Traffic (Cargo & Mail) in tonnes



Source: Kenya Civil Aviation Authority, 2021.

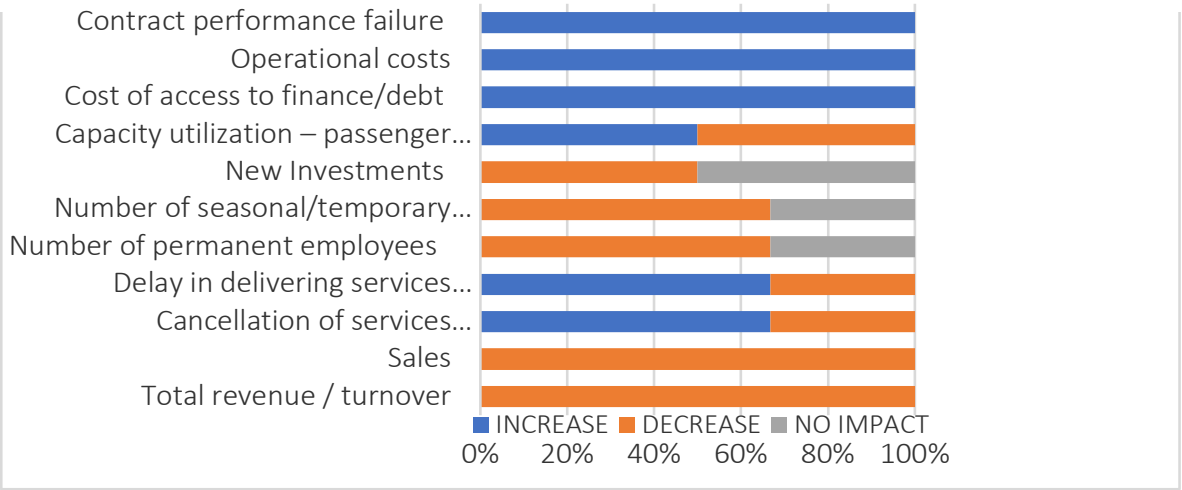
The findings are in line with research by the International Air Transport Association (IATA), which shows that air freight was affected less severely when compared with passenger fights. As seen in the introduction, global volumes fell by 6.6% in November 2020, compared to November 2019; and international cargo was down a comparative 7.7%. The IATA notes on their website that air freight has been vital in delivering much-needed medicines, medical equipment (including spare parts/repair components), and in keeping global supply chains functioning for the most time-sensitive materials. Furthermore, IATA research shows that airports and airlines with cargo-diversified revenue streams beyond traditional passenger-related income have largely managed to avoid the worst of the pandemic's ravages.[37] This also supports Kenya Airways decision to repurpose their Boeing-787 into a "Preighter", as noted in previous sections.

4.3.3 Impact on maritime transport

Given the disruptions in global supply chains, the maritime industry was also adversely affected by the pandemic. Based on respondent's responses, the main impacts were:

- 100% of businesses reported a decrease in sales, with 100% of businesses reporting a corresponding decrease in revenue, and 50% reporting a decrease in capacity utilization (see figure 12).
- 100% of businesses reported contract performance failure, with 66.7% reporting cancellation of services demanded by clients, and an equal number of reporting delays in delivering services demanded by clients.
- 100% of businesses reported an increase in operational cost, which, as earlier elaborated, which likely resulted from the protective measures businesses took, including the provision of masks, sanitisers and cleaning points, thermo guns and the like.

Figure 12: Freight Traffic (Cargo & Mail) in tonnes



Source: Research Survey data.

37. https://www.iata.org/en/programs/cargo. See also https://www.willistowerswatson.com/en-US/Insights/2021/01/covid-19-impact-on-the-air-cargo-industry.

These impacts are supported by data from the Kenya Ports Authority (KPA) and the Northern Corridor Transit and Transport Coordination Authority (NCTTCA), as illustrated below:

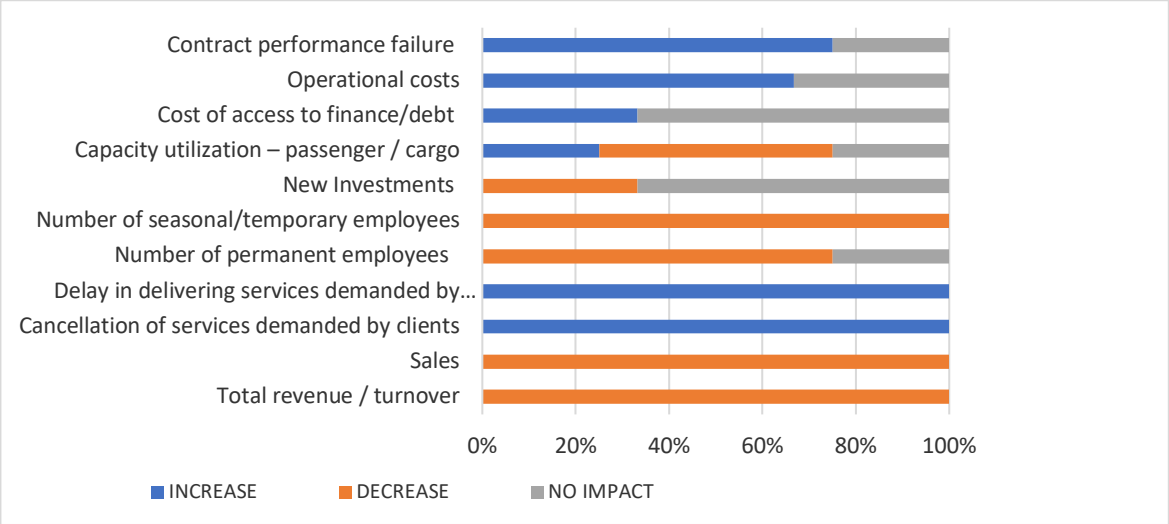
- During the period of January to December 2020, the total cargo throughput declined marginally by 0.9%, recording 34.12 million metric tons (MT) in 2020, against 34.44 million MT in 2019. However, this was 5% short of the projected 35.90 million MT in total throughput and 1.49 million twenty-feet equivalent units (TEUs) in container traffic in 2020.
- 64.2% of the port throughput was domestic cargo (Kenya bound), transit cargo was 29.9%, and transshipment accounted for 6% of the total market share. Total transit cargo through the Port of Mombasa posted a growth of 2.2%, recording 10.2 million MT against 10 million MT handled in 2019.
- Container traffic declined by 4.0%, registering 1.360 million TEUs in 2020, compared to 1.417 million TEUs in 2019.
- The sluggish economic activity occasioned by suppression of demand due to lockdowns caused a reduction in the consumption of petroleum products. Consequently, disruption of supply chains resulted in a decline of transshipment traffic by 16.9%.
- Dwell, ship turnaround time and berth time increased at the Port of Mombasa during April 2020. Overall, year-on-year, dwell and berth time increased by 48% and 52%, respectively, while the ship turnaround time increased by 25%.[38]

4.3.4 Impact on railways

Rail transport is mainly the preserve of the government through Kenya Railways/SGR. The companies active in this sector provide support services and logistics. Based on their response, the main impacts were as follows:

- 100% of businesses reported a decrease in sales and revenue, with 100% of businesses reporting a delay in delivering services and in cancellation of services. Relatedly, 75% of businesses reported contract performance failure.
- 66.7% of businesses reported an increase in operational cost, which, as discussed earlier, likely resulted from the protective measures businesses took, including the provision of masks, sanitisers and cleaning points, thermo guns and the like (see Figure 13).

Figure 13: COVID 19 Impacts on Rail Transport



Source: Research Survey data.

These impacts are supported by data from the Kenya Railways[39], which indicated that rail has witnessed a significant slowdown in operations arising from the drastic measures adopted by the government to curtail further spread of the disease.

The specific consequences for the rail transport subsector have mainly been:

- A 48% drop in revenue from passenger transport. The number of passengers reduced from 1,599,420 to 783,042 in 2019, bringing revenue dropped to KES 893 million from KES 1.7 billion.[40] This resulted from the cancellation of Madaraka Express passenger services and a reduction in the number of trips for the Nairobi Commuter Rail (NCR) services at various times in May and June 2020 as can be seen in Table 5 below.
- A slight decline of 2.7% in revenue from freight transport, from KES 11.9 billion to KES 11.5 billion. This was despite the actual tonnage of cargo transported increasing from 4.2 MT in 2019 to 4.4 MT in 2020. Rail freight transport was less affected

39. As communicated during the research.

40. This figure needs confirmation from Kenya Railways. Actual figure quoted in Table is incorrect. Source: KNBS Quarterly GDP Report, Qtr 3: https://www.knbs.or.ke/?wpdmpro=quarterly-gross-domestic-product-report-third-quarter-2020.

because cargo transport was not suspended, and there was also in place a drive to carry transit cargo through the SGR (Table 5).

• Kenya Railways also reported a delay in the delivery of 11 diesel multiple unit (DMU) trains acquired from Spain, which resulted in the loss of revenue to the Corporation.

• The Corporation also increased expenditure as a result of measures put in place to fight the spread of the virus.

Table 5: Passenger and Cargo Movement on the Standard Gauge Railway

	PASSENGER				FREIGHT			
	2019		2020*		2019		2020*	
Month	No. Passengers	Revenue (KSh)	No. Passengers	Revenue (KSh)	Tonnage	Total Revenue (KSh)	Tonnage	Total Revenue (KSh)
January	122,110	125,603,470.00	117,380	130,259,172.00	365,356	1,017,267,963.07	375,828	1,092,525,773.00
February	112,207	125,106,870.00	114,241	127,932,570.00	308,540	788,980,196.52	293,088	834,044,061.00
March	121,237	175,688,410.00	89,109	92,139,340.00	331,906	900,456,088.88	259,138	754,497,297.00
April	159,328	123,271,010.00	6,363	5,905,980.00	356,906	1,012,526,073.56	327,091	885,953,573.00
May	116,601	141,627,650.00	0	0.00	319,757	940,487,424.76	342,326	939,111,484.00
June	133,002	145,928,374.00	0	0.00	337,024	973,046,610.09	383,782	1,026,777,170.00
July	135,582	148,146,300.00	19,502	22,833,600.00	394,717	1,146,164,048.50	421,745	1,070,860,220.00
August	165,588	165,777,610.00	32,641	39,471,550.00	369,647	1,072,332,934.80	414,775	1,115,347,799.00
September	122,123	132,920,490.00	43,235	51,837,050.00	343,819	1,021,968,322.06	369,246	972,718,720.00
October	121,655	135,730,930.00	112,411	125,443,240.00	342,877	1,024,091,248.67	427,388	1,008,686,143.00
November	135,816	140,437,990.00	119,238	128,922,180.00	350,611	999,682,252.54	412,426	929,693,064.00
December	154,171	158,109,759.00	128,922,180	168,201,190.00	337,934	967,229,346.26	389,804	913,028,114.00
TOTAL	1,599,420	1,718,348,863.00	129,576,300	892,945,872	4,159,095	11,864,232,509.71	4,416,637	11,543,243,418.00

Source: Kenya Railway Corporation

4.3.5 Multimodal transport

Businesses operating across various modes of transport seem to have been less severely affected than those operating in only one mode. Just 55.6% indicated that they experienced limits on business operating hours due to curfews and lockdowns, while 51.5% experienced difficulties in traveling abroad/ crossing the border for freight transporters. Other challenges reported were difficulties in renewing transport licenses, business licenses etc. (47%), harassment by the traffic police (31.7%) and reduction in opportunities to meet new customers (28.6%).

When examining the impacts on businesses, similar ones were experienced, albeit to a lesser degree (Figure 14), as follows:

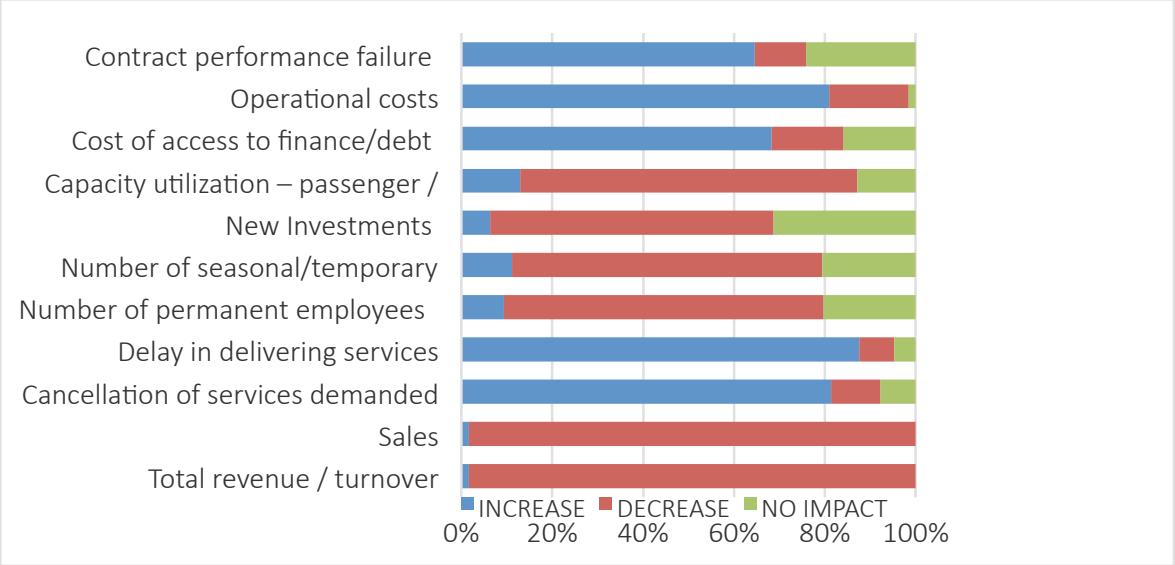
• 98.4% of businesses reported a decrease in sales, with an equal number (98.4%) reporting a corresponding decrease in revenue; 50% reported a decrease in capacity utilization.

• 81% of businesses reported an increase in operational cost, which, as earlier elaborated, likely resulted from the protective measures businesses took, including the provision of masks, sanitisers and cleaning points, thermo guns and the like.

• 68.3% of businesses reported an increase in the cost of access to finance. This likely resulted in a decrease in sales and revenue, which led to most businesses seeking a renegotiation of loans.

• 64.5% of businesses reported contract performance failure, with 81.3% reporting a cancellation of services demanded by clients, and 87.5% reporting delays in delivering services demanded by clients.

Figure 14: Impacts of COVID-19 on Multi-Modal Transport



Source: Research Survey data.

4.4 Impacts across businesses according to size

This analysis was done on how COVID-19 impacted businesses according to their size. As earlier indicated, we determined size based on the number of employees, in line with the Micro and Small Enterprises (MSE) Act. In addition, due to the similarities of the impacts experienced, SMEs and large businesses have been grouped.

4.4.1 Impacts on micro-enterprises and the informal sector

Informal businesses and micro-enterprises faced many challenges during the COVID-19 pandemic. The five main challenges faced by micro-enterprises based on respondents' responses were as follows: 67.2% of businesses reported a limit on business operating hours due to curfews and lockdowns, which in turn led to a decrease in demand for services, resulting in a 50% reporting drop in vehicle utilisation. Primarily arising from increased controls to ensure that COVID containment measures were being observed, 57.6% of respondents reported an increase in harassment by traffic police. Disruptions to the global supply chains, as well as containment measures at the port, resulted in 46.4% of respondents reporting a delay to clear goods at the Port of Mombasa. Requirements for re/testing at border points, as well as delay in implementing the EAC Guidelines to Facilitate Movement of Goods and Services during the COVID-19 Pandemic (section 5.5), resulted in 45.7% of respondents reporting delays to cross borders for freight transport.

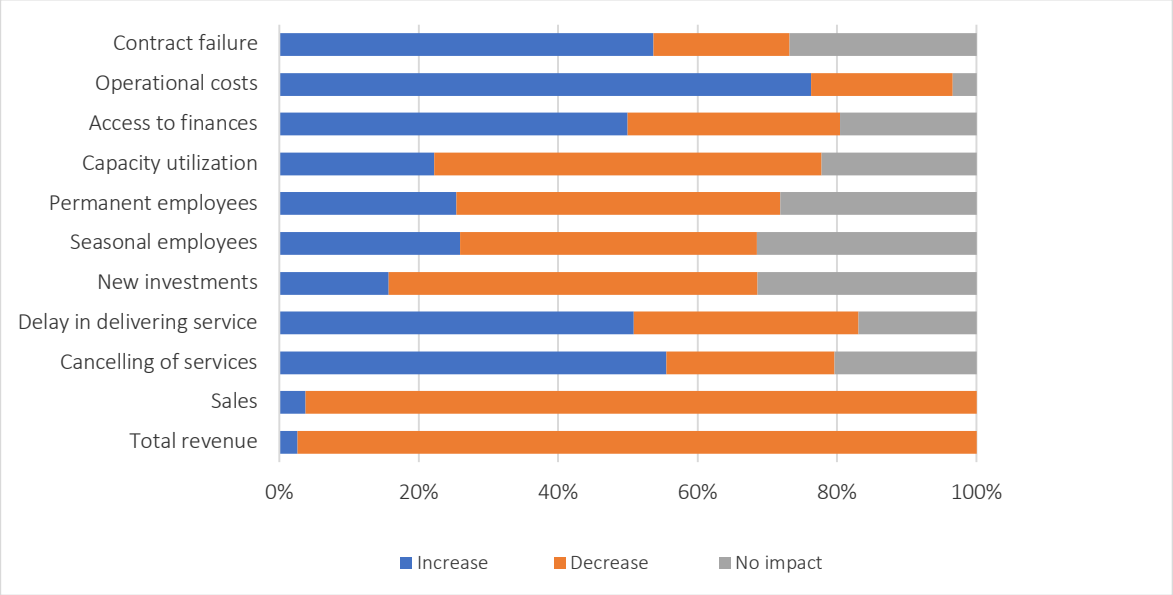
About 30-40% of the companies also mentioned difficulties in accessing financing, delays at weighbridges, challenges faced by employees in their return to offices, security concerns, reduction of opportunities, and difficulties in renewing licenses.

Looking specifically at the impacts, the following were the key ones affecting informal and micro-enterprises:

- Demand in Services: Almost all the micro-enterprises reported a decrease in sales (96.2%), with only 3.8% reporting an increase. In addition, there was an increase in cancelling of services (55.6%), increased delay in delivering of services (50.8), and an increase in contract performance failures (53.7%).
- Capacity Utilization: Due to the curfews, lockdowns and social distancing, the majority (55.6%) of microenterprises had a decrease in capacity utilization.
- Total Revenue: Total revenue decreased in 97.4% of the microenterprises. This was attributed to the decrease in sales, cancelling of services and high operational costs.
- Operational Costs: The operational costs increased in 76.3% of the companies.
- Seasonal and Permanent Employees: Micro-enterprises saw a reduction (42.6%) of both seasonal and permanent employees (45.2%).
- New Investments: Opportunities for new investments decreased for the majority of companies (52.9%).
- Cost of Access to Finances: Half of the enterprises had increased cost of access to finances, 19.6% reported no impact, and only 30.4% reported a decrease in the cost of accessing finances.

See Figure 15 for additional information.

Figure 15: COVID 19 Impacts on Informal Sector and Micro-Enterprises

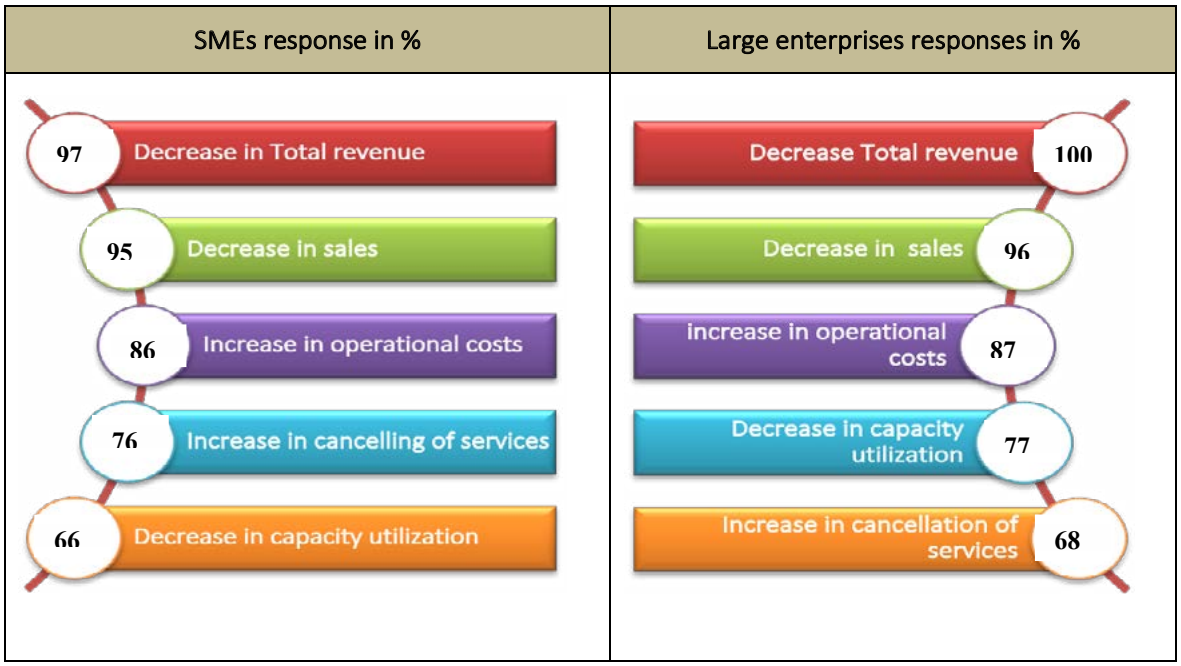


Source: Research Survey data.

4.4.2 Impacts for small and medium enterprises (SMEs) and large enterprises

The impact of COVID-19 was largely similar for these two types of enterprises. There was a drop in demand for services for both, with almost all enterprises also reporting a decrease in revenue and sales. Cancellation of services was higher in SMEs (76.4%), compared to large enterprises (67.7%). The decrease in capacity utilization affected the large enterprises more than the SMEs. The five major impacts are compared in Figure 16 for SMEs and large enterprises.

Figure 16: Comparison of Impacts on SMEs and large enterprises



Source: Research Survey data.

4.5 Regional dimensions of the impacts

Following the first confirmed cases of COVID-19 in the region, different governments responded by implementing a raft of containment measures, including quarantine, social distancing, and stricter border controls. This affected delivery of cargo along the Northern Corridor, as trucks were spending between 9 and 26 days at various borders –. T this greatly increased logistics costs.

41 The Northern Corridor Digest, Issue no. 9/2020.

As part of the efforts to contain the spread of COVID-19, Kenya closed its borders for passenger movement with Uganda, Somalia and Tanzania on 16 May 2020. Cargo movement was allowed, but truck drivers were required to undergo COVID-19 testing. In response to the testing, the Government of Tanzania imposed a cessation of cargo trucks through its borders. This measure caused a snarl-up at the border posts; the effects rippled back to the port and affected cargo evacuation.

Furthermore, based on data from the NCTTCA, transit times from Mombasa to Malaba, Kenya, under the Regional Electronic Cargo Tracking System (RECTS) regime, ranged from 152 hours in January 2020 to 132 hours in September 2020, recording the most hours in April, May and June, with 243, 312 and 237 hours, respectively.

On the other hand, transit times from Mombasa to Busia varied from 90 hours in January 2020 to a high of 108 hours in September 2020, with April, May and June recording transit times above 300 hours, more than triple the Service Charter targets, which had been set at 60 and 65 hours in December 2020 by Malaba and Busia, respectively[41]. To address the challenges resulting from various government-instituted measures, the EAC Secretariat developed the EAC Guidelines to Facilitate Movement of Goods and Services during the COVID-19 Pandemic[42]. The Guidelines contained these key provisions:

- Partner states shall continue to facilitate the movement of goods and services from other partner states. This included, among others, treating cross border movement of trucks and cargo as essential services, and prioritizing essential goods, such as food, fuel, medicaments, etc.
- Each truck was required to have a maximum of 3 crew members, driver included.
- Each partner state was to gazette conducive places where truck drivers can stop for a rest. Such places were to be equipped with the necessary amenities.
- Mandatory screening and testing of truck drivers and crew at border posts, and monitoring during transit at selected inland points were to be carried out.
- Partner states shall undertake random screening at designated resting points. This should be done transparently. In a case where one vehicle crew member is found to be at high risk of COVID-19, the owner of the vehicle shall be allowed to replace all crew members, allowing the vehicle to proceed. The replaced crew shall be handled according to the World Health Organization's (WHO) guidelines.
- The EAC Heads of State put in place a regional mechanism for testing and certification of truck drivers to test all cross-border drivers at least twice per month or just before departure to a partner state.

One of the main projects put in place to ensure the continued movement of goods across the EAC region, as well as to have a harmonised and joint regional approach, is the Safe Trade Emergency Facility (STEF) programme created by TradeMark East Africa (TMEA). The STEF is funded by the Canada, Denmark, European Union, Finland, Netherlands, United Kingdom. Box 1 (overleaf) presents a snapshot of the STEF programme.

One of the interventions undertaken by the STEF programme is the Regional Electronic Cargo and Driver Tracking System (RECDTS) that is considered a game-changer. It was developed after a March 2020 joint resolution by the EAC Ministers responsible for Health, Trade and EAC Affairs to facilitate the free movement of goods and services in the region through the development of an electronic surveillance system. The RECDTS is a mobile phone application that allows the sharing of COVID-19 test results of drivers between EAC states. As a result, the need for testing in multiple countries is eliminated, alleviating ongoing congestion at East Africa border crossing points. The RECDTS covers the following border points: Rusumo (Tanzania/Rwanda); Mutukula (Uganda/Tanzania); Malaba (Kenya/Uganda); Namanga (Tanzania/Kenya); and Kabanga/Kobero (Tanzania and Burundi). The RECDTS is directly linked to the national laboratory repository for all COVID-19 results for each partner state. Only negative results are automatically linked to the application, and information is shared across all transport corridors through a secure mechanism, this has helped in sharing the EAC COVID-19 test certificates electronically for cross border truck drivers/crews, and facilitates easy information exchange along transport corridors within the EAC and the Democratic Republic of Congo.[43]

41. The Northern Corridor Digest, Issue no. 9/2020.

42. https://tradehelpdesk.eac.int/documents/EAC-ADMIN-GUIDELINES-TO-MITIGATE-COVID-19_Draft-10-April-2020-v2.pdf.

43. https://www.eac.int/press-releases/147-health/1851-eac-rolls-out-regional-electronic-cargo-and-driver-tracking-system.

Box 1: TMEA Safe Trade Emergency Facility programme

TMEA has created a US $23 million Safe Trade Emergency Facility (STEF) to support governments in undertaking critical measures along the transport and trade routes to ensure trade continues safely while protecting livelihoods. Transport and trade routes are believed to be major COVID infection conduits and present a significant threat to the entire region, disrupting health, the economy and regional and national supply chains.

STEF programme reach: Burundi, Djibouti, Democratic Republic of the Congo, Ethiopia, Kenya, Malawi, Rwanda, Somaliland, South Sudan, Tanzania, Uganda and Zambia.

Spotlight on corridors: Northern and Central, as well as selected corridors in Horn of Africa, Malawi and Zambia.

STEF components:
• Making the ports, borders, and critical supply chains safe for trade through: harmonised safety and hygiene protocols; rapid COVID-19 tests at ports, airports and borders; and the establishment of joint border committees, among others.

• Ensuring food security and access to critically required medicines through ensuring supply chain actors adhere to the: recommended hygiene measures; introduction of rapid inspection and clearance of goods; and supporting safety and hygiene for informal cross borders, among others.

Source: https://www.trademarkea.com/safe-trade-emergency-facility-programme-2/

5. RECOVERY RESPONSES TO MITIGATE THE IMPACTS OF COVID-19

Despite the severe impacts experienced not only in the transport sector, but across all other sectors of the economy, the growth outlook for the country and region at large is positive. Kenya's economy is projected to grow by 5.0% in 2021 and 5.9% in 2022[44]. Recent research by UNECA[45] found that the EAC countries have been relatively resilient to the pandemic; it showed that exports have mostly recovered to pre-COVID levels after a sharp decline in April 2020. The Report notes that by the third quarter, exports by most of the EAC partner states surpassed the 2019 levels. The Report further notes that imports of all EAC partner states recovered to pre-pandemic levels by the second half of 2020, after government lockdown restrictions were eased, and a broader global trade recovery started to take place.

Although continued rebound is expected, it assumes that economic activity will normalise due to a full reopening of the economy and various economic recovery strategies being successfully implemented. The rolling out of the COVID-19 vaccines globally and in Kenya is expected to support the rebound efforts. Furthermore, the partial reopening of schools in October 2020 and full reopening in January 2021 also heralded a rebound.

There has also been increased consumption along the value chain, and boosted activity in the education sector, as well as other supporting sectors, such as transport, retail trade and financial services. Specific transport sectors are also picking up; for example, the Port of Mombasa experienced a positive performance in the handling of iron and steel products, with 70,008 more tonnes handled in January 2021 compared to January 2020, leading to a positive increment in the conventional cargo segment of 152.9%. This was an indication that the supply chain was steadily picking up.[46]

The above notwithstanding, the continuing COVID-19 situation continues to hamper efforts to recover, especially due to the delays it has caused to the full reopening of the economy, making the future uncertain. For example, despite some recovery in most of the transport sub-sectors during the last half of 2020, as seen in the previous section, these impacts are likely to recur following the March 2021 presidential order suspending domestic movements in four counties, including Nairobi, Kenya's economic hub. Furthermore, new COVID-19 variants may also pose a challenge, as the efficacy of available vaccines is unknown.

5.1 Perspectives on a return to normalcy

Asked to share their perspectives on a return to normalcy, the uncertainty about the future was echoed by the study respondents, whose responses were as follows:

- 51% of businesses indicated that they felt uncertain, compared to only 14% of the public sector respondents.
- 21% of both businesses and the public sector were of the view that a return to normalcy was possible by December 2021.
- 43% of the public sector, compared to only 11% of businesses, expected a return to normalcy by December 2022.
- Only 16% of businesses expected a return to normalcy by June 2021, compared to 22% of the public sector.

44. AfDB, African Economic Outlook 2021.

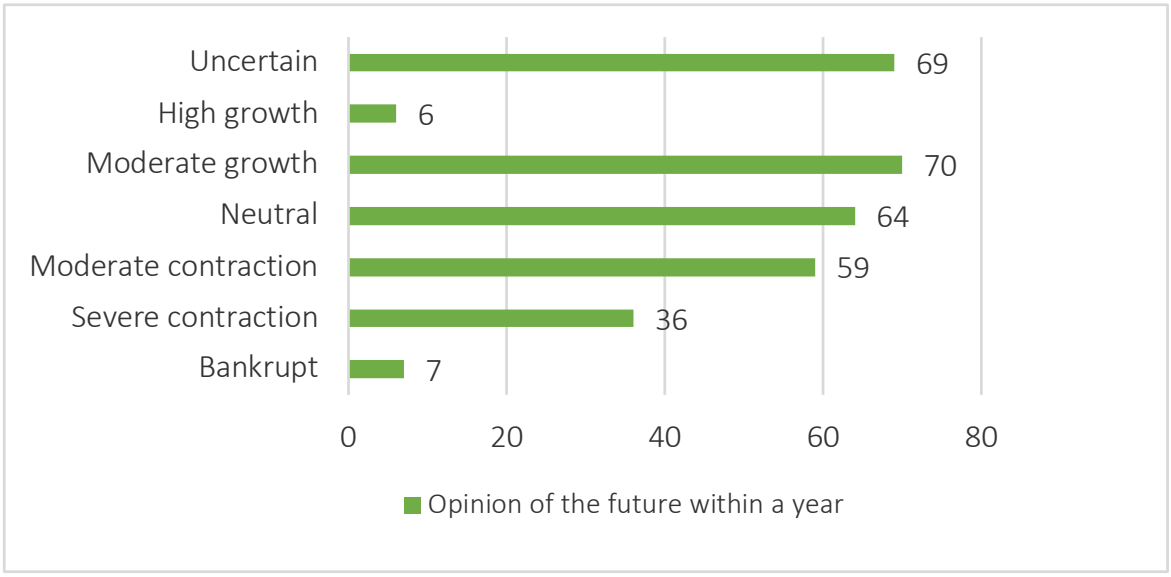
45. United Nations Economic Commission for Africa. (2021). Waving or Drowning? The Impact of Covid-19 Pandemic on East African Trade. UNECA, Addis Ababa.

46. Kenya Ports Authority.

The minority that foresaw a return to normalcy by June and December 2021 was optimistic, based on the economic rebound seen in the third and fourth quarters across all sectors, as well as the assumption that the number of infections would remain low, noting that predictions of high mortality rates in Africa had not materialised. Additionally, the development of a vaccine was seen as a positive sign – it was expected that they would be promptly made available.

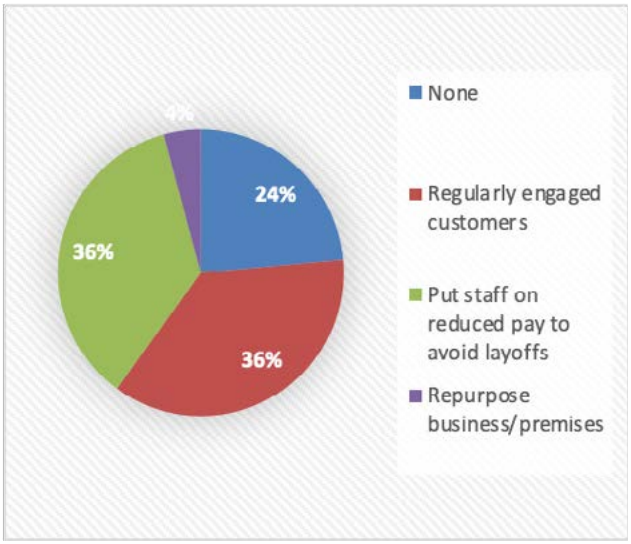
The majority of those indicating uncertainty noted that a return to normalcy was subject to the effective roll-out of the vaccine, the emergence of new COVID variants, and the enforcement of additional lockdowns and curfews. The majority of businesses (42%) indicated that new COVID restrictions (lockdowns and curfews) were most likely to deter a return to normalcy, and 24% of businesses expressed issues such as access to finance/liquidity. Furthermore, most resents noted that the transport sector was dependent on other sectors, like tourism, whose recovery was still uncertain and heavily dependent on external forces. This uncertainty was also echoed by other research – for example by the IATA, which forecasted that despite the vaccines and improved testing procedures rolling out worldwide, the recovery of demand for air travel will take several years and will not reach the pre-crisis levels before 2024.[47] In addition, the Airports Council International (ACI) projects a 5-year annualized traffic growth at 2.4%, with Africa averaging between 1.2 and 1.9%. The domestic sector is projected to recover fully by 2023 and the international sector by 2024.[48]

Figure 17: Opinion of the Future Within a Year



Source: Research Survey data.

Figure 18: Schemes to Support a Return to Normalcy



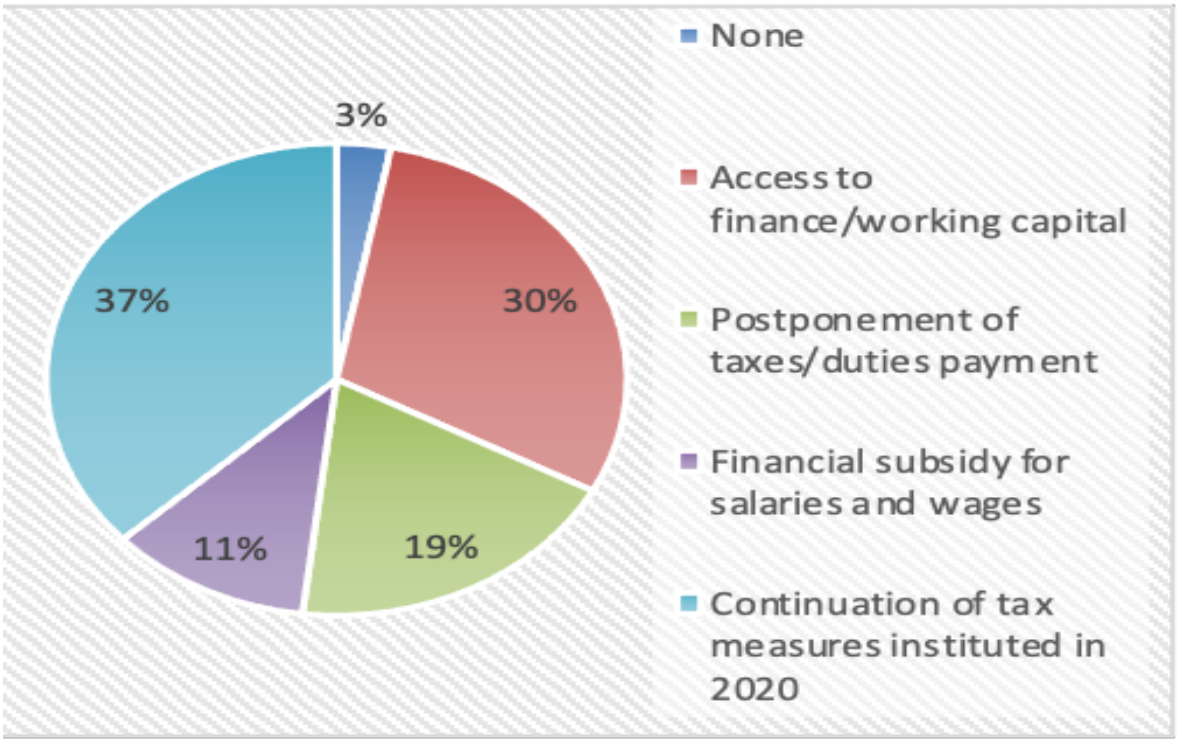
Source: Research Survey data.

47. https://www.iata.org/en/pressroom. See also https://www.aerotime.aero/26845-aviation-recovery-forecast-analysis

48. KAA, Research Survey Data

Figure 18 indicates that 24% of businesses do not have any plans to support their return to normalcy. 36% of the respondents have put staff on reduced pay to avoid layoffs, while another 36% have remained in touch with their customers. A small number (4%) have repurposed their businesses/premises to support a return to normalcy.

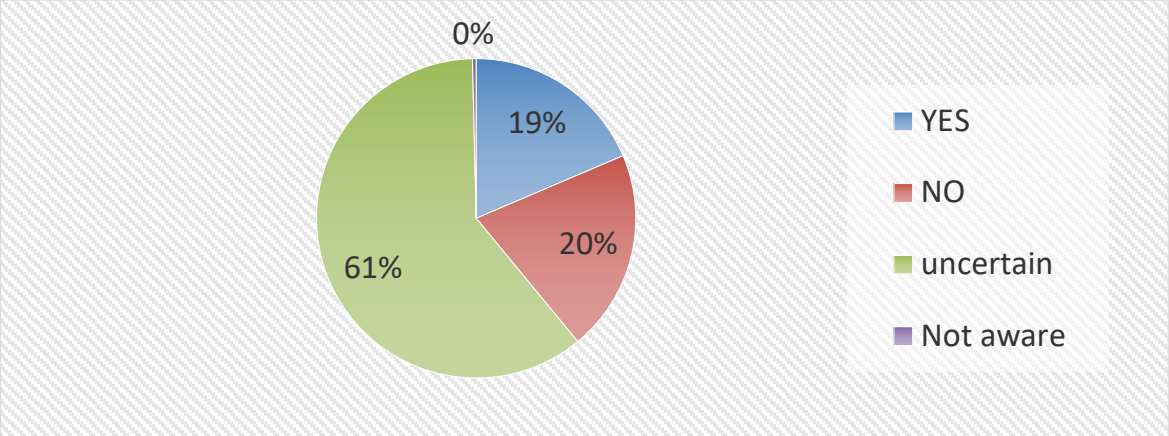
Figure 19: Most Pressing (immediate) Measures Needed to Support Businesses



Source: Research Survey data.

Figure 19 indicates the measures needed to support businesses, the majority of respondents (37%) called for the continuation of the tax measures instituted in 2020. This was not surprising, as most of the proposed immediate fiscal measures were particularly useful in cushioning the companies against decreases in revenue and increases in operating costs. The other key measure was facilitation to access finance/ working capital (30%). When asked whether greater continental market integration, including the African Continental Free Trade Area (AfCFTA), would help their businesses build more resilience, and support recovery from crises, such as COVID-19, 100% of public sector respondents indicated 'yes'. However, only 19% of the 269 businesses that responded to this question thought it would help, and 20% believed that it would not. Many businesses (61%) indicated that they were uncertain of how AfCFTA would help. This could be attributed to the large percentage of businesses only operating in the domestic market, as well as the large number of respondents who were drawn from the passenger road transport sub-sector (Figure 20).

Figure 20: Views on Whether the AfCFTA Would Build Resilience/Support Recovery



Source: Research Survey data.

Some of the respondents who thought the AfCFTA would help did not see its formation creating a large market for transport services, especially aviation. It was noted that the AfCFTA could boost Africa's capacity to produce ad manufacture essential drugs and medicaments, ending its over-reliance on Europe and China. This would enable an effective and quick response to future crises. In addition, the expanded market under the AFCTA would create new frontiers for businesses, which in turn, would demand more transport services.

In addition, several respondents indicated that through the AfCFTA framework, it was possible to adopt an African-wide approach to COVID, not only to address cross border restrictions to movement, but also as a platform to share information, and have a common approach to the production of needed resources and testing facilities. It is believed that when policies, regulations and standard of operating procedures, and risk analysis are unified and harmonized under the AfCFTA, the Kenya market would be more resilient.

Other views on how the AfCFTA can build more resilience and support recovery are as follows:

- The exploitation of the digital economy has been greatly necessitated by the COVID-19 pandemic and it has the potential of contributing immensely to help businesses build resilience;
- The exchange of human capital necessitated by the platform of free trade and more opened borders will lead to multiple exchanges in technology and business culture necessary to develop resilience;
- The AfCFTA framework will create a platform for governments to pull resources together in tackling common market challenges and dynamics, and generating synergies for new unexploited markets. This will help businesses grow resilience; and
- Continental market integration will provide solutions in standards, guidelines, metrics, tools and methodologies to immediately help African governments and the business community worldwide keep transport networks and borders operational to facilitate the flow of goods and services while containing the further spread of the COVID-19 virus.

Based on the above perspectives, the business respondents provided views on measures required to support the immediate recovery of businesses in the short term (6-12 months) and the medium to long term (more than 12 months).

5.2 Immediate recovery responses: Short term (6-12 months)

A range of recovery responses was proposed by the business community for immediate recovery. The measures fell into different categories and are listed below (reported verbatim):

Table 6: Most Pressing (immediate) Measures Needed to Support Businesses

Measure Category	Proposed actions/measures
Fiscal measures	▪ Delay payment of taxes ▪ Reduce tax on businesses ▪ Restore the tax relief of 2020 by reducing the VAT and waiver of tax on employees ▪ Reduction ofthe cost of fuel by reducing the tax charged ▪ Provision of funds to business by Injection of funds to keep business afloat, through commercial banks, as well as Saccos, which have better reach to sectors like matatus ▪ Reduce the lending rate ▪ Reduce corruption to ensure there is money for essentials ▪ Provision of finance subsidies to Tuk Tuk owners ▪ Reduce municipality fees from KES 1200 to KES 500 ▪ Reduce tax on essential products
Restore full capacity for businesses	▪ Allowing full sitting capacity on public service vehicles. Options of allowing this only during rush hours should be explored ▪ Abolishing social distancing in matatus the way it has been in Aircrafts and trains ▪ Curfew should be lifted to increase operating hours and lockdowns should not be put in place again ▪ Reduce the time it takes to get documents and certificates ▪ Reduce premiums on insurance certificates ▪ Reduce license fees by up to 70% ▪ Facilitate access to government procurement ▪ Facilitate more opportunities for traders to do business with other nations
Health related measures	▪ Undertake regular health check-ups for transport operators and passengers to en-sure passenger safety ▪ Enforcement of the COVID-19 preventive measures in place ▪ Ensure the vaccine is available to all persons ▪ Lower the cost of testing and treating the virus ▪ Provision of free masks and sanitizers to the public ▪ Avail water and soap at the bus terminus for hand washing ▪ Continuous education on Covid 19 awareness ▪ Increase treatment centres for Covid-19 patients ▪ Sensitize people on personal safety and responsibility ▪ Reducethe cost of sanitizers
Cross border related measures	▪ Ensure faster resolution of border disputes ▪ Improve security at the border ▪ Open all borders points

Source: Research Survey data.

5.3 Recovery responses: Medium to long term (more than 12 months)

Respondents proposed the following measures for medium to long term recovery measures (summarised in Table 7 (reported verbatim).

Table 7: Medium to Long-Term Measures.

Measure category	Proposed actions/measures
Fiscal measures	▪ Government should offer soft loans to businesses ▪ Government should reduce interest rates on bank loans ▪ Need for consideration of a financial stimulus for business and corporates companies ▪ Government to consider 10 years tax holiday for business ▪ Government to come up with modern market ▪ Introduction of price controls mechanism for some products ▪ Continue with 2020 measures on tax reduction ▪ Lower taxes on newly imported vehicles ▪ Reduction of lading/handling charges at the port ▪ Addition of free day period at the Port Mombasa
Capacity handling measures	▪ Review the number of passengers in public service vehicles ▪ Create more parking space at the bus terminus ▪ Reduce the cost of vehicle spare parts ▪ Monitor/Regulate compliance by transport operators ▪ Reduction of corruption by police ▪ Creation of more enabling environment for boda boda riders and buses ▪ Create employment in rural areas to assist people get financially stable, e.g. the youth and women ▪ Involve all stakeholders on policies development ▪ Enhanced security at buses and matatu terminus during rush hour ▪ Create Tuk Tuk pick up and drop off points ▪ Open a 24-hour economy
Health measures	▪ Create more awareness on Covid-19 ▪ Administer the Covax vaccination equally ▪ Provision of medical subsidies/waiver ▪ Availing the vaccine and keenly monitoring its administration to maximize its intended purpose ▪ Introduction of Covid-19 tracking system ▪ Medical insurance policies to cover pandemics ▪ National Health Insurance Fund (NHIF) should be used to treat Covid-19 patients ▪ NHIF to be reviewed to be like that of civil servants ▪ Pay health workers well
Infrastructure measures:	▪ Improve infrastructure development to digital i.e. online booking to reduce crowding ▪ Reduction in the cost of accessing relevant technology i.e. internet and other digital tools ▪ Improve local infrastructure, e.g. roads

Source: Research Survey data.

The study also asked public sector respondents to indicate which measure should be taken to support a return to normalcy. Table 8 below presents the proposed measures (reported verbatim):

Table 8: Measures Proposed by Government to Support Return to Normalcy.

Broad category	Proposed measures/actions
Leverage ICT	▪ Increased use of information technology for paperless clearance, tracking, relay of documents, and payments ▪ Increased coordination of all actors involved in logistics (both public and private) ▪ Expansion of Regional Electronic Cargo Tracking System to include relay of COVID-19 test results for drivers to border posts and other centers to facilitate pick up or avoid delays occasioned at the borders ▪ Business should adopt ICT in their operations. This will fasten the lessening of government bans and restrictions
Increased coordination	▪ Develop aviation policy ▪ Increased coordination of all actors involved in logistics (both public and private) ▪ Stronger Mombasa Port and Northern Corridor Community Charter (offers dialogue and coordination platform) ▪ Sound (stronger) monitoring and evaluation framework to flag out and propose COVID-19 related areas for improvement ▪ Improved trade coordination among the member states ▪ Training on trade facilitation for East African National Trade Facilitation Committees (NTFCs) ▪ Harmonized approach in handling COVID-19 measures
Health related measures	▪ Fidelity to government protocols in combating COVID-19 will enhance the overall strategy for return to normalcy ▪ Public transport staff need to be well informed and their awareness enhanced on the risks of infection and the measures needed to be taken to minimize them ▪ Training and provision of protective gears for public transport operators ▪ Regular health check-up for the public transport operators
Measures to support businesses	▪ Businesses should diversify business streams ▪ Businesses should adopt operations within the new normal since trade has to go on ▪ Adopt technology in doing business. This will fasten the lessening of government bans and restrictions ▪ Financial assistance and incentives by the government and private sector players to enhance a speedy economic recovery

Cross border related measures	▪ Expansion of Regional Electronic Cargo Tracking System to include relay of COVID-19 test results for drivers to border posts and other centers to facilitate pick up or avoid delays occasioned at the borders ▪ Improved trade coordination among the member states ▪ Training on trade facilitation for East African NTFCs ▪ Harmonized approach in handling COVID-19 measures ▪ Regional cooperation and speedy operations at borders
Air transport specific measures	▪ Support the national Kenya Airways ▪ Conduct a study on aviation satellite accounts to determine what the level of contribution to GDP is from the sector ▪ The ACI, an umbrella body of world airports,, in consultation with International Civil Aviation Organization (ICAO) converged on the need to insulate airports from the operational and financial effect of the pandemic. The prescribed interventions include inter alia the need to: - match airports operations with terminal and flight activity; - focus on liquidity and raising of cash; - negotiate special concessions with long term financier; - seek for government financial support; - reduce, postpone or cancel capital expenditure; - adopt zero base budgeting; - upscale commercial strategy and brand visibility; and - embrace technology, digitalization and meaningful innovation for business transformation.

Source: Research Survey data.

6. SUMMARY, CONCLUSION AND POLICY RECOMMENDATIONS FOR A MORE RESILIENT AND SUSTAINABLE SERVICE SECTOR WITHIN/ POST COVID-19

This section provides a summary of the findings of the Study, draws some conclusions from them, and then makes some policy recommendations based on the conclusions and key recovery suggestions made by the respondents.

6.1 Summary of key findings and conclusions

The overall conclusion is that the impacts of COVID-19 on transport sector companies across all modes and activities was mainly negative. Overall, 95.6% of businesses reported a decrease in total revenue, 83.9% reported an increase in operating costs and 63% of the businesses reported a decrease in capacity utilisation. Furthermore, 46.3% of companies reduced their permanent employees, while 51.1% reduced their temporary employees.

In terms of how COVID impacted core activities, the Study results shows that there was a decrease in total revenue and sales across all activity segments; 100% of companies offering supply chain solutions and freight goods reported a decrease in revenue, while those offering supporting services and passenger services indicated that revenue decreased by 97.4% and 94.8%, respectively.

The research findings, in terms of mode of transport, shows that the impact of COVID on road transport incomes plummeted in the majority of road transport businesses, with 95.8% and 93.2% reporting a decrease in revenue and sales, respectively. The results also indicate that there was an increase in cancelling of services demanded by clients (64.2%); an increase (58.5%) in contract performance failures; and a delay in the delivery of services (55.1%). Social distancing rules also resulted in a decrease of capacity utilization (59.1%), thereby increasing the operational cost (84.7%). The road transport sector experienced job losses, with 41.1% of the companies reporting reduction in permanent employees and 43.5% reduction in seasonal employees.

In terms of how COVID-19 impacted the air transport sector, results show that 100% of businesses reported that there were limitations in business operating hours due to curfews and lockdowns, while 100% also reported that there were difficulties in traveling abroad. The Study shows that passenger traffic was lowest in May 2020 (99.4%), compared to the same period in 2019. The overall passenger decline for the year was 63.2%. The Study also shows that aircraft traffic movements were at the lowest in April 2020 (85.5%), compared to the same period in 2019. The overall decrease in aircraft movements for the year 2020 was 46.99%, compared to 2019. Freight traffic overall decreased 8.8% during the year, compared to 2019. The Study concludes that air transport service was highly impacted by the measures used to mitigate the spread of COVID-19.

The Study also shows that in relation to the impact of COVID-19, 100% of maritime transport businesses reported a decrease in sales and revenues, while 50% reported a decrease in capacity utilization. 100% of businesses reported contract performance failure, with 66.7% reported cancellation of services demanded by clients; an equal number reported delays in delivering of services. 100% of businesses reported an increase in operational costs, resulting from the protective measures businesses took, including the provision of masks, sanitisers and cleaning points, and thermo guns. The total cargo throughput declined marginally by 0.9% during the year, recording 34.12 million MT in 2020, against 34.44 million MT in 2019. Total transit cargo through the Port of Mombasa posted a growth of 2.2%, recording 10.2 million MT in 2020, against 10 million MT handled in 2019; container traffic declined by 4.0%, registering 1.360 million TEUs in 2020, compared to 1.417 million TEUs achieved in 2019. Overall, year on year, dwell and berth time increased by 48% and 52%, respectively, while the ship turnaround time increased by 25%. The Study concludes that the impacts of COVID-19 were not high in maritime, compared to other modes of transport.

Rail transport was impacted by COVID-19 measures, which resulted in a 48% decrease in revenue from railway passenger transport, whereby passenger traffic decreased from 1,599,420 in 2019 to 783,042 in 2020. This resulted in a decrease of passenger revenue from KES 1.7 billion to KES 893 million. This was a result of the Madaraka Express passenger services cancellation and a reduction in the number of trips for the Nairobi Commuter Rail (NCR) services at various times in May and June 2020. There was a slight decline (2.7%) in revenue from freight transport, from KES 11.9 billion to KES 11.5 billion. For businesses providing support services and logistics to rail transport, the Study indicated that they were impacted negatively, whereby 100% of businesses reported a decrease in sales, revenue, and delay in delivering services due to cancellations that were

the result of government protective measures. The study concludes that railway passenger services were impacted negatively by COVID-19, compared to cargo services.

The impact of businesses operating across various modes of transport seem to have been less severely affected than those operating in only one mode: 98.4% of businesses under multi-modal transport reported a decrease in sales and revenue; 50% reported a decrease in capacity utilization, while 81% of businesses reported an increase in operational cost.

Overall, the impacts of COVID-19 on informal businesses and micro-enterprises were negative, due to the many challenges they faced. Among others, there was decrease in demand in services that lead to a decrease in sales (96.2%), while only 3.8% reported an increase in sales; and 55.6% reported decrease in capacity utilization as a result of curfews, lock downs and social distancing. Microenterprise revenue decreased by 97.4%, which was attributed to a decrease in sales, cancelling of services, and high operational costs.

COVID-19 impacted both the SMEs and large enterprises through drop-in demand for services, whereby 100% of large enterprises reported a decrease in revenue, and 97% of SMEs reported a decrease in revenue. Cancellation of services was higher in SMEs (76.4%), compared to large enterprises (67.7%), and a decrease in capacity utilization affected the large enterprises more than the SMEs.

Based on regional dimensions on the impacts of COVID-19, different governments responded by implementing a raft of containment measures, including quarantining, social distancing and stricter border controls. Kenya closed its borders with Uganda, Somalia and Tanzania on 16 May 2020 for passenger movement. This underscores the need for a harmonised approach across the region to deal with COVID-19.

In terms of transit times from Mombasa to Malaba (Kenya), under the RECTS regime, it ranged from 152 hours in January 2020 to 132 hours in September 2020, recording the highest times in April, May and June with 243, 312 and 237 hours, respectively. Transit times from Mombasa to Busia (Kenya) varied from 90 hours in January 2020 to a high of 108 hours in September 2020, with April, May and June recording transit times above 300 hours, more than triple the service charter targets. One of the main projects put in place to ensure continued movement of goods across the EAC region, as well as to have a harmonized and joint regional approach, was the STEF.

Uncertainty about the future is high across the business respondents: 51% of business respondents indicated an uncertainty about the future, compared to only 14% of the public sector respondents; 21% of both businesses and the public sector were of the view that a return to normalcy was possible by December 2021; 43% of public sector, compared to 11% of businesses, expect a return to normalcy by December 2022.

The respondents proposed measures for immediate recovery in the short term that included fiscal measures, restoration of full capacity for businesses, support in health-related measures and support in cross border related measures. Furthermore, the respondents suggested measures for the medium to long term recovery that included fiscal measures, capacity handling, health and infrastructure development measures.

6.2 Policy recommendations

The pandemic has brought about unprecedented challenges for the Kenyan transport sector services. Mobility-related measures have created significant disruptions in aviation, maritime, road and railway transport. The disruption has affected the transportation network, with severe effects on the goods and services provision, supply chain and logistics performance. Since the first case was reported a year ago, the impact of COVID-19 has been severe on the transportation services sector and its output from a point of sustainability. To ensure better and full recovery, as well as to build a more resilient, safe and reliable transport services sector, the following policy recommendations were made. (Table 9)

Table 9: Policy recommendations and measures to be taken

No.	Recommendations	Measures to be taken	Institution responsible	Timeframe
1.	To enhance recovery efforts, there is a need to successfully contain the spread of the virus in order to reduce incidences of lockdowns and curfews. This calls for the full implementation of COVID-19 preventative measures, as per the Ministry of Health guidelines.	□ Enforcement of COVID-19 preventative measures by different agencies. □ Implement measures to curtail super-spreader events, such as large gatherings and full capacity utilization in vehicles. □ Businesses should embrace technology and digitalization to support options like working from home. □ Transport sector players should be prioritised for vaccination programmes.	□ Ministry of Trade, Transport and Health □ Regulators in the sector, e.g. KCAA and NTSA	Immediate Prioritisation
2.	Given the impact on revenue across all transport modes, there is a need to put in place fiscal measures to mitigate liquidity shortages that have resulted from, and continue to emanate from, the COVID-19 pandemic and its containment measures.	□ Providing access to capital, especially for SMEs, through the provision of direct or indirect state support measures through grants and/or soft loans. □ Continue fiscal measures put in place in 2020 to support recovery efforts or introduce new ones. □ Reduce charges and levies payable along various points in the transport value chain. This will require a study to map and review these charges and levies.	Ministry of Trade, Ministry of Transport, and the National Treasury	Immediate Prioritisation
3.	To enhance smooth international and cross border trade, and travel that is critical for continued recovery, there should be a coordinated approach across the region with international partners to ensure all borders remain open.	□ Put in place a more systematic approach for managing border closures and openings. □ Enhance measures to test transport personnel along the northern corridor and at border points. □ Need for harmonization of regulations and procedures at the regional level on COVID-19 protocols. □ Need for regional and international cooperation. □ Promote and enhance access to the COVID-19 vaccine to reach all people in a timely manner. □ Measures such as the RECDTS should be fully implemented across all regional borders.	Ministry of Trade, Ministry of Transport and Ministry of Health	Immediate Prioritisation

4.	Measures that leverage technology, such as installation of digital tools, data systems and trade facilitation, to fight COVID-19 at key border points and airports should be enhanced.	□ Develop information-sharing tools among key actors, and mobile phone solutions to facilitate contact tracing and meet information gaps. □ Need for digital screening equipment at entry points. □ Enforce cashless fare collections. □ Continue to invest in technologies that enhance automation and trade facilitation. □ Explore use of digital health certificates to avoid repetitive tests.	Ministry of Trade, Ministry of Transport and Ministry of Health. Regulators in the sector, e.g. KCAA and NTSA	Immediate Prioritisation
5.	To ensure a coordinated approach to recovery efforts in the transport sector, there is need to develop post-COVID-19 recovery strategies for each mode of transport. This should be complemented by recovery strategies for supportive industries, like tourism.	□ Put in place recovery and resilience strategies for the transport sector, as well as other key sectors like tourism. □ Build the capacity of transport businesses in key areas, like continuity plans and diversification. □ Enhance efforts to improve infrastructure and trade facilitation measures, including digitization and automation, with a view to decreasing the cost of operation. □ Continue with the implementation of the integrated transport policy.	Ministry of Trade, Ministry of Transport and National Treasury donors and partners, e.g. World Bank, IMFUNCTAD	Immediate Prioritisation to develop post-COVID recovery strategies. Medium to long-term for implementation.
6.	Given the continuing COVID situation and the likelihood of recurrence in the future, there is a need to develop disaster preparedness for the transport sector.	□ Simulate and operationalize work from home programmes. □ Coordinate emergency response mechanisms to minimize impact of pandemics.	Ministry of Trade, Ministry of Transport and Ministry of Health. Regulators in the sector, e.g. KCAA and NTSA.	Medium to long-term
7.	Develop an aviation policy to support the recovery of the air transport sector.	□ Development of protocols for flights and passengers coming to the country. □ Develop an aviation policy that facilitates institutional reforms that allocate responsibilities and funding in a manner that encourages the growth of a vibrant civil aviation sector. □ Enactment of the Aviation Management Bill. □ Consider the ACI prescribed interventions for airports.	Relevant stakeholders, Ministry of Trade, Ministry of Transport, the National Treasury, and Parliament Regulators in the sector, e.g. KCAA and NTSA.	

Source: Research Survey data.

7. ANNEXES

Annex 1 - Survey Questionnaires

MINISTRY OF INDUSTRIALIZATION, TRADE AND ENTERPRISE DEVELOPMENT
STATE DEPARTMENT FOR TRADE AND ENTERPRISE DEVELOPMENT

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TELPOSTA TOWERS
KENYATTA AVENUE
P.O. Box 30430 - 00100
GPO NAIROBI - KENYA

Dear Sir/Madam

REF: ASSESSMENT OF COVID-19 IMPACTS AND RECOVERY RESPONSES ON THE TRANSPORT SECTOR IN KENYA

The COVID-19 pandemic has revealed the extreme vulnerability of African economies, and especially the services sector to global markets. The transport sector in Kenya is one of those sectors that has been severely disrupted, resulting in significant decline in revenue as well as layoffs.

To better understand the impacts on the transport sector, as well as to address the challenges induced by the pandemic in order to build stronger and more resilient transport sector, the State Department for Trade and Enterprise Development, Ministry of Industrialization, Trade and Enterprise Development in Kenya, in collaboration with the United Nations Conference on Trade and Development (UNCTAD) and the United Nations Economic Commission for Africa (UNECA), is undertaking an ***Assessment of COVID-19 Impacts and Recovery Responses on the Transport Sector in Kenya***. This intervention is being undertaken within the context of an UN-funded project aiming to support services trade policy-making in Africa (see https://knowledge.uneca.org/stp/ for more information on the project).

As a key actor where transport services are concerned, we are pleased to contact you to carry out this short survey in order to assess the impact of COVID-19 pandemic on the sector, with a view to shedding light on the policy responses needed to ensure the transport sector remains part of inclusive and sustainable recovery solutions.

Specifically, the assessment seeks to:

i) Analyze the impacts/implications of COVID-19 on the transport sector in Kenya. The analysis will be informed by data collected from the business community, as well as engagement with targeted government ministries, regulatory agencies, trade facilitation bodies and development partners.

ii) Provide lessons learned and share best practices with the selected countries and beyond, from the COVID-19 crisis to build stronger resilience to similar crises in the future;

iii) Identify and discuss policy options and responses strategy inducing an action plan in the short, medium, to long run for dealing with the impacts of COVID-19 in the transport sector in Kenya at national and regional levels (where applicable). The proposed actions should also pave the way for a recovery process, which builds more resilient, inclusive and sustainable services sectors.

We thank you for your kind cooperation in filling out the questions on this on-line survey, which should take between 10 to 15 minutes of your time. The deadline for completing the questionnaire is **28th February, 2021.**

Please remain assured that all responses will remain strictly confidential. Results will be provided in aggregate form only and individual responses will be kept confidential.

We look forward to hearing from you.

Yours sincerely,

OLIVER KONJE
FOR: PRINCIPAL SECRETARY

For more details on the survey, please contact:

Name	Title	Contact (phone number and email)
Agatha Nderitu	*National Consultant*	*anderitu@ateas.org / +254722519472*
Reuben Ng'eno	*Country Focal Point at State Department for Trade*	*reubenngeno@yahoo.com +254724434068*

1. Basic business information

1.1. Respondent Name	
1.2. Title of Respondent	
1.3. Company Name (optional)	
1.4. Location (town, country)	
1.5. Email and phone	

Business demographics

1.6. 2.1.What is the core activity of your business/company/firm	Transport category: □Freight/goods □Passenger □supporting transport services/logistics □ Supply chain solutions (warehousing, packaging, loading, fleet acquisition/drivers) □other(specify) ...
	Transport mode: □maritime □air □road □railways □Multi-modal / Intermodal □other(specify) ...
1.7. What is the ownership structure of your firm	□ 100% Kenyan owned □ Joint Venture with foreigners □ Subsidiary / Affiliate. If yes, where is the parent company located ..... □ Other
1.8. What percentage of your business is owned by women	□ less than 25%; □ 25% to less than 50%; □ 50% to less than 75%; □ 75% to less than 100% □ 100% □ NONE
1.9. Total employment, permanent jobs, in your business/company/firm	□ less than 10 □11 - 50 □ 51-100 □ 101 – 250 □ more than 250
1.10. Percentage of women employees in your business/company/firm (permanent jobs)	□ less than 25%; □ 25% to less than 50%; □ 50% to less than 75%; □ more than 75%
1.11. Total employment, seasonal/temporary jobs, in your business/company/firm	□ less than 10; □ 11 - 50; □51-100; □101 – 250 □ more than 250
1.12. Percentage of women employed in business/company/firm (seasonal/temporary jobs)	□ less than 25%; □25% to less than 50%; □ 50% to less than 75%; □ more than 75%
1.13. Is your company member of any Association / organizations providing business support?	□Yes □No If yes, which kind of support do you receive from associations / organizations? ....
1.14. 2.9.Which of the following markets do you provide your services in (in terms of clients/beneficiaries of your services)?	□National/domestic market □ EAC Countries □ Rest of Africa □ Outside Africa
	Specify top 5 main markets in EAC or Africa, if any: …
	Specify top 5 markets Outside Africa, if any: …

What are the main measures/actions taken by the Kenyan government to mitigate spread of COVID-19 to your knowledge? (select all that apply)	□ borders closure □curfew; □ quarantine of travelers; □ confinement of population; □public transport disruptions; □isolation of towns with COVID-19 cases; □closure of markets places; □Regular sensitisation on COVID 19 situation and mitigation measures □ Testing of drivers / crews at entry points □ Testing of ordinary citizens at public places □ Measures to allow freight transportation □ Formation of a COVID-19 Coordination Team □Others (specify) … … …
What are the main measures/actions taken by your business/company/firm to mitigate spread of COVID-19 ?(select all that apply)	□ COVID-19 restriction measures (social distancing, team rotation, decrease of number of staff on site etc.) □ COVID-19 mitigation measures (provided sanitisers or masks or themo-guns etc) for staff and customers □ COVID-19 mitigation policies at place of work (eg required staff to wear masks; reduced physical contact etc) □Telecommuting (staff working from home) □ suspension of operations; □ change in working hours; □Instituted driver relay system for border crossing □ Repurposed aircraft to transport cargo □ Changed mode of payment to allow for contactless payments, eg mobile money, O-City etc □ Used transport vehicle to educate customers on COVID-19, for sample drawing images of masks etc □ Deploying company vehicles for use by staff / paying for staff to use private transport means etc □ Keeping detailed passenger manifests for contact tracing purposes □Others (specify) … … …

How do you rank some of the main challenges/constraints to your business in the context of COVID-19 pandemic, in comparison to pre-COVID-19 context? Provide the ranking from 0 (no impact) to 1 (low constraint) to 5 (high constraint)

Challenges	Pre-COVID context							COVID-19 Context				
	1	2	3	4		5	0	1	2	3	4	5	
Difficulties to access financing/ Lack of operational cash flow	☐		☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Difficulties to travel abroad/cross border for freight transport-ers	☐		☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Difficulties to access inputs / supply chain disruptions	☐		☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Drop in demand for services/vehicle utilization/underutilizing aircraft	☐		☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Difficulties in accessing relevant technologies (internet and other digital tools)	☐		☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Difficulties for employees to return to office / fleet base / docks	☐		☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Reduction of opportunities to meet new customers	☐		☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Productivity of employees/crews/operators / pilots / drivers / agents e.g. due to sick offs	☐		☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Limits on business operating hours due to curfews / lock-downs	☐		☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Harassment by traffic police	☐		☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Difficulties in renewing transport licenses, business licenses etc	☐		☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Security concerns at public transport staging areas	☐		☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Delays to clear goods at the port of Mombasa	☐		☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Delays at weighbridges	☐		☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Delays to cross borders for freight transport	☐		☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Limited use of trade facilitation measures like pre-arrival clearance, e-payments, document lodgment etc	☐		☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Lack of parking bays at Terminus / Borders	☐		☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Other business disruptions (specify) …	☐		☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐
Other challenges (specify) …	☐		☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

How did COVID-19 and its restrictive measures impact the following elements of your business in 2020 compared to 2019?							
Impact elements	Increase	Decrease	No impact / Negligible	If yes, please provide an impact assessment for the year 2020 (compared to 2019)			
				Less than 25%	25% to 50%	More than 50%	Uncertain
Total revenue / turnover	☐	☐	☐	☐	☐	☐	☐
Sales	☐	☐	☐	☐	☐	☐	☐
Cancellation of services demanded by clients	☐	☐	☐	☐	☐	☐	☐
Delay in delivering services demanded by clients	☐	☐	☐	☐	☐	☐	☐
Number of permanent employees	☐	☐	☐	☐	☐	☐	☐
Number of seasonal/temporary employ-ees	☐	☐	☐	☐	☐	☐	☐
Absenteeism / Sick off days taken by staff	☐	☐	☐	☐	☐	☐	☐
New Investments	☐	☐	☐	☐	☐	☐	☐
Capacity utilization – passenger / cargo	☐	☐	☐	☐	☐	☐	☐
Cost of access to finance/debt	☐	☐	☐		☐	☐	☐
Operational costs	☐	☐	☐	☐	☐	☐	☐
Contract performance failure	☐	☐	☐	☐	☐	☐	☐
Others (Please specify) ….	☐	☐	☐	☐	☐	☐	☐

COVID-19 recovery/responses and business outlook (tick all that apply)

What schemes has the Kenyan government put in place to support your business or your business sector? (tick all that apply)	☐none ☐financial stimulus for working capital ☐delaying taxes/duties payment ☐Decreasing amount of taxes e.g. corporate, VAT payable ☐ Schemes to repurpose business / premises ☐ Others (please specify) …
What is your degree of satisfaction with the government support to your business/your business sector, if any?	☐Dissatisfied ☐Fairly satisfied ☐ satisfied ☐very satisfied
What is your expectation for a return to normalcy for your business/your business sector?	☐by June 2021 ☐ by December 2021 ☐ by end of 2022 ☐unknown ☐others (please specify) …
What schemes has your company put in place to support return to normalcy?	☐none ☐Regularly engaged customers ☐Put staff on reduced pay to avoid layoffs ☐ Repurpose business / premises. If so, how …….. ☐ Others (please specify) …
What is your perceived opinion for the future of your business within a year time?	☐ bankrupt; ☐ severe contraction; ☐ moderate contraction; ☐neutral; ☐ moderate growth ☐ high growth ☐ uncertain
What are the most pressing (immediate) measures needed to support businesses in your sector of activities? (tick all that apply)	☐none ☐access to finance/working capital ☐ postponement of taxes/duties payment ☐ financial subsidy for salaries and wages; ☐Continuation of tax measures instituted in 2020 … ☐others (please specify) …
What are your main concerns/expected challenge with a return to normality for your business? (tick all that apply)	☐ None ☐Labour constraints ☐Access to finance/liquidity issue ☐ Loss of competitive position; ☐Inadequate technology ☐New COVID-19 restriction measures like lockdown, longer curfews etc … ☐ Others (please specify) …
Have you considered or are you considering new business opportunities or any change in your business operations in the context/aftermath of COVID-19?	☐Yes ☐No ☐ uncertain
	If yes, please elaborate briefly (what are the new opportunities and why? References could also be made to any expected change in businesses for example, targeting different/new customer groups or suppliers)
What are the main impediments to provide/use digital services in your business? (tick all that apply)	☐ Internet connectivity ☐ unavailability of IT infrastructure ☐cost of IT related infrastructure ☐ inadequate payment/transaction systems ☐ low adoption of technologies by customers/suppliers ☐ non-enabling regulatory framework ☐ Limited digital literacy of staff Others (please specify) …
	Please elaborate briefly on your answer

Have you developed or are you planning to develop innovative solutions to support recovery of your business from the COVID-19 crisis?	☐Yes ☐No ☐ uncertain
	If Yes, please, briefly describe the solution (Examples include solutions related to e-commerce, e-tourism, mobile money, cashless transactions, e-procedures, e-businesses etc.; mention if this has been done under partnership with other actors ☐ private/public actors or development partners) … … … … … …
In the context of COVID 19, have you requested credit facilities, loans and other financial support from any institution or individual?	☐Yes ☐No ☐ uncertain
	If Yes, indicate the institution (s): ☐ commercial bank ☐microcredit agency ☐ private money lenders ☐ family/friends ☐ credit or savings unions/cooperatives ☐ states/government agency ☐ Equity Financing ☐ loan against asset like vehicle ☐ Mobile money loans ☐ Sacco loans ☐ other (please specify)
	What is the purpose of the requested financial support (select all that apply)? ☐working capital ☐debt payment ☐ financing of assets or inputs ☐wages /salaries payment ☐others (please specify)
	Indicate the nature of response you got for your financial support: ☐ Positive ☐ Negative ☐ No response
	If you received a positive response, are you satisfied with the conditions of financing offered by the lender? ☐Yes ☐No If no, please elaborate briefly on the conditions.
1.1. Do you believe greater continental market integration including under the African Continental Free Trade Area (AfCFTA) would help your business build more resilience/support recovery to crisis such as COVID-19	☐Yes ☐No ☐ uncertain
	Please, briefly elaborate on your response. If Yes or No, why?
1.2. In your opinion, what are the main policies and/or other measures the government should put in place to mitigate COVID-19 impacts on your business?	Short term policies and/or measures (next 6 months to 1 year) 1. … 2. … 3. …
	Medium to long terms policies and/or measures (beyond 1 year) 1. … 2. … 3. …

THANK YOU VERY MUCH FOR COMPLETING THE QUESTIONNAIRE.

Please return it to:

Name	Title	Contact (phone number and email)
Agatha Nderitu	National Consultant	anderitu@ateas.org / +254722519472
Reuben Ng'eno	Country Focal Point at State Department for Trade	reubenngeno@yahoo.com

PUBLIC SECTOR QUESTIONNAIRE:

Please complete ALL the survey questions:

Basic information

1.1. Ministry / Department / Government Agency / Development Partner	
1.2. Respondent name (optional)	
1.3. Title of respondent (optional)	
1.4. Location (town, country)	
1.5. Email and phone	

How do you evaluate the overall COVID-19 impacts i) on the national economy ii) on the transport service sector in Kenya	*i)* Overall national economy: □low □moderate □ high □ neutral □unknown
	ii) Transport service sector: □low □moderate □ high □ neutral □unknown
	Explain briefly your answer (provide figures if any of the impact of GDP, Government revenues, debt, sectoral output, employment, etc. with a focus on the overall economy and the target service sector)
What are the main measures your Ministry / Agency has put in place to mitigate spread of COVID-19?	Elaborate briefly ALL the measures you have put in place, when you put them in place and their effectiveness:
What are the main measures your Ministry / Department / agency has provided/is planning to provide to the business sector including the informal sector in order to mitigate the impacts of COVID-19? Are there priority sectors identified by the Ministry / agency for support?	Elaborate all measures (provide figures of support provided and its reach, where possible.) Indicate if there has been dedicated support to the transport sector in Kenya and list which of its sub-sectors and the type of enterprises including those operating in the informal sector that you have supported (e.g. SMEs, large businesses, women-owned enterprises, etc.) or is planning to support, if any and explain briefly the modalities of support):

What is your perspective for a return to normality for i) overall national economy? ii) for the transport service sector?	*i)* Overall national economy: ☐by end of 2020 ☐by June 2021 ☐ by December 2021 ☐ by end of 2022 ☐unknown ☐others (please specify) …
	ii) Transport service sector: ☐by end of 2020 ☐by June 2021 ☐ by December 2021 ☐ by end of 2022 ☐unknown ☐others (please specify) …
	Elaborate briefly on the answer provided:
What measures, in your view, should businesses in the transport sector adopt to facilitate return to normalcy	
What are the regional/sub-regional measures (e.g. RECs) level) that have supported the business continuity or facilitate regional trade within COVID-19 context? How have government authorities collaborated among themselves and/or with regional communities/agencies and other institutions to mitigate the impacts of COVID19?	
Do you believe greater continental market integration including under the African Continental Free Trade Area would help businesses build more resilience/support recovery to crisis such as COVID-19? If Yes, how? If no, WHY?