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UNIVERSITY

**TEGEMEO INSTITUTE OF AGRICULTURAL
POLICY AND DEVELOPMENT**

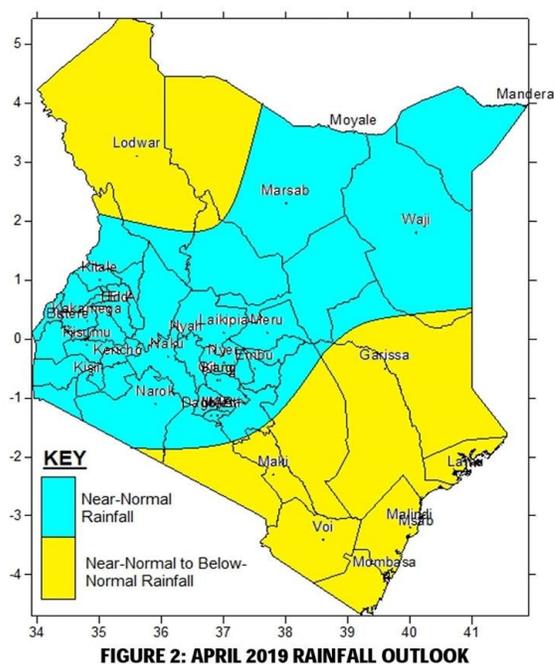
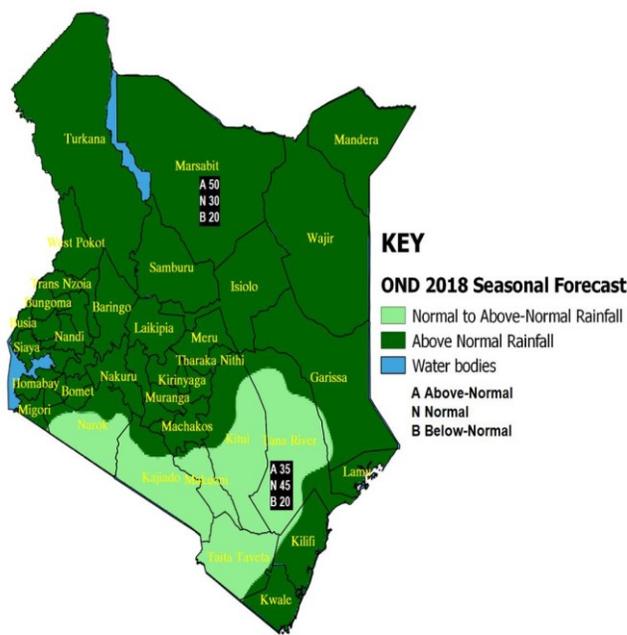
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Press release on the food situation in Kenya 2019

April 17th, 2019

Unfavourable and unreliable rainfall expected for the 2019 long rain season. The Kenya Meteorological Department has just released an [update on the long rain forecast](#). The updated forecast now predicts that the onset will be much later, in May, and the rains will be inadequate and poorly distributed. This is not good news for farmers. Figure 1 shows the expected forecast for the 2018 short rain and 2019 long rain seasons. The October November December rains received was below average, although there was increased rainfall in December 2018. Further, the subsequently revised forecasts for the March April May rains indicate that normal to below average rainfall that will be poorly distributed is to be expected. This prediction indicates that farmers now expect to face two seasons of failed rains in a row.

Figure 1: Rainfall prediction for the short rain 2018 and long rain 2019 seasons



Source: Kenya Meteorological Department

What are the currently available maize stocks?

Table 1 shows the October 2018 prediction made by Tegemeo Institute. The base information came from the food security report for September 2018 by the Ministry of Agriculture, Livestock, Fisheries and Irrigation. Tegemeo built in three scenarios. The first was a pessimistic scenario on the expected short rain harvest. The second an optimistic scenario on the expected short rain harvest, and the final scenario was an optimistic scenario but with a revised opening stock based on KRA import numbers. All these scenarios pointed out that the country had adequate stocks to last until the 2019 long rains season harvest. However, the production in the short rains was much lower than expected necessitating a revision downwards.

Table 1: Food Balance Sheet as of October 2018

Maize Balance Sheet (September 2018 to July 2019)	Base (MoA)	Pessimistic (SR)	Optimistic (SR)	Optimistic with KRA import Figures
Stocks as at August 2018 in 90kg bags	20,114,002	20,114,002	20,114,002	24,820,801
Estimated Imports between September 2018 to March 2019				
i) Private sector/ Relief agencies estimated imports	1,200,000	1,200,000	1,200,000	1,200,000
Estimated Harvests (September to November 2018)				
i) Estimated L.R Harvests	18,442,505	18,442,505	18,442,505	18,442,505
ii) Estimated S.R Harvests	6,000,000	3,000,000	4,500,000	4,500,000
Available stocks (September 2018 and July 2019)	45,756,507	42,756,507	44,256,507	48,963,306
Expected total exports to the EAC region	200,000	200,000	200,000	200,000
Post – harvest storage losses estimated at 12%	5,490,781	5,130,781	5,310,781	5,875,597
Amount used for Manufacture of livestock feeds (1%), seed (1%), other products (2%)	1,830,260	1,710,260	1,770,260	1,958,532
Net available stocks by July 2019	38,235,466	35,715,466	36,975,466	40,929,177
Consumption @3.39 million bags/Month for 47 million people for 11 months	37,338,889	37,338,889	37,338,889	37,338,889
Forecast Balance at 31st July 2019	896,577	-1,623,423	-363,423	3,590,288

Source: Base Scenario from Food Security Reports, MOALF

Following the poor rains in the short season, the Ministry of Agriculture, Livestock, Fisheries and Irrigation subsequently revised projected short rain harvest from 6 million to 2.5 million bags. The current maize balance sheet is shown in Table 2. It is estimated that the country registered between 2-2.5 million bags for the short rains. From the food security report from the Ministry of Agriculture, Livestock, Fisheries and Irrigation in January 2019, the revised estimate still showed that the country had adequate stocks to last until the beginning of the long rains harvest in 2019.

Table 2 Food Balance Sheet as of January 2019

Maize Balance Sheet (January 2019 to July 2019)	Base (MoA)	Pessimistic (SR)
Stocks as at January 2019 in 90kg bags	29,469,143	29,469,143
Estimated Imports between January 2019 to March 2019		
i) Private sector/ Relief agencies estimated imports	150,000	150,000
Estimated Harvests		
i) Estimated L.R Harvests	0	0
ii) Estimated S.R Harvests	2,500,000	2,000,000
Available stocks (September 2018 and July 2019)	32,119,143	31,619,143

Expected total exports to the EAC region	0	0
Post – harvest storage losses estimated at 12%	3,854,297	3,794,297
Amount used for Manufacture of livestock feeds (1%), seed (1%), other products (2%)	1,284,766	1,264,766
Net available stocks by July 2019	26,980,080	26,560,080
Consumption @3.39 million bags/Month for 47 million people for 11 months	23,730,000	23,730,000
Forecast Balance at 31st July 2019	3,250,080	2,830,080

Source: Base Scenario from Food Security Reports, MOALF

However, as soon as these numbers were announced, millers disputed the numbers. The Institute ran an analysis for the expected balances from the October 2018 forecast. The maize balance sheet from this analysis is shown in Table 3.

Table 3: Simulated maize balance sheet to July 2019

Maize Balance Sheet (September 2018 to July 2019)	Revised forecast
Stocks as at August 2018 in 90kg bags	20,114,002
Estimated Imports between September 2018 to March 2019	
i) Private sector/ Relief agencies estimated imports	1,200,000
Estimated Harvests (September to November 2018)	
i) Estimated L.R Harvests	18,442,505
ii) Estimated S.R Harvests	2,500,000
Available stocks (September 2018 and July 2019)	42,256,507
Expected total exports to the EAC region	200,000
Post – harvest storage losses estimated at 12%	5,070,781
Amount used for Manufacture of livestock feeds (1%), seed (1%), other products (2%)	1,690,260
Net available stocks by July 2019	35,295,466
Consumption @3.39 million bags/Month for 47 million people for 11 months	37,338,889
Forecast Balance at 31st July 2019	-2,043,423

Source: Simulation using data from Food Security Reports, MOALF

The simulation shows that the Country has enough stocks to last at least until the end of June 2019.

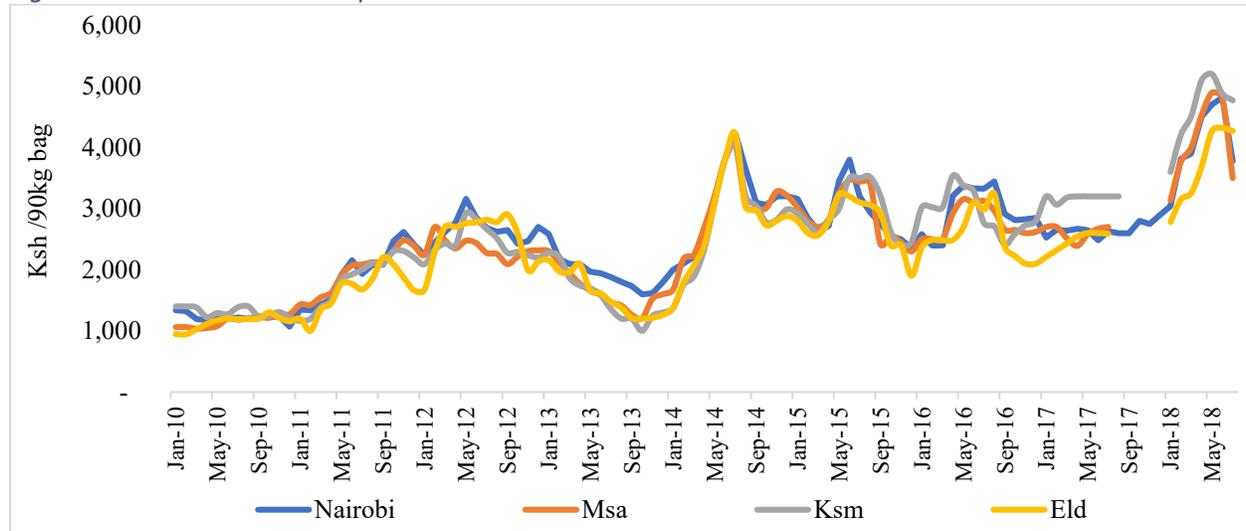
Two key questions emerge. First, if the country has enough stocks, why are people in some regions of the country hungry? Second, there has been a sharp increase in maize prices over the past two weeks. What explains these prices, and do they reflect scarcity as pointed out by the millers?

The hunger experienced in some parts of the country is a result of market failure. Distribution of food from surplus areas to deficit areas remains a persistent challenge in the country. This systemic failure in the markets is as a result of unpredictable government intervention and the slow response when the government intervenes.

The increase in maize prices seen is consistent with the trends observed in the past years. The cyclical cycle is such that maize prices usually rose during the planting season (Figure 2). The unique feature of 2019 is that whereas in other years prices rise gradually from January, in 2019 prices remained depressed until March, and then rose sharply. According the January Food Security report by the Ministry, farmers still hold a significant proportion of the maize stocks. For the last six months, they have faced depressed

prices averaging Ksh1,500 per bag. Many farmers will bet on rising prices and are likely to continue holding on to their stocks until the right price is offered.

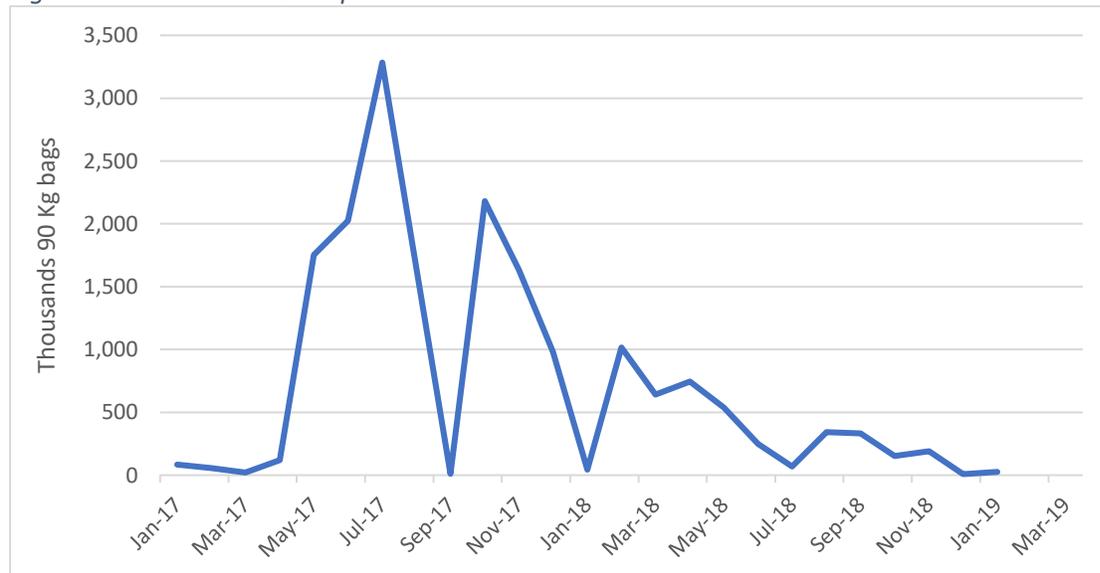
Figure 2: Trends in wholesale prices in selected markets



Source: Ministry of Agriculture, Livestock, Fisheries and Irrigation

Maize prices in the country are also determined by production and price trends in the region. In 2017, Kenya received huge imports into the country (Figure 3). Although this significantly reduced in 2018, the excess importation coupled with a good production contributed to depressed maize prices witnessed in the second half on 2018 and in 2019.

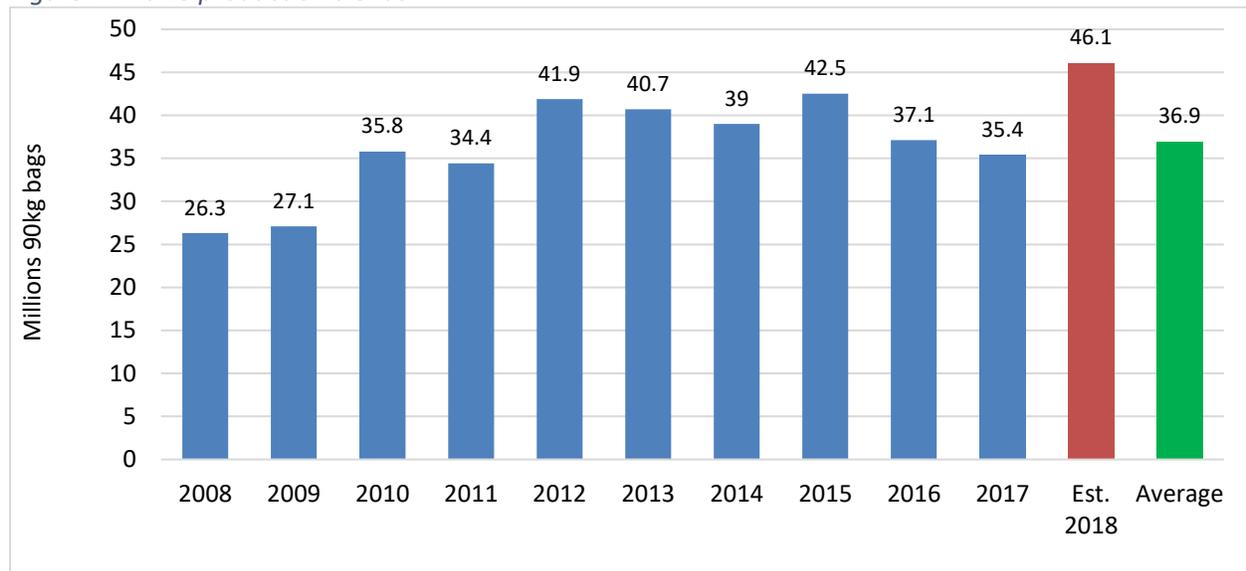
Figure 3: Trends in maize imports



Source: Ministry of Agriculture, Livestock, Fisheries, and Irrigation

Agricultural production in the country is set to decline with all enterprises, both crops, and livestock, reeling from adverse effects of unpredictable and unreliable weather patterns. In October 2018, Tegemeo Institute released a food situation assessment that showed high maize production as shown in Figure 4. The 2018 production is the best production the country has recorded in more than a decade. However, the production figures for maize in 2018 need to be adjusted downwards based on the poor short rains season harvest.

Figure 4: Maize production trends



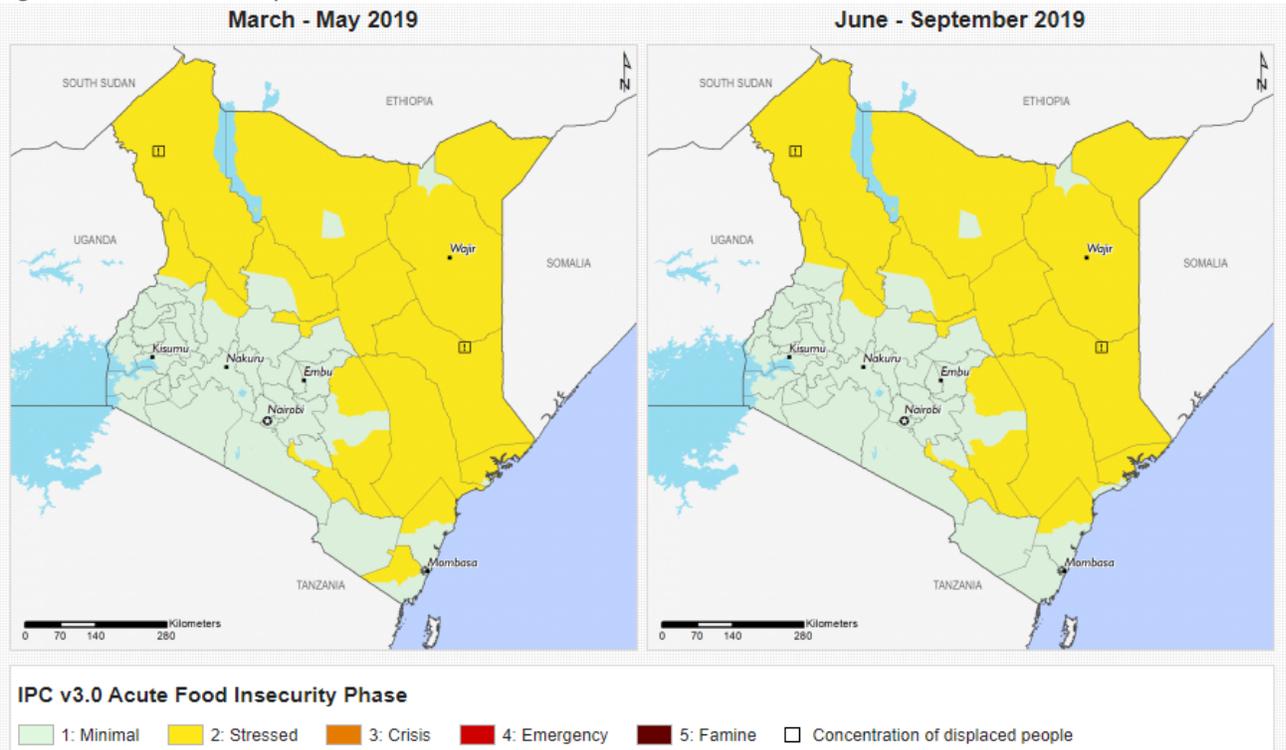
Source: Ministry of Agriculture, Livestock, and Fisheries

The drought is expected to affect the entire economy, and not just food production. During the release of the Kenya Economic Update, 2019, the World Bank issued a disclaimer that the projected growth will be revised downwards if the current drought persists. By all indications, this is likely to be the case. This is expected to affect households adversely through increased prices (reduced disposable incomes).

The government, both national and county governments, must improve coordination to minimise the effects of the expected drought to households. First, the Ministry of Agriculture, Livestock Fisheries and Irrigation should provide advisories to farmers. This season cannot be considered as a regular season. Therefore, advisories on which crops to plant will be useful to ensure that farmers do not engage in enterprises that are likely to result in crop failure. Second, the pastoral community is already facing increased pressure on pasture. These communities should be engaged and encouraged to destock when their animals are in fairly good condition and can fetch better prices. Also, with the little rain that now will be available, their capacity should be enhanced to ensure they can conserve pasture to feed their animals until the situation normalises. Farmers also need to be supported in storage facilities and equipment to ensure that whatever is harvested gets to the table. As such, minimising post-harvest losses should also be a top priority.

In conclusion, there is need to increase monitoring and improve response systems. Forecasts by the Famine Early Warning Systems Network (FEWS NET) already shows that the areas that are facing food insecurity stresses at the moment, will continue to do so over the next six months as shown in Figure 5. Besides, at the moment, the expected harvest is not known as farmers continue to face challenges in replanting, access to credit and quality inputs. It was expected that farmers would reduce the acreage under maize as a result of delayed payments for those who supplied NCPB in 2017, and the severely depressed maize prices in 2018/19. In the short run, tracking and making available data that would be useful in helping the government make critical decisions on food security is of utmost importance. For instance, what amounts should the country target import in the second half of the year? From which countries, given that neighbouring countries are unlikely to have the expected quantities to fill up the deficit? Besides, county governments who are first responders should be supported to step up monitoring of households in risk of famine and ensure that there is a timely response. This can only be attained with enhanced coordination.

Figure 5: Food Insecurity Forecast



Source: FEWSNET