



Food Situation Assessment for 2018/2019

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SUMMARY

Tegemeo Institute conducted its annual food situation assessment in September with the aim of establishing the general food situation in the country, with emphasis on maize. The study was carried out in four counties: Trans Nzoia, Uasin Gishu, Nakuru and Kakamega. These were purposively selected due to their importance in maize production in the country. The findings revealed that maize production in the 2018 long-rains season is expected to be relatively better compared to the 2017 cropping year owing to the favourable rainfall and suppression of fall army worms. However, due to the extremely wet conditions experienced for a longer time, production was affected in some regions. The short rains of October, November and December (OND) are expected to be well distributed both in time and space, which will be favourable for agricultural activities and is expected to improve crop production. The effects of excess maize imported in 2017 are still being felt in 2018 and some farmers are holding last year's stocks in anticipation of price increases. This has led to abundant supply and low wholesale market prices. The current maize stocks and expected harvest are sufficient to meet the country's needs up to the beginning of 2019 long-rains harvest. This means that maize prices will remain low for some time before stabilizing. While there is no need for imports at this time, it is necessary to continuously monitor the stocks. Given the expected enhanced rainfall, there is need to put in place interventions on post-harvest handling, storage and management through provision of driers, stores and use of warehouse receipt systems in partnership with the private sector to minimise maize losses. The government in consultation with millers and other stakeholders should also fast track the policy to guide blending of key staples in order to reduce overdependence on maize and improve nutrition.

Background

Kenya faced an acute food crisis caused by the 2016-17 drought, which led to a waiver on taxes and other tariffs of major staple commodities including maize to address shortages. Maize was imported from Mexico, Ethiopia and other East Africa countries to address the shortfall to the tune of 11 million bags. The government allowed importation of maize without putting a ceiling on the amount to be imported. As a result of the excess maize imports and the current cheap maize from Uganda, traders and millers have flooded the market forcing farmers, particularly from Kenya's food basket regions out of the NCPB market. Farmers are still holding stocks from the 2017 harvest with reported cases of large-scale farmers converting maize crop intended for grain into silage. The influx of cheap maize from Uganda has resulted in lower prices of maize in Kenya, which is expected to reduce farmers' earnings ahead of the harvest. Due to good rains experienced in the long season, the country is expected to have a bumper harvest.

The current food situation assessment provides policy makers and other stakeholders with evidence on food availability and access, prices of the major staples, cropping season outlook and projections of food security status in the country. Tegemeo as a major stakeholder in national food security matters conducts a food situation assessment annually to provide evidence on the current status of food availability and access. The assessment also provides information on price trends and interventions needed to improve production.

Objectives

The main objective of this assessment was to establish the general food situation in the country, with emphasis on maize. More specifically the assessment sought to:

- Evaluate performance of the 2018 long-rains season crop
- Assess the prospects of the short-rains season crop
- Establish the food security status in the country
- Draw lessons and relevant policy recommendations

Data and Methods

Four counties were purposively selected based on their importance in contributing to the overall national production of maize. These were Trans Nzoia, Uasin Gishu, Nakuru and Kakamega.

Qualitative and quantitative methods were applied to collect data in September 2018. This was done through key informant interviews with County Agricultural Officers (who included Directors of Agriculture, Crops Officers, Sub-county Officers, Ward Agricultural Officers) and individual large-scale maize farmers as well as focus group discussions with small-scale farmers.

In addition, county and national food situation reports and other relevant documents were reviewed and analyzed to provide information on the status of food security. The field team also checked the condition of crops in the field while moving across various counties during data collection.

Key Findings

Maize production trends

Kenya's maize production increased between 2008 and 2015, but was followed by a decline in the next two years. However, this year's maize harvest is projected to be 46 million bags, a 30% increase from 2017, and higher than the long-term average of 37 million bags (Table 1). Hence, consumer prices are expected to be low but this may not imply a remunerative return for the farmers.

Table 1: Maize production trends



Source: MOAI, Food Situation Assessment Reports

Maize performance in the 2018 long-rains season

Harvesting for the long-rains crop has been completed in some regions, while it is on-going in most parts of North and Central Rift Valley. For many counties, the projected or achieved harvests from the long rains are higher compared to those in 2017, where low harvests were realized because of drought and the Fall Army Worm (FAW) infestation. Although acreage under maize declined in most of the selected counties, production increased, with Kisumu recording the highest increase (Table 2).

Table 2: Maize performance in selected counties

	Area ('000' ha)		Production ('000' 90 kg bags)		% change from 2017
	2017	2018	2017	2018	
Trans Nzoia	107	106	4,848	5,300	9
Uasin Gishu	103	100	3,600	4,500	25
Nakuru	86	85	1,432	2,754	92
Narok	85	83	986	2,079	111
Kakamega	73	70	2,458	2,400	-2
Kisumu	32	43	493	1,091	121
Nandi	67	67	1,995	2,109	6
Elgeyo					
Marakwet	31	30	945	1,000	6

Source: County Monthly Reports, August 2018

The increase in production is attributed to good rainfall and minimal disease and FAW prevalence. There was an early onset of rainfall, which was available in good amounts and was well distributed in time and space. However, above average rains affected production in some regions.

Challenges in the 2018 long-rains season

a. Early onset of rains

The early onset and continuous rains affected land preparation. There was high demand for labour during peak periods of crop establishment, which resulted in late planting in some cases.

b. Waterlogging

Due to excessive and continuous rainfall during the March-April-May (MAM) period, the low lying areas in the major maize regions were waterlogged. This resulted in nutrient leaching, leading to yellowing of maize and stunted growth, and consequently low yields. It also affected manual weeding among small-scale maize farmers.

c. Late delivery of subsidized fertilizer

Overall, there was increased supply and availability of subsidized fertilizer both for planting and top dressing. Its use increased, as farmers were able to obtain adequate quantities based on their requirements.

The county governments also provided transport to farmers through cooperatives and farmer groups. This initiative was meant to reduce cost of production and improve farmers' access to inputs. However, the fertilizers arrived two weeks late, resulting in delayed in planting by most farmers.

d. Low wholesale market prices of maize

The average price of maize dropped from KES 2,806 in January to KES 2,336 in July 2018, which is attributed to high imports in 2017 and early 2018, cheap maize from Uganda and onset of harvesting in the major maize growing counties in Kenya. Maize farmers are still holding last year's stocks and NCPB depots are currently stocked to capacity. It is expected that maize prices will decline further as harvesting continues, leading to lower farmer earnings.

e. Storage and post-harvest management

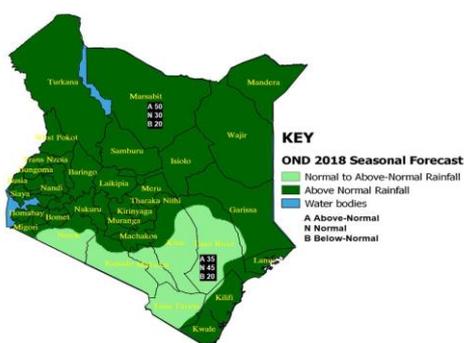
Most farmers have maize in their stores and harvesting for the long-rains crop has begun. Hence, lack of storage and proper post-harvest management in the face of a bumper harvest is a concern. Estimates of post-harvest losses in maize are varied and substantial, ranging from 10-40% of total production.

There is need for the government to partner with private sector to help farmers overcome barriers to proper postharvest management to reduce losses and improve food availability.

Prospects for the short-rains season crop

Most parts of the country are expected to experience enhanced rainfall during the October to December season that will be well distributed both in time and space (Figure 1). The areas expected to receive enhanced rainfall include north-eastern, north-western, western, central and the coastal regions. This will be favorable for agricultural activities and is expected to improve crop production.

Figure 1: Short rains forecast



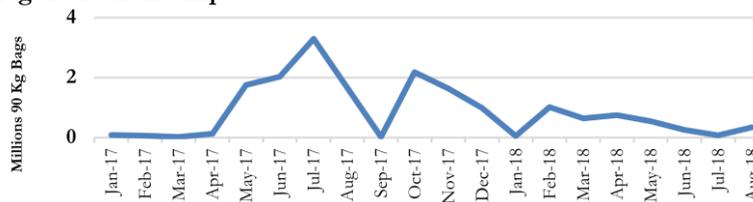
Source: KMD, OND Forecast, August, 2018

Maize imports

Due to the increasing population and declining yield, consumption of major staples particularly maize is outstripping production, necessitating imports to fill the gap.

In 2017, the government removed import duties for maize because of biting shortages and high flour prices. Maize imports increased during the duty-free window running from April to July 2017. This window was extended to end of September 2017, allowing more imports into the country. However, imports started declining from February this year, with lower levels in July as long-rains harvests commenced. It was noted that there was great variance between imports as reported by the Ministry of Agriculture and the Kenya Revenue Authority (KRA) for the period May-December 2017. While the Ministry reported 11,867,190 bags, the figure by KRA stood at 16,573,989 bags, hence a difference of 4,706,799 bags.

Figure 2: Maize imports



Source: MOAI, August, National Food Situation Report, 2018

Domestic stocks

According to the MoAI August Food Situation Report, the total estimated maize stocks held by farmers, millers/traders and NCPB were estimated to be 20,114,002 bags (Table 3). Farmer stocks were the highest at 15,873,089 bags and are expected to increase as harvesting is currently underway in different maize growing regions, which comes in the face of a maize glut in the markets due to huge imports in 2017.

Table 3: Stocks as at 31st August, 2018

	Farmers	Millers/ Traders	NCPB	Total stock
Maize	15,873,089	383,612	3,857,301	20,114,002
Beans	2,868,194	2,086,619	0	4,954,813
Wheat	1,534,930	3,169,474	0	4,704,404

Source: MOAI, August, Food Situation Report, 2018

Maize Balance Sheet

The estimated maize stocks as at August 2018 stood at 20.11 million bags (Table 4). The anticipated imports by the government, private sector and relief agencies between September 2018 and March, 2019 are about 1.2 million bags. Due to the effects of the above-average March to May long-rains across the country, the estimated harvest is 18.44

million bags. The Ministry of Agriculture estimates that the country will get 6 million bags from the short-rains harvest. This estimate seems relatively high given a long-term average production of about 4 million bags. Hence, simulations were done using different estimates for the short-rains crop: (i) 6 million bags; (ii) 4.5 million bags, which is consistent with a good short-rains harvest; and, (iii) 3 million bags, representing a pessimistic outcome as a result of expected above normal rains. A fourth scenario represented 4.5 million bags of harvest and the higher import levels reported by KRA (implying a starting stock of 24.82 million bags). Based on the Ministry estimates, the country is expected to have 45.76 million bags between September 2018 and July 2019.

After subtracting post-harvest losses which are pegged at 12%, stocks used as feeds and seed at 1% each, and other products (2%), the net available maize stocks by July 2019 will be 38.24 million bags. This means that the available maize stocks can feed the nation of estimated 47 million people for 11 months at a rate of 3.39 million bags a month. The balances as at 31st July 2019 under the four scenarios will be 0.90, -1.62, -0.43 and 3.53 million bags, respectively. Hence, there will be adequate maize to meet consumption needs up to the start of the 2019 long-rains harvest season.

Table 4: Maize balance sheet

Maize balance sheet (September 2018 to July 2019)	Ministry of Agriculture estimates (million bags)
Stocks as at August 2018	20.11
Estimated imports between September 2018 to March 2019	
i) Private sector/ Relief agencies estimated imports	1.2
Estimated Harvests (September to November 2018)	
i) Estimated long-rains harvest	18.44
ii) Estimated short-rains harvest	6.0
Available stocks (September 2018 to July 2019)	45.76
Expected total exports to EAC region	0.2
Post-harvest storage losses estimated at 12%	5.49
Amount used for manufacture of livestock feeds (1%), seed (1%) and other products (2%)	1.84
Net available stocks by July 2019	38.24
Consumption @3.39 million bags/month for 47 million people for 11 months	37.34
Forecast balance at 31st July 2019	0.90

Source: MOAI, August 2018, Food Situation Report



Summary and policy recommendations

The high imports in 2017 and early 2018 as well as good and favourable weather experienced this year have led to abundant supply of maize. The Ministry expects a maize harvest of 46.1 million bags in 2018 compared to a long-term average of 36.9 million bags.

Maize prices will continue to decline due to last year's stocks that farmers and other stakeholders are still holding and imports from neighbouring countries. However, they are expected to stabilize after the long-rains harvest is completed.

The stocks and the expected harvests will be adequate to meet the country's maize needs up to the start of the 2019 long-rains harvest. Hence, as at now, the country does not need to import maize. However, there is need to closely monitor the stocks given the dynamics in the East African region. For instance, prices are higher in some markets in South Sudan and Burundi and some of the stocks captured in the balance sheet may be delivered to those markets.

Some farmers are harvesting during the rainy season while others are holding stocks from 2017, and post-harvest losses are estimated to be as high as all of the harvest from the short-rains season. Hence, there is need for the government to partner with private sector in order to address post-harvest handling, storage and management through provision of driers, storage facilities and use of warehouse receipt system and so ensure proper storage and food safety.

To reduce over dependence on maize as a staple, there is need to promote alternative staples such as rice and potatoes. The government should also fast track the policy to guide blending of key staples and engage with the private sector regarding relevant issues on consumer preferences for blended flour, availability of raw materials for blending, cost of blending and associated equipment as well as harmonization of this policy in the region.

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