

EGERTON



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Press Release:

Food Situation Assessment, April 2015

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KEY MESSAGES

- Current food situation and stocks 2015
- Cost of maize production in 2014

Tegemeo Institute conducts annual food situation assessment surveys aimed at advising the government and other stakeholders on the food security status. This year's survey was conducted in April in several counties that are traditionally maize growing regions and are either maize surplus or self-sufficient. They include Uasin Gishu, Trans-Nzoia, Narok, Bungoma, Kakamega, Migori, Nakuru, Nandi and Meru.

From the survey's national outlook, Joseph Opiyo, a Senior Research Assistant at Tegemeo Institute notes that the national maize production and yield in 2013 and 2014 has been on the decline mainly due to rainfall variability and Maize Lethal Necrosis Disease (MLND) which has led to serious crop losses in some parts of the country. Using 2012 as a benchmark, the country registered mixed results in production of major food crops in the last three years. Wheat, Maize and Cassava production registered net declines by 35, 7 and 5 % respectively. Overtime maize yield has shown mixed results but the trends in the recent years show that maize production and yield is on the decline mainly due to poor weather and MLND. Other factors have been inadequate funding of the fertilizer subsidy programme to meaningfully influence local commercial fertilizer prices and these fund have often been released late affecting timely delivery of the inputs to the farmers.

The national food security situation is expected to remain stable through June, but shortages are expected in July or early August. This is because the early harvest that usually comes from the South rift cannot be relied upon until August since the planting season began later than usual due to the delayed onset of rains. Subsequent monitoring also indicate that MLND has been reported in some part of south rift which may also adversely affect the quantities of harvest from the

region, he adds. According to the Ministry of Agriculture Livestock and Fisheries (MoALF) May 2015 food security situation report, The national food security continues to remain stable, though food stocks especially cereals have been reducing in parts of Central, Eastern, Coast and North Eastern regions as a result of below average harvests over the last two seasons. The ministry also estimated the national maize stock available to be 7.2 million bags as at the end of May 2015. Expected imports of about one million bags between June and September from the neighbouring countries will raise the stock to 8.2 million bags. ***“Assuming a 3% use on manufacture of feeds and on seed with a national monthly maize consumption of 3.34 million bags, the maize stocks available for food as at end of May 2015, would last the country up to the first week of August 2015 hoping that harvesting shall have started by then”, says Mr Opiyo. However the food situation in the country needs close monitoring in order to avoid volatility in food prices or food shortfalls that might threaten the country’s food security since farmers are holding 24% of the available stock”, Mr Opiyo adds.***

Further indications from the report show that maize prices were generally lower in the early months of 2015 as compared to a similar period last year due to large quantities of imports from neighboring countries in the last quarter of 2014. However, prices have shown an increasing trend since January 2015 when the government started buying maize at prices above the existing market prices and the declining stocks by farmers. Increasing maize prices will negatively affect household access to maize because most families will be relying on the market. He adds that ***“average real prices of maize in March 2015 were 40 percent above the short term average (2010-2014). However there was an 8% decrease in real wholesale prices in March 2015 compared to the same period last year”.***

Assessment of on the cost of maize production under different production systems in 2014 also found out that majority of large scale maize producers use rented land and borrow capital. The results strongly suggest that cost of maize production by large scale farmers is KES 1,405 with subsidized fertilizer and KES 1,557 with commercial fertilizer. The average cost per bag where large scale producers used own land and capital was between KES 1,000 and 1,200 with or without subsidized fertilizer. It also emerged that majority of small scale farmers used own land for maize production since only 19.6% rented in land according to TAPRAII survey 2014 covering 6512 households 40 counties. Again cost of maize production in 2014 by small scale farmers was between 1,024 with subsidized fertilizer and KES 1,156 with commercial fertilizer. Where small scale farmers used rented in land, the cost were between KES 1,550 and 1,715 with subsidized fertilizer and commercial fertilizer respectively. Revenue gain per acre for large farmers was 21% with use of subsidized fertilizer and selling to millers and or traders at 2330 and 47% to NCPB. Similarly revenue gain per acre to small scale farmers was 18% when selling at farm-gate price of KES 1,930 but 58% when selling to NCPB.

It is clear that use of subsidized fertilizer has potential to lower production however government involvement in output market through output price support was creating unfair competition between those who sell to NCPB against the other farmers and also making maize prices higher to consumers. It also emerges that even though the last three years the government has been increasing funding to the fertilizer subsidy programme, it has only been able to absorb an average of 15% of the national annual fertilizer requirement since inception of the fertilizer

subsidy programme six years ago. As a result the fertilizer subsidy may have had little impact on commercial fertilizer prices locally due to low share it commands to the national requirement and the perfect price transmission reflected in relative to the price index in the world market.

For further assistance, more information or if you would like to conduct interviews with the Lead Principal Investigator, you can do so through: Judy Kimani, 0720 96 33 48, (jkimani@tegemeo.org), www.tegemeo.org

Field Code Changed