

Food Security Analysis: Kenya

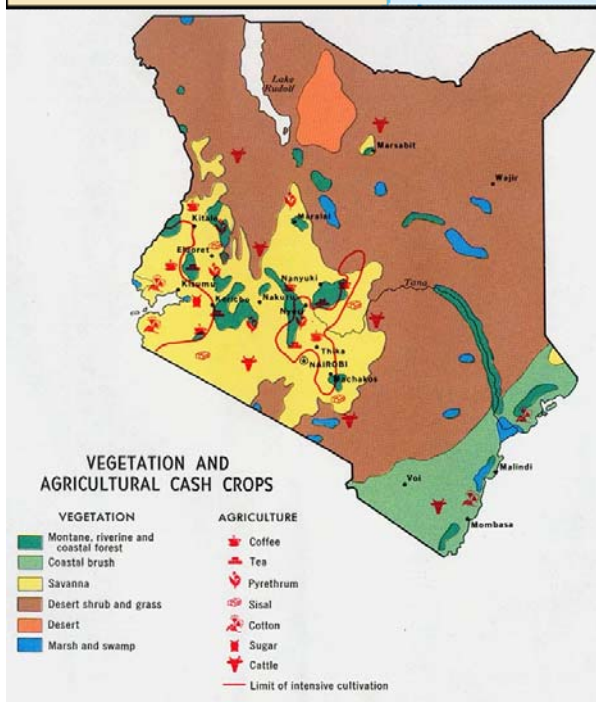
Country overview

Kenya has the largest and most diversified economy in the East African region, with an estimated 2008 GDP of \$31 billion. Its financial sector and transportation system is the economic engine for much of East and parts of Central Africa. Kenya provides the principle platform for the United States and the humanitarian community to carry out rescue and relief operations in regional trouble spots.



The agriculture sector accounted for roughly 24 percent of Kenya's GDP in 2007 and 70 percent of the country's labor force. The sector is dominated by production of a few commodities categorized as cash crops (tea, coffee, and horticulture), food crops (maize, wheat, and rice) for local consumption, and livestock. However, an often conflicting set of policy objectives, coupled with confusion in policy and regulatory implementation, hinders the sector's progress. Kenya's long-term goal of food self-sufficiency (producing everything consumed in the country) remains unmet. Frequent droughts precipitate requests for donor-provided food aid to mitigate the ravages of famine, especially in the arid and semi-arid regions populated largely by livestock-based pastoral tribes.

With a population of more than 38 million people (about ten percent of which is classified as food insecure) and growing at an annual rate of about three percent, Kenya is the largest import market for food and agricultural products in east Africa. Kenya will likely need to import about \$725 million



in agricultural products during 2009, up from about \$525 million in 2007 in an attempt to mitigate the current food crisis.

Map source: Perry Casteneda Library at Univ. of Texas Austin

Current crisis

Kenya normally produces close to enough white corn to meet its domestic demand. However, a reduced corn crop in 2008, coupled with certain trade-restrictive policies, threatens to dramatically increase the number of food insecure Kenyans over the next few months. Most Kenyans prefer/demand white corn flour to produce “*ugali*” as part of their daily food intake. While the *ugali* consumption varies from region-to-region, on average Kenyans depend on white corn for almost 50 percent of their daily caloric intake. NOTE: “*ugali*” (corn meal) is a common noun and doesn’t need to be capitalized

Kenya’s early 2008 post-election violence displaced many corn farmers, which slowed and diminished normal corn planting. Those who were not displaced planted late and reduced fertilizer use because of high input prices. Wet weather during harvest led to additional losses from an already reduced crop. FAS/Nairobi estimates Kenya’s MY 2008/09 corn production to be 2.1 million metric tons (MMT), down from a recent level of about 3 MMT.¹

Taking Action

The Government of Kenya (GOK) has now recognized the seriousness of the evolving food shortage (precipitated by the white corn shortfall) and on January 9, 2009, declared a food emergency, stating that about 10 million Kenyans², or about 25 percent of the population, are now or will soon be at risk of food shortage. The 10 million estimate includes both those who do not have the financial resources to buy food locally, and those who can buy food if available at reasonable prices.

In an effort to bolster the food supply at reasonable prices, the GOK recently requested with the USDA to secure GSM-102 credit guarantees for the purchase of U.S. white corn, rice and/or wheat. The GOK designated the National Cereals and Produce Board (NCPB) the importer of U.S. cereals imported under the GSM-102 program. Given the current global economic crisis and Kenya’s declining balance of payments, this is a heroic GOK effort of “Kenya helping Kenyans.” If the request is granted and the NCPB executes it properly, the program will help keep staple foods on the shelves of local grocery outlets at affordable prices for most Kenyans.

¹ FAS/Nairobi’s estimate is not the official USDA projection, which is updated once a month. The next release date of USDA Production, Supply and Distribution (PSD) updates will be March 11.

² The 10-million figure most likely does not include the roughly 220,000 refugees currently residing in the Dadaab camps in northeastern Kenya. Most of the refugees came from Somalia. WFP provides 98% of all food available to these refugees.

However, food aid will be needed for at least 3.5 million Kenyans who do not have the financial resources to buy food on the local market. The estimate includes HIV/AIDS patients and orphans, and inhabitants of the marginal agricultural areas of Eastern, Coastal, and Central provinces. The GOK has asked potential donor countries to provide Kenya Shillings 32 billion (approximately \$401 million) to help with the hunger eradication effort and to preclude a continuation into the next crop year.

Long-term food security concerns

For the purposes of this paper, we will focus on biotechnology and trade restrictions. However, it should be noted that there are additional long term concerns (climate change, infrastructure, market connections, etc) that play a role in food security concerns.

Biotechnology: Kenya's corn yields have remained flat over the past two decades, in spite of many well-intentioned efforts, short of biotechnology, to find solutions. It is estimated that corn stem borers inflict 20 - 40 percent production losses in Kenya and elsewhere in east Africa. In comparison, South Africa began adopting agricultural biotechnology 12 years ago, giving domestic producers the benefit of all known technologies to control corn stem borer and parasitic plant infestations similar to those noted for the East African region. Consequently, South African corn farmers currently record much higher yields than farmers in Kenya.

The GOK now recognizes the biotechnology advantage and has passed a "Bio-Safety Bill," which provides a framework for agricultural biotechnology use in Kenya. President Kibaki signed the bill into law on February 12, 2009. Regulations will need to be promulgated, but Kenya Government officials appear ready to act expeditiously to make the biotechnology promise a reality.

The acceptance and facilitation of agriculture biotechnology will eventually provide Kenyan producers with a powerful tool needed to produce enough corn to feed the country's food insecure population, and perhaps a surplus sufficient to export to the greater sub-Saharan market.

Trade restrictions: The GOK just announced that, as a result of the current food crisis, it will temporarily "zero rate" (eliminate) ad-valorem tariffs (ranging from 35-to-70 percent) on imports of all agricultural commodities and food items. In addition, the GOK has indicated that it will temporarily eliminate non-tariff barriers, such as very low moisture content restriction, that are not health related in an effort to permit commodity imports. These actions will help ensure corn, wheat and rice availability for Kenyans. Factoring in the potential trade-enhancing effects of the GSM-102 credit guarantee program for Kenya, U.S. producers would be in position to help Kenyans traverse this very difficult food-insecurity period.