



**TEGEMEO INSTITUTE**

**Kindaruma Lane, Off Ngong Road  
P O Box 20498-00200,  
NAIROBI, KENYA  
Tel: 020-2717818/2717876  
Fax: 020-2717819**

**Hevea Park Block A1,  
Lower Kabete and Peponi Rd. Junction,  
Tel: +254 (20) 3745840  
Fax: +254 (20) 3745841**

**PROCEEDINGS OF A ROUNDTABLE DISCUSSION ON  
KENYA'S FOOD SITUATION: CHALLENGES AND OPPORTUNITIES  
HELD AT LAICO REGENCY HOTEL, NAIROBI ON 18<sup>TH</sup> SEPTEMBER, 2009**

## A ROUNDTABLE DISCUSSION ON

### **KENYA'S FOOD SITUATION: CHALLENGES AND OPPORTUNITIES**

#### **Introduction**

National maize production levels have been declining since 2006 from an all time high of over 34 million bags in 2006 to about 25 million bags in 2008. This is attributed to factors such as drought, the post-election violence, and high input costs in 2008. In 2009, the failure of about 35-45 per cent of the long-rains crop will lead to a huge production shortfall. This will weigh heavily on the food security situation in Kenya, a country where food security is generally equated with availability of and access to adequate supplies of maize. More importantly is the food security situation for the vulnerable groups such as the pastoralists, internally displaced people, and the poor who cannot afford to purchase maize. In addition, the Kenya Meteorological Department has announced that most of the country would experience near-normal to above-normal rainfall from the anticipated El Nino phenomenon. All these developments have implications for food security in Kenya and call for urgent measures to ensure that the country meets its food demand. It is against this backdrop that Tegemeo Institute of Egerton University and the East African Grain Council (EAGC) organized a roundtable forum on *Kenya's Food Situation: Challenges and Opportunities*. The aim was to bring together stakeholders in the maize sub-sector to interact and exchange views on the pertinent issues affecting the sub-sector, with a view to informing policy on strategies of dealing with the food crisis in Kenya both in the short- and long-term. Issues discussed included maize production, pricing and warehousing, challenges and opportunities of the current food crisis, short and long-term strategies of dealing with the crisis, and the potential impacts of the anticipated El Nino rains on the food situation in Kenya.

The workshop drew participants from a wide spectrum of the maize industry representatives which included Cereal Growers Association (CGA), Cereal Millers Association (CMA), maize importers, National Cereals and Produce Board (NCPB), Ministry of Agriculture (MoA) officials, Kenya Meteorological Department, Kenya Agricultural Research Institute (KARI), USAID, Alliance for a Green Revolution in Africa (AGRA), World Food Programme (WFP), Seed Trade Association of Kenya (STAK), MEA Ltd, Ford Foundation, University of Nairobi,

Kenya Maize Development Program (KMDP)-ACDI/VOCA, Grain Bulk Handling Ltd (GBHL), UN/FAO, Sower consultants, Egerton University, Eastern Africa Grain Council (EAGC) and Tegemeo<sup>1</sup>.

## **Proceedings**

The workshop started with a word of welcome from the workshop facilitator/moderator, Francis Karin who invited the Director of Tegemeo, Dr. Mary Mathenge to make some introductory remarks. She welcomed the participants once more and spelt out the objectives of the roundtable. She indicated that the aim of the roundtable was to bring together stakeholders in the maize sub-sector to interact and exchange views on the pertinent issues affecting the sub-sector, with a view to informing policy on strategies of dealing with the food crisis in Kenya, both in the short- and long-term. She then highlighted the different issues that presentations in the two sessions were to focus on. She emphasized the need for all maize stakeholders to discuss the issues in the sector in the light of the current food situation, and design a way forward both in the short- and long-term. She was optimistic that there would be a very enlightening, stimulating and productive discussion, and so encouraged everyone to stay on.

### ***Session One***

The roundtable was organized into two sessions. The moderator invited Steve Njuria, senior program Officer, Market Access Program, AGRA to chair the first session. Mr Njuria applauded Tegemeo for bringing together stakeholders in the maize sector. He then invited the speakers to make their presentations. The three presentations were made successively as follows:

- **Maize Production Outlook and Implications for Food Security**  
John Olwande and Francis Karin, Tegemeo Institute
- **Kenya's Maize Pricing Situation: Challenges and Opportunities**  
Dr. Lilian Kirimi, Tegemeo Institute
- **Role of NCPB in Supporting development and Attainment of Food Security**  
Prof. Gideon Misoi, Managing Director, NCPB

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<sup>1</sup> See Appendix 1 for a list of participants

The presentation by Mr. Olwande highlighted the results of a situational analysis of maize production in the country conducted by Tegemeo in early September, 2009. Findings of the study showed that, contingent upon the North Rift region where most of the maize crop was at milk or tasseling stages receiving adequate rainfall, the country is likely to harvest approximately 17.6 million bags of maize from the long rains season. This amounts to only 61% of the 28 million bags that had been targeted. In addition, and contingent upon adequate rainfall during the short rains season, 6 million bags are expected. Under the best case scenario, therefore, Kenya expects maize production of about 23 million bags in 2009/2010 cropping year. With maize consumption needs of about 37 million bags, the country will experience a shortfall of about 14 million bags. In case the rainfall continues to be depressed for the long rains crop in the North Rift and during the short rains season, the estimated production could even be lower. In addition, the estimated production figures have not been adjusted for: (i) harvesting of green maize, which is gaining currency in the South and North Rift regions; (ii) likely impacts of the El Nino condition, which may cause destruction of the long rains maize crop in the fields (in Rift Valley) or enhance production in the short rains season (especially in the Eastern region); and, (iii) maize production from the Government's irrigated land, which is expected in December.

In suggesting the way forward, Mr. Olwande outlined various recommendations. In the short term, the government can ensure that the adverse effects of the food shortage are mitigated through expansion of relief efforts; stimulating production in the short rains season through providing farmers with targeted fertilizer and seed support, and expansion of irrigation; and, maintain duty waiver on maize to allow adequate and affordable imports. In the long term, there is need to focus attention to productivity enhancing investments, mainly in expansion of irrigation, improvement of roads and railway infrastructure and research and development; and, improving access by farmers to productivity enhancing technologies through public private partnerships.

Dr. Kirimi made the second presentation that focused on the evolution of maize grain and flour prices in Kenya for the period 2000-2009. It showed that domestic maize prices in the major markets of Nairobi, Mombasa, Nakuru, Eldoret and Kisumu have been on an upward trend since

2002, with sharp increases from 2008. However, between January and August 2009, prices in other markets were increasing while those in Mombasa and Kisumu were generally declining, a situation that may be attributed to a price moderating effect of imports from Uganda and Tanzania.

A comparison of local and import parity prices in Nairobi over the 2000-2009 period indicates that imported maize has been more expensive than domestically produced maize up to February/March 2009, the only time when there would have been an incentive to import maize. Indeed, the waiver granted in January 2009 has restrained the increase in grain prices, with the gap between local and parity prices reducing. Tegemeo's assessment in early September 2009 indicates that the proportion of imports in the stocks held by traders has increased in most markets, being about 80% in Nakuru. Maize grain and flour prices have shown similar trends between 2000 and 2009. However, beginning late 2008, grain prices have been declining while flour prices have been increasing. This may be attributed to other factors besides grain price such as poor road and rail infrastructure, high energy costs, and uncertainties in grain markets in terms of policy. However, retail maize meal prices, and marketing margins between maize grain and maize meal, have fallen as the year has progressed. This decline may be due to increasingly greater access of imported maize to informal maize trading and processing systems, which are less costly than the industrial milling sector and which compete effectively against it for low- and middle income consumers. This is important given that posho mills account for 40% of maize milled in rural areas. As long as grain is circulating in informal markets, consumers can buy and mill it at neighbouring posho mills, ensuring that the less expensive products are available to most low-income consumers.

In conclusion, Dr. Kirimi indicated that there is need for strategies that will adequately deal with the evolving food security situation during the 2009/10 cropping season and beyond. In the short term, the government needs to expand relief efforts, maintain duty waiver on maize and introduce waiver on wheat and rice, ensure access of imported maize to informal traders and posho millers, and follow clearly-defined and transparent rules for triggering government

intervention to reduce market uncertainty. Additionally, there is need to raise awareness and sensitization on diversifying food consumption and to establish regular periodic government-private sector consultations to coordinate decision making on stocks and imports. In the long term, there is need to emphasize on strategies that reduce cost of producing and distributing maize locally such as improvement in roads and railway infrastructure.

Prof. Misoi made a presentation on **Role of NCPB in Supporting Development and Attainment of Food Security**. He provided a historical background on NCPB and how it has evolved over the years. He highlighted that Kenya has had deficits in maize and wheat from 1996/97 to date, which are associated with uncertain commodity prices, poor support systems for farmers, unpredictable/severe weather conditions, and poor farming methods, among others. The deficits are normally met through official and unofficial cross border trade and offshore imports. He indicated that after liberalization NCPB's role was reduced to:

- Government's arm for grain price stabilization
- Procurement of Strategic Grain Reserves (SGR) and Famine Relief Stocks (FRS)
- Providing logistics support services for distribution of SGR and FRS
- A commercial grain trading organization (a role it cannot play effectively due to its weak financial position).

In addition, he highlighted the major players in the industry who include, (i) millers with a combined milling capacity of up to 5,575 MT per 24 hr and who process about 110,000 MT of grain per month, (ii) traders who purchase up to 200,000 MT, (iii) and, the GoK and NCPB who purchase about 30% of marketable surpluses estimated at 40% of total national production. He indicated that although small scale millers are crucial players, they are not catered for.

In his presentation, Prof. Misoi enumerated some of the challenges of the grain market in a liberalized environment. The general ones include lack of an effective legal framework; weak support systems for stakeholders; frequent food shortages that greatly compromise the welfare of citizens; stabilization and/or intervention by the government; escalating costs of farm inputs and labor; unpredictable income to producers; escalating unpredictable food prices leading to high inflation; and, uncertainty about the role of NCPB (service provider or commercial trader). The

challenges which he classified as specific include: exploitation of the farmers by middlemen; setting up prices of maize which is always not market driven; frequent losses by NCPB compounded by its weak capital base; inadequate institutions to support grain farmers; uncertainty of prices for millers; and, unavailability of grains to small millers.

In addition, Prof. Misoi highlighted several institutional gaps in food distribution namely: disorganized storage facilities for farmers; lack of institutional mechanisms to set up prices (poor price signalling effect); inadequate credit to farmers (inadequate support from AFC); under-capitalised buyer of last resort (NCPB); de-institutionalization of regulation of quality and standards in the grain sector; and, weak government monitoring system and regulatory mechanisms. Further, he suggested a set of reforms that would address these gaps and food security issues in general, which include: transformation of NCPB into a major National Warehousing Institution; introduction of a warehouse receipting system in Kenya and the region; establishment of a commodity exchange that encompasses all agricultural commodities in the Region; preparation of adequate legal and regulatory framework to govern grain trade; facilitation of the emergence of private sector warehouses; and, the introduction of institutional management of risk in grain trade including a futures market for hedging by farmers. He then went on to elaborate on the proposed warehouse receipting system, national warehousing Act, commodity exchange, and re-structuring of NCPB.

## **Discussion**

After the three presentations, Mr Njukia applauded the presenters for their presentations and summarized the issues that were raised during presentations, and which would form the basis for discussions. He then invited comments from the participants. The issues raised in the discussion relate to the following:

### **Maize production and productivity**

Productivity of maize is an issue that was addressed by several participants. Mr. Mburati, a UN-FAO consultant expressed concern on the finding by Tegemeo that in general over the last ten years, maize productivity has increased by only 3 bags per acre. He emphasized that research should therefore focus more on reforms that ensure an increase in productivity and on strategies that seek to increase domestic maize production rather than filling the gap with imports. Mr.

Malinga from the Ministry of Agriculture (MoA) indicated that the 17.6 million bags figure should be taken with caution as it was likely to change depending on the weather conditions. Further, he said that the MoA and other stakeholders were to meet the following Tuesday to make their maize production estimates for the 2008/09 crop year. Mr. Karin of Tegemeo responded to this and further explained that the 17.6 million bags of maize was Tegemeo's projection based on the area of maize under cultivation (obtained from the MoA) and the crop performance outlook. He indicated that Tegemeo would be happy to join the other stakeholders in the meeting scheduled for Tuesday if invited.

Mr. Nyachae Obongo, CEO, STAK, Mr. Eustace Muriuki, General Manager, MEA Ltd and Ms. Mbatia of WFP emphasized the need for the government to increase investment in irrigation infrastructure in order to promote productivity of maize and other crops. Mr. Oriari (MoA) advised that agricultural production must be turned into a lucrative business by linking farmers to markets. This will increase productivity and also reduce rural-urban migration. In addition, he pointed out that lack of land is a major constraint to agricultural productivity in Kenya and suggested that land consolidation should be done in order to have feasible sizes for production such as in irrigation schemes.

### **Role of research**

Research was suggested as a key component in addressing the current food crisis. Mr. Mburati (UN-FAO) noted that ad hoc policy decisions have put the country in jeopardy and suggested that research institutes like Tegemeo should take the responsibility of informing the government and advising on appropriate policy actions, e.g. pricing policies. In addition, Mr. Nyachae (STAK) suggested that the MoA and other stakeholders should always consider research experts advice. Additionally, Mr. Muriuki (MEA Ltd) indicated that all stakeholders in the cereals industry and researchers should work together to ensure reforms and increase agricultural productivity, and that the GoK should make use of its research institutes such as KARI to advise farmers and fertilizer importers on what fertilizers to use or which ones to import. Mr. Olwande echoed these points of view and emphasized that policy makers should listen more to policy analysts before making any policy decisions. Mr. Nyachae (STAK) suggested that Kenyans can

borrow from the Malawian case where the government works with the private sector to improve productivity.

### **Food diversification and coping mechanisms**

Mr. Mburati (UN-FAO) raised concern that the presenters did not focus on the coping mechanisms people should focus on during times of food crisis. He suggested that focus should be put on diversifying into other crops such as millets and sorghum, which should be promoted by supplying seed to farmers. Mr. Olwande concurred with him and indicated that diversification into other foods is inevitable to avoid food crisis in future.

### **Quality of maize**

Ms. Mbatia (WFP) noted that the the presenters did not focus on the quality of maize. She raised concern over the quality of maize coming from some irrigation schemes as it had very high levels of aflatoxin. Mr. Ogolla (NCPB) indicated that the reason for the high aflatoxin incidences in Hola irrigation scheme is as a result of hot temperatures in the area. In addition, drying of maize is done on the dirty grounds and it can easily pick fungi. NCPB is, therefore, availing cheap tarpaulins to the farmers for drying maize. He further explained that the uncoordinated operations of quality inspectors in the country are a major challenge in maintaining good quality maize. Different countries and WFP have different levels of accepted aflatoxin in parts per billion, for example, 10ppb in Kenya, 20ppb by WFP, and 50ppb in India.

### **NCPB and warehousing**

Mr Owour (Sower Solutions) raised a lot concern about the operations of NCPB. He noted that reforms at NCPB were long overdue, that the NCPB strategic plan is not available in the public domain and that stakeholders had not been properly consulted on the proposed warehouse receipt system and the commodity exchange. He wondered why NCPB had made a profit during a time of food shortage and why NCPB should have a commercial role yet it cannot sustain itself financially. He also questioned the rationale for liberalization and asked whether the warehouse

receipt system would be beneficial to small-scale farmers. Mr. Ogolla (NCPB) explained that the warehouse receipt system proposed by NCPB is still in the initial stages and consultations with stakeholders will continue. The NCPB strategic plan is not yet complete hence it is not available in the public domain. Dr. Kirimi (Tegemeo) indicated Tegemeo is in the process of carrying out a maize value chain analysis and results indicate that on-farm storage is an area of concern. Therefore, a well organized warehouse system should be put in place as this would be beneficial even to small scale-farmers. The initiative would help reduce post-harvest losses which are normally estimated to be about 30% annually, and in addition, proper storage would also reduce the aflatoxin problem. Mr Oriari (MoA) advised that the GoK must appoint a regulator in the cereal market to avoid future food crisis since currently, the role of NCPB is not clear.

## ***Session Two***

The second session was chaired by Dr. Mathenge (Tegemeo) who invited presenters for this session. Four presentations were made successively as follows:

- **Food Security in Kenya**  
James Malingá, Assistant Director of Agriculture, Ministry of Agriculture
- **Responding to the Current Food Situation in Kenya: Challenges and Opportunities**  
Diamond Lalji, Chairman, Cereal Millers Association
- **Maize Production Outlook and Current Challenges: Farmers' Perspective**  
David Nyameino, CEO, Cereal Growers Association
- **The Potential Impacts of the Anticipated El Nino Rains on the Food Situation**  
James Muhindi, Assistant Director, Climate Prediction Services, Kenya Meteorological Department

The presentation by Mr. Malingá addressed a number of issues. With regard to the current food situation, he pointed out that about 80% of the maize crop in North Rift is at grain filling stage and requires rains up to end of October, and so early rain cessation will lead to a drop in yield. The larger Trans Nzoia is expecting 3.3 million bags against a long-term average (LTA) of 4.3 million bags, while the larger Uasin Gishu expects 2 million bags compared to a LTA of 3 million bags. Western and Nyanza provinces, in normal years, produce nearly enough maize for

local consumption (3.5–4 million bags), but in this year, 3.7 million bags are expected in Western Province, and another 3.6 million bags in Nyanza Province. In addition, maize in North Rift could be in danger of lodging in the fields, sprouting and rotting, during El Nino and a subsidy for farmers for grain drying has been recommended. He indicated that the national maize stocks were at 7.5 million bags, with NCPB holding 2.6 million bags, while the private sector, NCPB, international agencies & others imported about 2 million bags in August, 2009.

In addition, he highlighted the initiatives that the government has put in place in order to mitigate current food insecurity situation, broadly described as programmes and policies that respond to immediate needs of the poor and food insecure, as well as long term actions to enhance productive potential and incomes. The short term interventions include waiver of duty on imported maize in times of need, GoK to import and replenish Strategic Grain Reserve, maize producer prices to be increased (KES 2,300 per 90kg), fertilizer bulk procurement by government, and reduction in fertilizer prices to KES 2,000 for DAP and KES 1,400 for CAN for 50kg bag. The long term interventions include targeted food security programmes such as: (i) Njaa Marufuku Kenya (NMK) with the overall goal of contributing to reduction of poverty, hunger and food insecurity among poor and vulnerable communities in Kenya; (ii) National Accelerated Agriculture Inputs Access Programme (NAAIAP) whose objective is to improve access and affordability of key inputs to small holder farmers, particularly those living below the absolute poverty line, so that they can get out of the vicious cycle of poverty and participate in agriculture as a business enterprise; (iii) Orphaned Crops Programme which aims at diversifying sources of food through promotion of indigenous crops that are drought tolerant; (iv) Revitalization of Agricultural Mechanization Services whose objective is to improve agricultural infrastructure and land development to Kenyan farmers; (v) and, irrigated food production; Other long term income generating programmes include Cotton Development, Water Harvesting for Crop Production, Small-scale Horticulture Development Project, Small Holder Horticulture Empowerment Programme (SHEP), and Small Holder Horticulture Marketing Project (SHoMaP).

In conclusion, Mr. Malingá highlighted the need for:

- more investment and more budgetary allocation to the sector

- an all inclusive Food Security & Nutrition Policy, which once finalized, will ensure full participation of all stakeholders in food security activities
- Government to pursue an open regional cross border marketing policy to tap on the regional diversity in food types, supply and varying harvest seasons
- More investment in infrastructural development in the rural areas to reduce transportation costs and enhance redistribution of food from surplus to deficit areas and avoid geographical shortages
- Deliberate and targeted investment in irrigation, especially for the Arid and Semi Arid Lands, in order to increase food production
- Diversification of crop enterprises for a broad-based food security

The second presentation by Mr. Lalji of Cereal Millers Association was on **Responding to the Current Food Situation in Kenya: Challenges and Opportunities**. He indicated that the Government has initiated some programmes to boost production of maize in response to the shortage of maize experienced following political skirmishes early last year, erratic weather patterns and depleted strategic reserves. However, challenges still remain and he enumerated them as: productivity levels for maize that are below potential; land remains under-exploited for agricultural production; productivity of the sector is constrained by inefficiencies in the supply chain resulting from limited storage capacity, lack of post harvest services and poor access to input markets; limited ability to add value to agricultural produce; and, food shortages in the country hence undermining the food security situation in the country. This has led to uncertainty and speculation in the market, the consequence of which is significantly higher prices.

With regard to opportunities, Mr. Lalji focused on short- and long-term recommendations. In the short-term, he suggested removing duties on maize grain and liberalizing the grain market. Zero % duty would encourage unimpeded movement of maize from surplus to deficit areas this being critical in ensuring that the regional food security is sustained. Also, consequent liberalization of the grain market will remove the uncertainty faced by millers regarding adequate supplies of maize grain. In the long-term, Mr. Lalji proposed the following: increase in productivity by farmers; government support for input subsidies for maize farmers as has been done in Malawi; irrigation intensification and expansion; increase market access through value addition by

processing, packaging and branding the bulk of agricultural produce; and, reduction of food manufacturing and distribution costs, specifically those associated with fuel, electricity, packaging and handling at the Port of Mombasa. In conclusion, he quoted from Vision 2030 and suggested that this should be our guide:

*'To deliver on this ambitious process of national transformation will require a fundamental shift: from business as usual to business unusual (from multiple and often uncoordinated levels of decision making to centralized implementation process); a new management philosophy (from a limited sense of urgency to relentless follow up); legislation (from slow, reactive to fast, proactive legislating); special budgeting (from low and dispersed to high and 'ring-fenced' investments) as well as management of top talent (from shortage of skills to a war for Talent).'*

Mr. Nyameino of Cereal Growers Association (CGA) made a presentation on **Maize Production Outlook and Current Challenges: Farmers' Perspective**. He started by laying out the objectives and areas of operation of CGA. He then outlined the maize production challenges. First, he indicated that there is a definite shortage due to drought, with an expected annual production 22 million bags, from areas with a good maize crop such as Nyanza-Migori, Kisii, Kuria, most parts of Western Province, parts of South Rift (Trans Mara) as well as parts of North Rift. The other challenges include diminishing agricultural land, over-reliance on rain fed agriculture, poor cropping choices (over-reliance on maize), poor extension services, and disorganized markets. To deal with these production challenges, he suggested the following: land consolidation; long term land leases; making farming commercial (more investments); ensuring that technology matches the changing environment e.g. early maturing crops that need less water; irrigation (create dams & use run-off water); production of drought tolerant crops; diversifying eating habits; crop insurance; organized markets that will discover prices more transparently (commodity exchange and warehousing); and, improved quality to reduce post-harvest losses of 30%.

The last presentation was by Mr. Muhindi of the Kenya Meteorological Department, which was on **The Potential Impacts of the Anticipated El Nino Rains on the Food Situation**; a topic Mr Muhindi indicated was perhaps not his area of expertise especially with regards to impacts on food security. He went ahead to explain the meaning of long range forecasts and indicated that

much has been talked about the coming El Nino, which to most Kenyans means heavy rainfall and serious flooding. He pointed out that it is true that El Nino conditions have a tendency of enhancing rainfall during October-December “short-rains” season. However, it is important to know that the impacts of El Nino on seasonal rainfall are not always similar. He further explained that El Niño is a term that refers to anomalously warmer than average conditions of Sea Surface Temperatures (SSTs) in the eastern and central equatorial Pacific Ocean. It is normally characterized by warming of the subsurface layers and large scale weakening of the trade winds in the region, and that these changes have important consequences over weather/climate around the globe, including East Africa.

Mr. Muhindi explained the expected conditions for the October-December 2009 “short-rains” season. During this time, most parts of the country are likely to experience enhanced rainfall that will be well distributed both in time and space. The rainfall is expected to be mainly driven by the presence of the evolving El Niño in the Equatorial Eastern Pacific Ocean coupled with a warming Indian Ocean in areas adjacent to the East African coastline. The rainfall is, however, expected to be less enhanced as compared with that of 1997. It is expected that there will be timely onset of the Oct-Dec rainfall over most of the “Short Rains” dependent areas. The rainfall expected over most agricultural areas of the country would be adequate for good crop performance. Farmers, are therefore, advised to work closely with the Ministry of Agriculture and take advantage of the expected good rainfall performance, the extended rainfall season, and extended length of the growing period, to maximize on the crop yield. However, enhanced rainfall in Western Kenya may coincide with harvesting activities in parts of Rift Valley (Uasin Gishu, Trans Nzoia etc), thus interfering with these activities. The emergency measures that are currently in place due to food insecurity in the country should be sustained till March 2010. He emphasized that in order to enhance food security, storage facilities should be built in every province for easier access and distribution of food to the needy.

## **Discussion**

After the presentations, Dr. Mathenge welcomed comments and questions from the participants. The discussions centered around the following areas:

## **Milling industry**

Dr. Mulinge (KARI) commented that millers are generally very secretive in their business operations, which resulted in lack of crucial information especially on food stocks available to millers. He asked how Cereal Millers Association (CMA) could ensure that the information in the industry is available to the public. In response, Mr. Lalji (CMA) indicated that CMA has been quite open and proactive in raising issues affecting the cereals industry saying that the millers raised the signal on maize shortage quite early in February 2008, but the government did not take them seriously. He added that there has been a structural problem in the agricultural sector and the adverse publicity against the millers is wrong.

## **Government policy and response**

Many participants were concerned about the government's policy in promoting agriculture and its slow response to the food crisis. A participant from Louis Dreyfuss pointed out that it was very clear in 2008 that there was a shortage of maize in the country. However, the government did not handle this matter with a sense of urgency and the duty waiver came too late. He added that there was delay in importing the grains and the impact of the imports was quite slow on the local prices. Further, he suggested that there was need to ensure that information on the status and way forward in the maize sector is passed to the government rapidly and that the government acts swiftly to address any prevailing problem. Prof. Thom Jayne (MSU) commented that there were good short term and long term strategies that were being proposed to address the persistent maize shortage in the country. However, he wondered what the government would do differently this time to ensure adequate maize production and check on the rising maize prices. He challenged the participants to think of what should be done differently if a new food crisis situation was to happen in the very near future.

Mr. Nyachae (STAK) proposed that an increase in agricultural productivity requires proper legislation and amendment of some existing acts. He proposed that the Seed Act should be amended and a Fertilizer Act formulated since at the moment fertilizer issues are addressed in a different Act.

## **Government initiatives**

Dr. Susan Kaaria (Ford foundation) sought to know the impact of government initiatives such as Njaa Marufuku Kenya on small-holder farmers and whether such programmes achieved their intended objectives. Mr. Guantai (KMDP) noted that some large-scale farmers have been ignored in the government initiatives yet their production is very substantial. He suggested that the government should also focus on such and ensure fewer bureaucracies in getting the services and inputs from these programmes. His view is that those farmers who have no potential to produce should not be targeted as it amounts to a waste of resources.

Mr. Owuor (Sower Solutions) sought to know if the government subsidies on fertilizer were targeted or non-targeted and what were the distribution channels in place for the fertilizer. He pointed out that the current distribution channels were not efficient and there were a lot of delays. He suggested that the government should start working with the private sector in distributing the subsidized fertilizer. Mr. Muriuki (MEA Ltd) drew attention to the need to level the fertilizer procurement and distribution in the country. Since the government has announced the subsidized prices of fertilizer to farmers, he proposed that the government should think of subsidizing the transport of fertilizers by the private sector so that they can operate at the same level of margins. He said that the intervention of the government in the fertilizer sector with subsidized fertilizer was killing the private sector leading to closure of businesses.

Mr. Malinga (MoA) explained that there were various government efforts to address the problem of low agricultural productivity. Some of the programs included the Midterm agriculture investment plan by ASCU, the NAAIAP program and the National Agricultural Sector Extension Policy (NASEP). The GoK has put in place programmes targeting to improve productivity among rural small scale producers. He stated that in its programmes like the Njaa Marufuku Kenya, the government of Kenya targets farmers with a potential to produce. He also reported that some of the programmes were quite successful in the ASAL areas; however, they are not old enough for an evaluation. In addition, he indicated that the vision of the MoA is to have the private sector take up and sustain some of the programmes initiated by the government.

Mr. Guantai (KMDP) proposed that the GoK and other players like NGOs should also put more emphasis on sensitizing farmers on soil, water and environmental conservation methods, and

suggested that land reforms should be implemented in order to increase agricultural productivity. In response, Mr. Malinga (MoA) stated that the government had started some projects to boost irrigation as well as water harvesting and informed the meeting that currently, the extension services are demand driven and farmers are advised to be in groups in order to access these services.

Dr. Marenja (University of Nairobi) lauded efforts and strategies being proposed such as increasing productivity through irrigation, soil testing, and enhanced use of fertilizers. However, he asked what the priority should be during the implementation of such strategies.

### **Quality of maize**

The issue of maize quality came up again in the second session. Ms. Mbatia (WFP) revisited the problem of aflatoxin and indicated that some regions in Kenya have very high aflatoxin levels (890-3800ppb) raising concern over the quality of maize. In addition to paying attention to the quality of maize, she suggested that more research on drought resistant crops is needed, as well as diversification into other crops in order to complement the consumption of maize. Mrs. Ogot (MoA, Rift Valley) indicated that given the meteorological forecast, it was worrying that the El Nino rains were coming. This poses the problem of maize rotting on the farms and the aflatoxins poisoning. She expressed concern that crops that have been subjected to drought stress are prone to aflatoxins and wondered what the government was doing to address the problem of drying the crop that was in the field. She asked researchers to do more research on maize quality and the major factors that predispose cereals to aflatoxin. Mr. Lalji (CMA) contributed to this debate and said that millers buy maize according to standards set by the Kenya Bureau of Standards and that there was need to share information about aflatoxins.

### **NCPB and maize stocks**

Dr Mary Mathenge (Tegemeo) sought to know who was currently regulating the maize industry in Kenya, and raised a concern that NCPB did not seem to know how much stocks of maize was available in the country and how much imports were required. In addition, Mr. Owuor (Sower Solutions) mentioned that there is need for the government to decide clearly what the role of NCPB is; is it a regulator and still involved in commercial trading? He added that NCPB cannot play both functions of regulation and commercial trading.

Mr. Nyameino (CGA) indicated that the government usually has no information about the available maize stocks and what quantities need to be imported. He proposed that the setting up of warehouse receipts system could assist in providing information on maize stock availability to help in addressing maize deficit in order to ensure timely imports and thus check on price levels. Mr. Lalji (CMA) suggested that the duty waiver should be extended to December 2010 to ensure adequate maize stocks in the country.

### **Other issues**

Other important issues also came up during the discussion. Mr. Owour (Sower Solutions) pointed out that the Kenya Vision 2030 proposes specialization of production in the long term but currently, there is a lot promotion of diversification in crop production. He also sought to know if the AFC would provide loans to farmers interested in planting orphan crops.

Mr. Nyameino (CGA) suggested that commercial farmers should have a reliable crop insurance scheme to cover them for losses in case of unexpected eventualities such as drought.

### **WAY FORWARD**

After the two sessions, a final session on the way forward was chaired by Ms. Constantine Kandie, the CEO of EAGC. In this discussion, the following recommendations in dealing with the current food crisis and raising agricultural productivity emerged:

#### **Short term measures**

- Extension of the duty waiver depending on the level and duration of food shortage
- Government to support farmers in the Rift valley with drying facilities to ensure that the crop is not lost due to the expected El Nino rains. This will also minimize exposure to aflatoxins
- Increased budgetary allocation for relief food to the vulnerable groups in the country
- Efficient distribution channels for the subsidized inputs. The Government could also subsidize fertilizer transport to allow a level playing ground that ensures that the distributors are in a position to sell the fertilizer at the recommended prices countrywide.
- The Meteorological department should work closely with the MOA to ensure efficient flow of weather forecast information to producers

- Public-Private Partnerships should be strengthened and efforts should be made to ensure transparent consultations between the private and public sector. This will help inform policy decisions when all stakeholders are consulted, and it will also reduce the uncertainty, which exists within the sector.
- Removal/reduction of duty on other staples e.g. wheat and rice

### **Long term measures**

- Increased productivity by investing in research, extension and soil health
- Investment in irrigation infrastructure to boost productivity
- Diversification into other crops in order to reduce heavy reliance on maize as a staple
- Evidence based policy implementation
- Crop insurance and commodity exchange
- Reforms at NCPB –redefine and specify the role of NCPB and identify a clear regulator for the industry
- Land reforms – there was emphasis on land consolidation to ensure economical use of land
- Seed Act –The seed Act of 1972 is old and its amendment is crucial. Some progress is being made in this area. For instance, the National Seed policy and Sessional paper have been forwarded to the cabinet, while the Seed and Plant Varieties amendment Bill has been forwarded to the Attorney General’s office for legal drafting and publication. However, this process of drafting should be fast tracked.
- Lessons learnt –Need to utilize lessons from previous experiences to avoid the cycle of food insecurity