Central Bank of Kenya

Agriculture Sector Survey

March 2024

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1. BACKGROUND

The agriculture sector recovered significantly in 2023 supported by favourable rainfall that led to increased production. The favourable weather conditions were witnessed in the better part of 2023, particularly the October – December 2023 season that recorded above average rainfall which continued into January 2024. Available data from the Kenya National Bureau of Statistics (KNBS) shows that the agriculture sector growth averaged 7.0 percent in the first three quarters of 2023 compared to a contraction of -2.0 percent in the first three quarters of 2022. Thus, the sector recovered remarkably after a contraction of -0.3 percent and -1.9 percent in 2021 and 2022, respectively, occasioned by the prolonged drought conditions.[1]

The rebound of agriculture sector is important not only with respect to the role it plays in enhancing Kenya's food security but also in terms of implications of agricultural commodity prices on the overall inflation. It is in this regard that the Monetary Policy Committee (MPC) of the Central Bank of Kenya (CBK) initiated the survey of the agriculture sector with the aim of gathering indicative information on current and expected developments in prices and output of select agricultural commodities to inform monetary policy decisions. Understanding the trends in the prices of basic agricultural commodities, output and challenges is vital, given the significant weight of food in the Consumer Price Index (CPI) basket, and the important role of agriculture in the economy. Moreover, given the high reliance on rain-fed farming, farmers are increasingly vulnerable to drought and unpredictable weather patterns due to climate change. These have implications not only on food security but also on price stability.

The focus areas of the survey include:

i. Prices of key agricultural food commodities and expectations.
ii. Assessment of output and acreage of select food items, and expectations.
iii. Access and use of farm inputs for agricultural production.
iv. Factors affecting agricultural production, marketing/sale of farm produce.
v. Indicative information on access to credit facilities and how farmers use the credit; and
vi. Suggestions on how to improve agricultural production.

[1] KNBS Economic Survey 2023

The current survey was conducted during the period March 11 – 15, 2024. The results show there was a general decline in prices of key food items in March relative to February 2024, particularly cereals and processed foods. The general downward trend in food prices is expected to continue in April 2024. Additionally, there was notable relief to consumers with respect to sugar, whose prices have been moderating following the re-opening of local sugar factories from October 2023. However, the survey established that retail prices of tomatoes and onions remain elevated.

The key factors found to be exerting upward pressure on inflation remained largely unchanged from previous surveys. Transport and input costs remained the most significant factors affecting price of agricultural commodities, though there was a decline in the share of respondents who reported these factors as being significant. This could be attributable to the moderation of transport costs following four consecutive cycles of reduction in pump prices by Energy and Petroleum Regulatory Authority (EPRA), and the government's subsidised fertiliser initiative. Favourable weather conditions also continue to support a decrease in prices and an increase in output. In addition, the survey showed a marked increase in the uptake of subsidised fertilizer in March 2024, where almost 70 percent of sampled farmers benefitted.

2. METHODOLOGICAL FRAMEWORK

The March 2024 survey gathered information on wholesale and retail prices of select food items, expectations about changes in prices and output, and factors that affect agricultural production. The survey drew respondents from select wholesale and retail markets, and farms in major towns. These included Nairobi Metropolitan area, and neighbouring counties including Kiambu, Kajiado and Machakos; Naivasha, Gilgil, Nakuru, Narok, Bomet, Kericho Kisumu, Mombasa, Kisii, Eldoret, Kitale, Nyandarua, Nyahururu, Mwea, Isebania, Meru, Nyeri, Isiolo, Oloitoktok, Namanga, Makueni and Molo.

The coverage and scope of the survey has continued to expand over time. The data was collected using face to face interviews with retailers, wholesalers and farmers in select markets and farms. A total of 247 respondents were sampled of which farmers accounted for 55 percent while retailers and wholesalers accounted for 32 percent and 13 percent, respectively **(Figure 1a and 1b).**

Figure 1(a): Response rate (Percent)

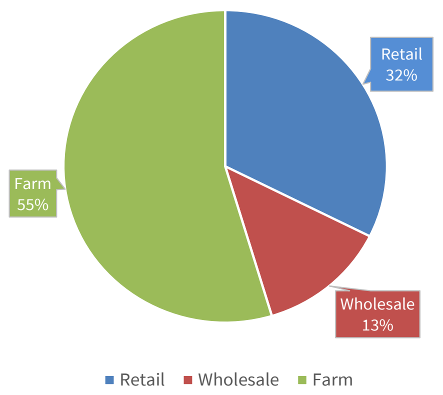
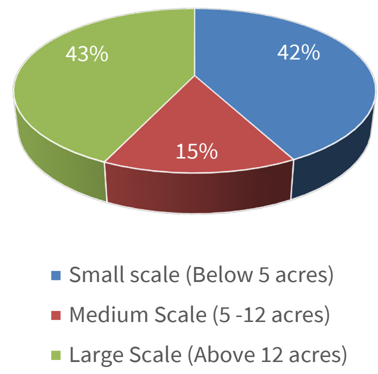


Figure 1(b): Farm categorization (Percent)



Both quantitative and qualitative approaches were employed to analyse the cross-sectional data while findings were presented using tables and/or charts. The Balance of Opinion (BOO) approach, which is generally defined as the difference between the proportion of respondents having expressed a positive opinion and the proportion of respondents having expressed a negative opinion divided by the total number of respondents, was applied to convert qualitative responses into quantifiable values. The survey sought respondents' views about their inflation expectations, that is, whether they expect inflation to increase, remain unchanged or decrease in the next one month and three months ahead. The BOO measure in this case is the difference between the proportion of respondents who expect inflation to increase and the proportion that expect inflation to decline, divided by the total number of respondents. This section highlights the key findings from the

3. MAIN HIGHLIGHTS FROM THE SURVEY

March 2024 Survey. Broadly, the following are the key highlights:

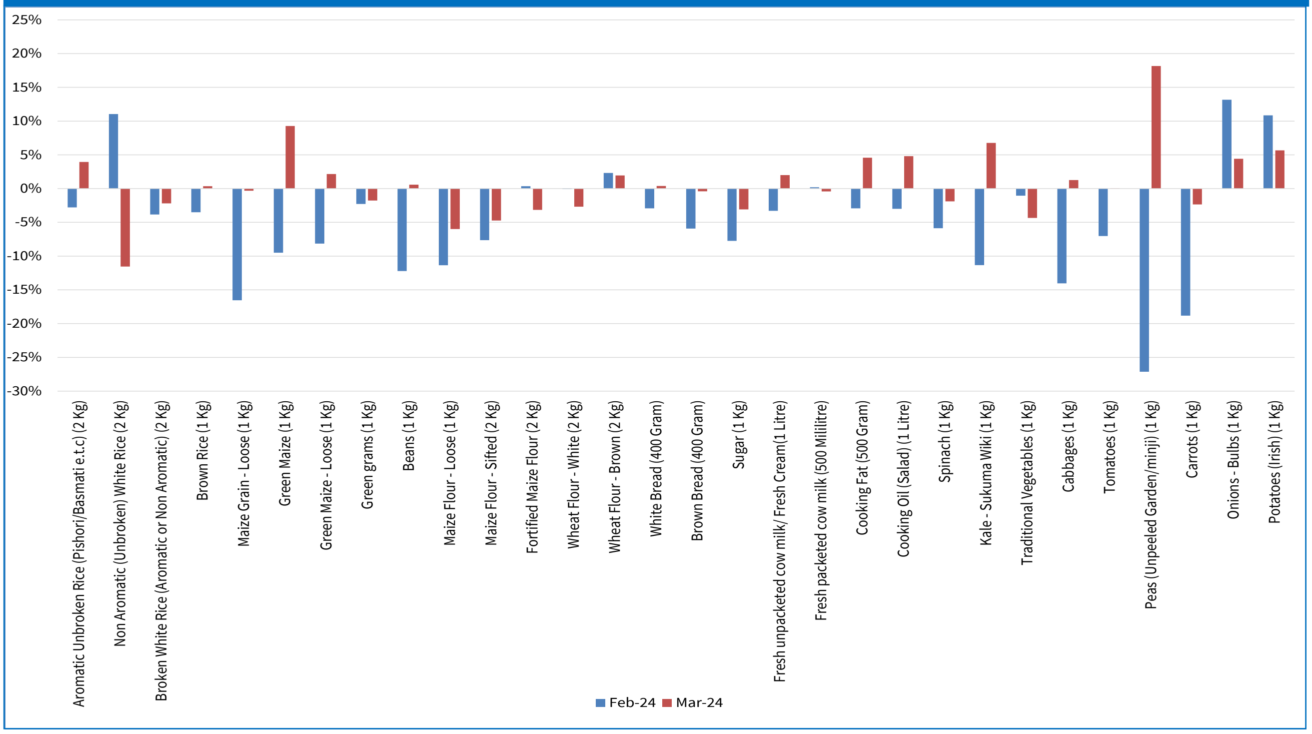
i. Retail prices of most non-vegetable items were generally lower in March 2024 relative to February 2024, but prices of key vegetable items such as tomatoes and onions remained elevated.
ii. The decrease in prices of cereals and cereal products was mainly supported by the bumper harvest following favourable October-December 2023 rain season, with rainfall continuing into January 2024.
iii. A larger proportion of respondents expect a general downward trend in food prices and overall consumer price in the next one month as well as in the next three months. This view has been influenced by the continued good performance of agriculture following favourable weather; reduction in pump prices even though still elevated relative to the same period last year; and the continued strengthening of the Kenya shilling.
iv. Expectations about both acreage and output of select crops in the next harvest remained positive in March 2024. This is partly on account of continued favourable weather conditions; availability of affordable fertilizer; and fuel price reduction which some farmers reported would moderate the cost of running farm machinery, equipment and transportation.
v. Weather conditions, transport and input costs continue to impact both output and price of key food items. However, the proportion of respondents who reported transport and input costs to be a significant factor in driving prices declined in the March 2024 survey. In this regard, a large share of respondents cited the continued positive impact of pump price reduction by EPRA and the government subsidised fertiliser initiative.
vi. The proportion of respondents who reported to have accessed the subsidized fertilizer increased significantly in March 2024 relative to the January 2024 survey. Most farmers rely on rain-fed agriculture and the uptick in fertilizer intake in March 2024 was a strategy to capitalise on the March-May 2024 long rain season.
vii. Banks, Savings and Credit Cooperative Societies (SACCOs), friends/family and the Hustler Fund continue to be main sources of credit for farmers. The funds were used mainly to finance farm implements, inputs (seeds, fertiliser, pesticides), and labour.

viii. Optimism about economic performance in the next three months and one year ahead was relatively higher in March 2024. Most respondents attributed their optimism to the recent appreciation of the Kenya shilling which they expect would be sustained; expectations that the subsidised fertiliser initiative would continue and that the March-May 2024 long rain season would be favourable.

3.1 Prices of Key Agricultural Commodities

The survey sought to establish indicative prices of key agricultural commodities in March 2024. Compared to the prices observed in the January and February 2024 surveys, analysis of the March survey data shows mixed outcomes. There were notable declines in prices of the various types of maize flour, reflecting the impact of continued supply of maize to the market following favourable rainfall in 2023 that led to increased production of maize. However, retail prices of tomatoes, potatoes and onions remained elevated due to higher demand relative to supply. The higher prices of green maize and peas in March 2024 reflect the influence of seasonal factors **(Figure 2).**

Figure 2: Monthly Changes in Retail Prices of Select Food Items (Percent)



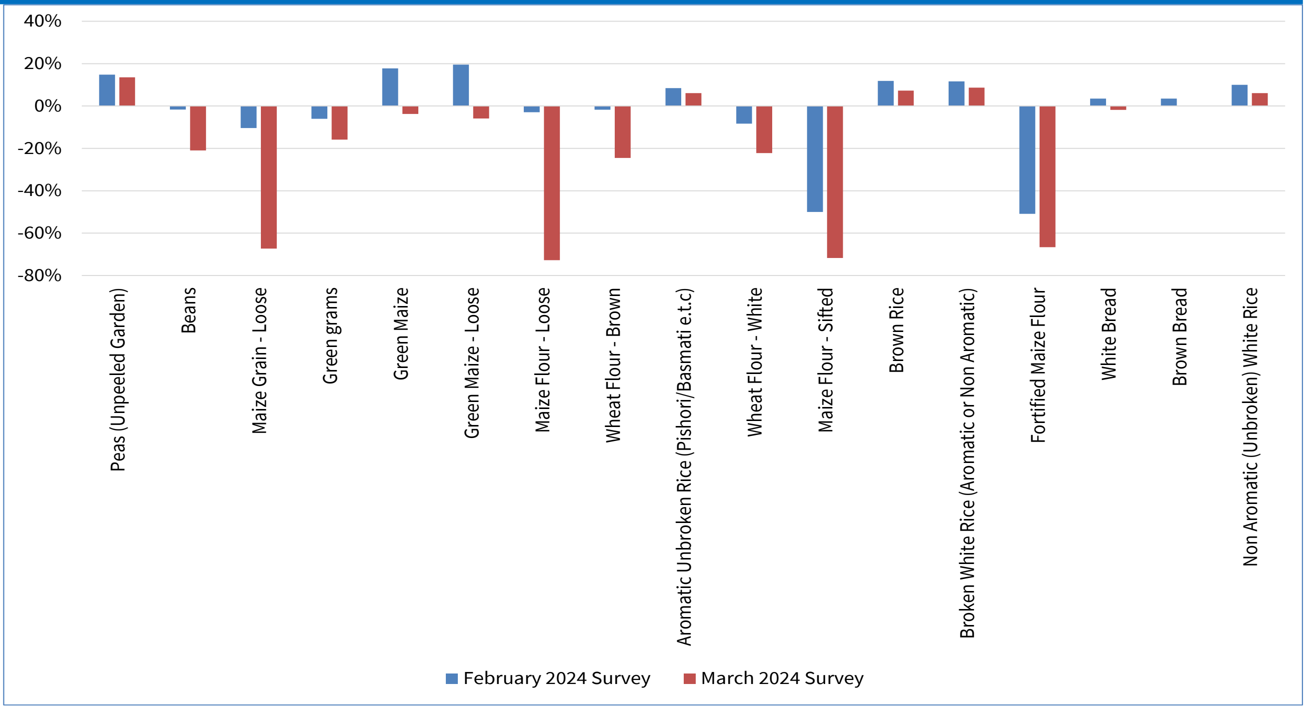
Prices of loose maize grain, green grams, and beans have been generally lower in the first quarter of 2024 compared to their respective levels in similar quarters in 2022 and 2023. The prices of various rice varieties have remained relatively stable in the first quarter of 2024, supported by local rice harvest in the period December 2023-February 2024. In March 2024, all rice varieties experienced slight price declines, except Pishori rice whose price increased slightly relative to February 2024. The prices of fresh un-packeted cow milk and packeted milk have remained stable over time, supported by favourable weather conditions, continued price offers in various outlets, and Government interventions. The latter specifically refers to the gazette notice published on March 17, 2023, which allowed animal feed manufacturers to import 500,000 tonnes of duty-free yellow maize before August 6, 2023, which helped to stabilize prices of animal feeds and resulted in increased milk production.

The price of sugar has been declining gradually and was lower in March 2024, compared to February 2024, with some outlets posting prices of about KSh 330 per 2kg packet (KSh 155 per kg). Sugar prices have been moderating since October 2023 after local sugar companies resumed operations following temporary closure in July 2023, to undergo annual maintenance. Expectations point to a decline informed by the re-opening of local sugar factories and the moderation in global sugar prices.

3.2 Expectations of Prices of Key Food Items

On balance, the BOO points to an expected general decline in prices of most food items in April 2024 (**Figure 3 and 4**). This mainly reflects the continued impact of favourable weather, the recent appreciation of the Kenya shilling in March 2024 compared to February 2024 and the substantial reduction in pump prices in March 2024. With respect to cereals and cereal products, some respondents noted that harvests from Eastern regions of the country had continued to boost supply of beans, maize grain, and green grams. Price expectations with respect to rice were not very different from what was observed in February 2024 with both surveys pointing to a slight increase in prices (**Figure 3**). Some respondents were concerned about possible increase in import costs due to supply chain disruptions arising from the crisis in the Red Sea and the Suez Canal.

Figure 3: Retail Price Expectations for Cereals and Related Products in the Next One Month (Percent of Respondents)

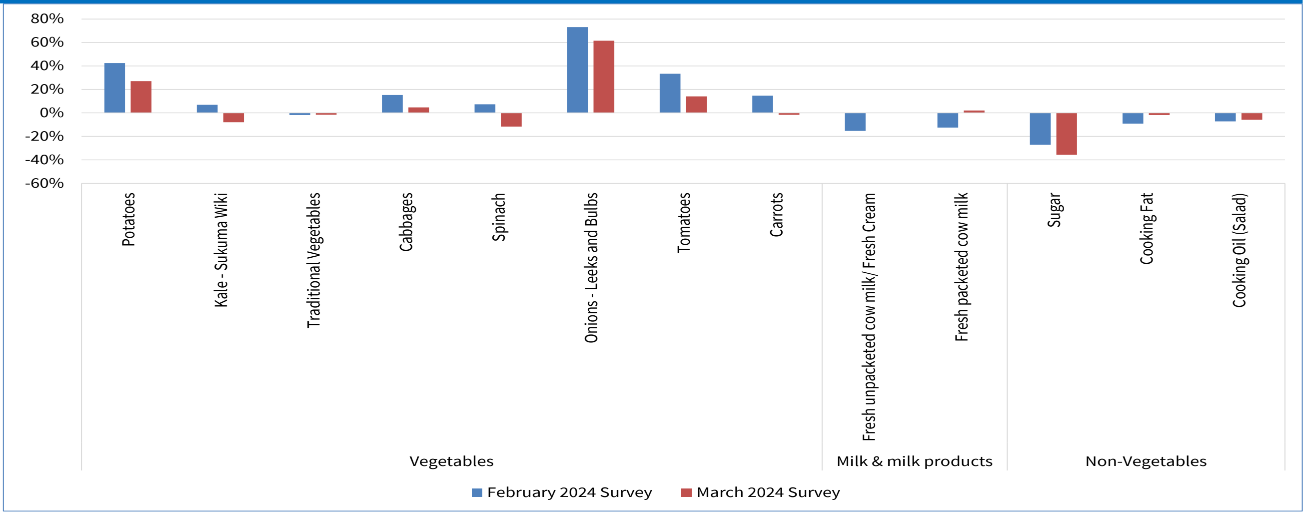


Overall expectations about retail prices were, in general, tilted towards a decline in the March 2024 survey, though not as drastic as in the February 2024 survey (**Figure 4**). The price of processed and unprocessed milk is expected to remain stable, supported by increased pasture resulting from favourable rainfall. Price expectations for vegetable items including kales/sukuma wiki, cabbages, spinach, and traditional vegetables in the March 2024 survey were not significantly different from the February 2024 survey. The weather conditions have been favourable for growing of fresh vegetables. Prices of potatoes and tomatoes were, however, expected to increase in the next one month, though at a subdued pace relative to the expected increase in the February 2024 survey.

Onion prices remained elevated as observed in both February and March 2024 surveys, and respondents expected a further increase in April 2024. However, only 60 percent of respondents expected an increase in onion prices in March survey compared to 70 percent in the February 2024 survey. The moderation in expected price increase during the March 2024 survey was partly informed by an expected increase in supply as the harvest of onions peaked in March 2024. However, the impact of the harvest on prices was expected to be dampened by the high demand for onions both locally and within the East Africa Community (EAC) region, particularly Tanzania, Uganda, and South Sudan. Traditionally, Tanzania has been an important source of onions, complementing local supply.

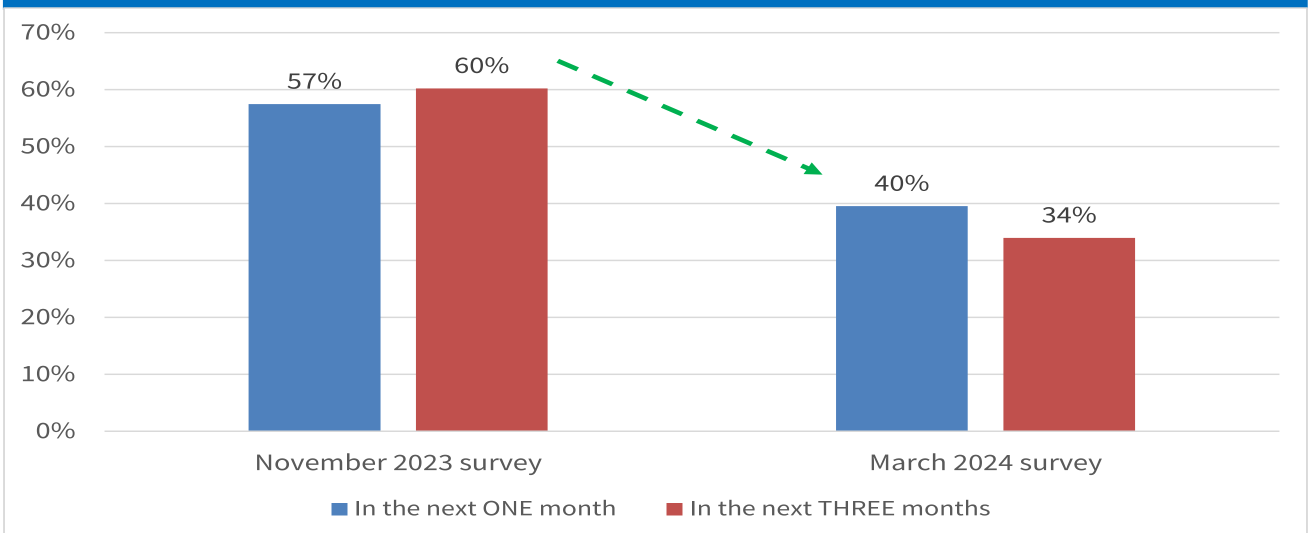
Expectations about prices of cooking oil and cooking fat in March 2024 survey point to a marginal decline in April 2024. This was informed by the observed easing of international prices of edible oils following recovery of global palm oil production and the relatively stronger Kenya shilling in March 2024.

Figure 4: Retail Price Expectations for Vegetables, Non-Vegetables and Animal Products in April 2024 (Percent of Respondents)



The survey also sought respondents' views on expectations about price changes (inflation) of the consumer goods regularly purchased by a typical household. Viewed over a slightly longer horizon the March 2024 survey showed a significant drop in the proportion of respondents who expected inflation to increase, when compared to the outcomes of the November 2023 survey. The proportion expecting inflation to increase one month ahead was 40 percent in March 2024 compared to 57 percent in November 2023. Moreover, the proportion of respondents who expected inflation to increase three months ahead reduced by almost half to 34 percent in March 2024, from 60 percent in November 2023 (**Figure 5**). This is not surprising given the significant recent developments such as the appreciation of the Kenya shilling relative to the US dollar, downward adjustment of pump prices by EPRA, and the outcome of the October-December 2023 short rain season which had a positive impact on agricultural production.

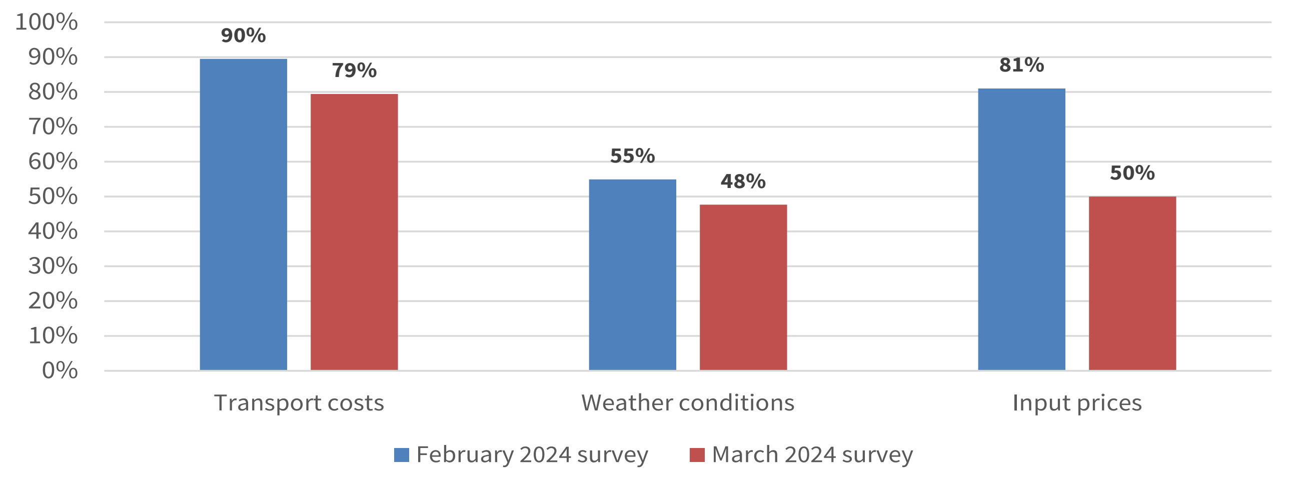
Figure 5: Inflation Expectations (Percent of Respondents)



3.3 Factors affecting Retail and Wholesale Prices

The survey also sought to establish the factors affecting wholesale and retail prices of select food items (**Figure 6**). Transport costs, input costs and weather conditions were noted to be the key factors impacting both retail and wholesale prices (**Figure 17 – Annex**). A key outcome of the March 2024 survey is the reduction in the proportion of respondents who reported transport costs as a key factor contributing to increases in prices. This could be attributed to the sustained reductions in pump prices by EPRA since December 2023, with a significant reduction witnessed in March 2024.

Figure 6: Factors Affecting Retail Prices (Percent of Respondents)



3.4 Analysis of output

This section describes the outcomes of the agriculture survey in terms of changes in actual output and acreage, and farmers' expectations regarding the same. This information is useful in shedding light on the direction of agricultural activity and is important given the direct and indirect impact of the agriculture sector on overall economic performance, as well as potential pressures on overall inflation mainly through food inflation.

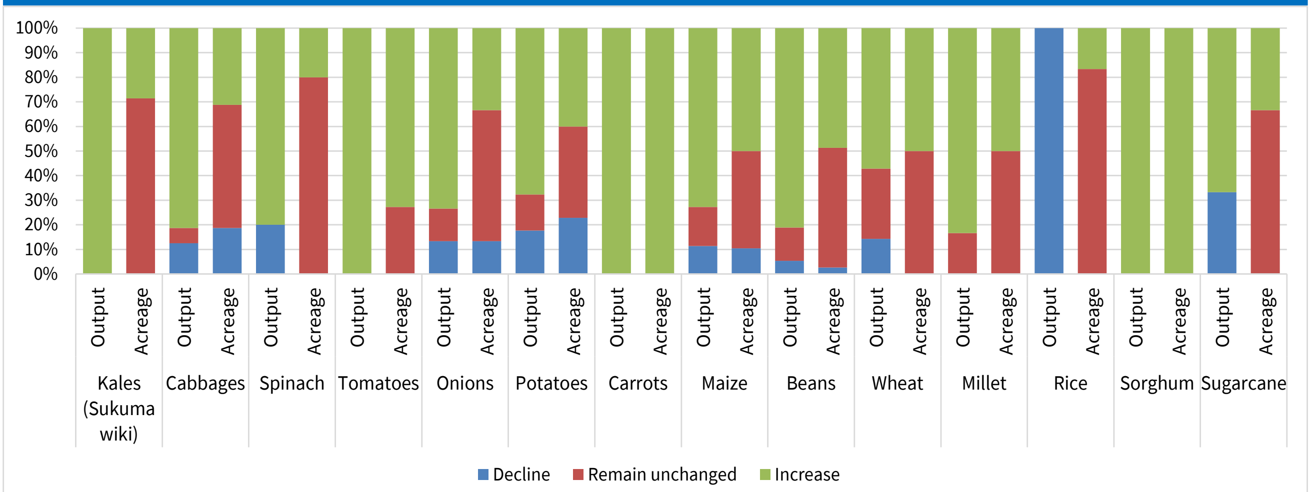
3.4.1 Output performance across food crops

Sampled farmers observed that output and acreage of most crops increased notably in the March 2024, largely driven by the above average rainfall that was experienced between October 2023 and January 2024, and the continued availability of affordable inputs. There were, however, a few crops whose output was reported to have declined, notably beans, rice, and cabbages. These crops are highly sensitive to excessive rainfall.

3.4.2 Expectations about output and acreage

With respect to farmers' expectations about likely changes in output and acreage in the next harvest, most farmers expected the acreage under crop production to either increase or remain unchanged. Similarly, majority of farmers expected the supply of most food items to increase or remain the same on account of expected favourable weather conditions (**Figure 7**).

Figure 7: Output and Acreage Expectations - March 2024 survey (Percent of Respondents)



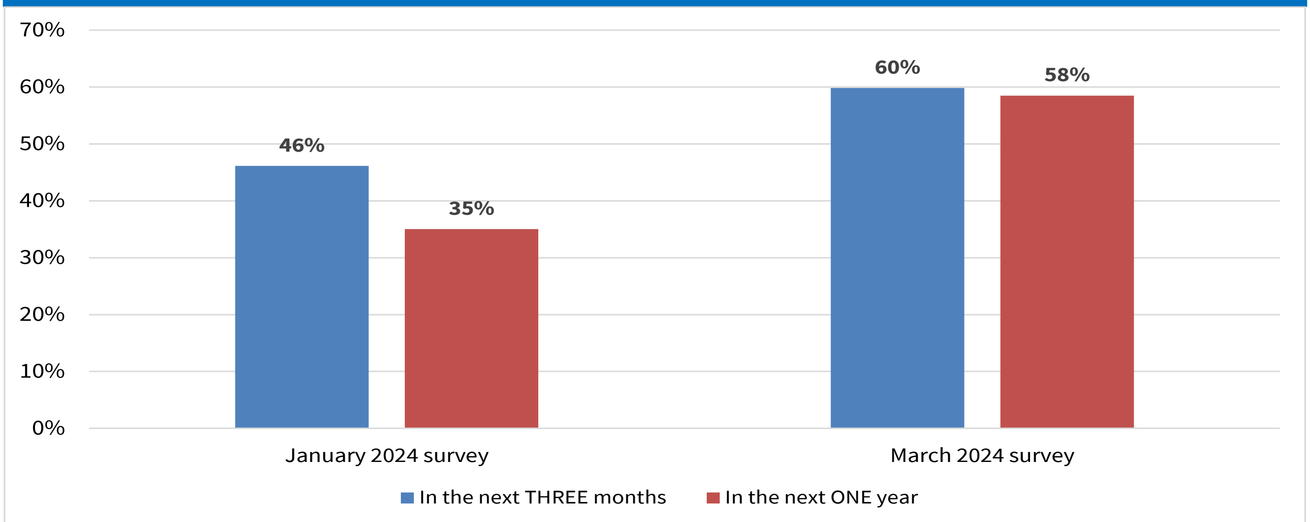
Farmers indicated that crop acreage was heavily influenced by several factors such as the expected weather conditions, economic outlook, and the expected rate of return from the specific crop. Several farmers indicated that proper timing in issuance of subsidized fertilizer and the quality of fertilizer accessed were important factors that support increased acreage.

3.5 Expectations about overall economic performance

Respondents were asked to express their views about how they expect the overall economy to perform in the next one quarter and the next one year. A notable finding was that optimism about economic performance continues to improve. According to the March 2024 survey, respondents who expected economic performance to remain unchanged or improve in the next three months increased to 60 percent from 46 percent in the January 2024 survey. Optimism improved substantially with respect to expected economic performance in the next one year where the share of respondents expecting economic performance to improve increased to 58 percent in the March 2024 survey from 35 percent in the January 2024 survey (**Figure 8**). The improvement in optimism reflects the positive impact of favourable weather conditions on actual and expected performance of agriculture in 2024. The favourable rainfall outcomes in 2023 and the expected favourable March–May 2024 long rain season underscored the optimism on agriculture performance and overall economic activity.

Nevertheless, some respondents expressed their reservations about the potential adverse impact of recent developments on the economy. These include heightened global geopolitical tensions which could have negative spill over effects on the Kenyan economy, as the shipping disruptions in the Red Sea and Suez Canal may undermine supply chains and lead to increased shipping costs. Other respondents expressed fears about the uncertainty surrounding global oil prices which have been gradually increasing. Some farmers were also concerned about the impact the value of the Kenya shilling would have on inflation and overall economic performance if the recent appreciation of the Kenyan shilling is not sustained.

Figure 8: Optimsm about economic performance (Percent)

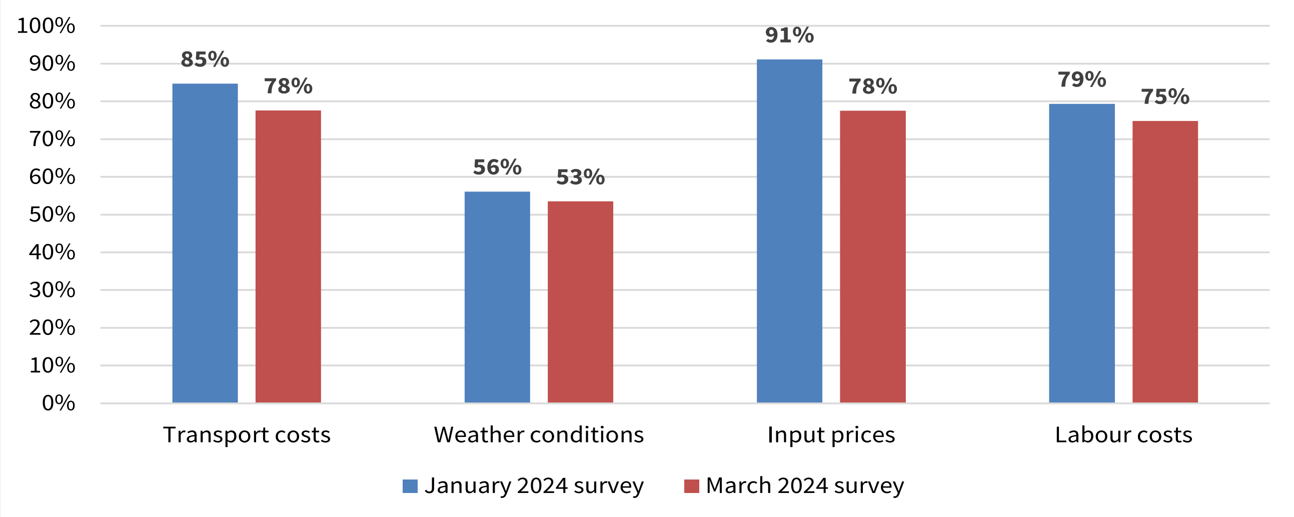


3.6 Factors affecting agricultural production

For further information about the dynamics of the performance of the agriculture sector, the March 2024 survey asked respondents to indicate the most critical factors that determine production. This question was meant to gauge the relative role of factors such as transport costs, weather conditions, input prices and labour costs, among other. Analysis of responses shows continued dominance of four factors, namely, transport costs, weather conditions, input prices and labour costs **(Figure 9).**

A notable result is that the share of farmers citing all the four factors as key determinants of output declined in March 2024 compared to January 2024. For instance, the proportion indicating transport costs to be a challenge reduced to 78 percent in March 2024, from 85 percent in January 2024. This reduction could reflect the relatively lower fuel prices in March 2024 compared to January 2024. The impact of weather conditions as an obstacle to production also declined slightly in March 2024 to 53 percent from 56 percent implying that the weather conditions in March 2024 were viewed as being supportive of production, compared to the situation in January 2024 which was characterized by El Nino rains. Similarly, the impact of labour was moderate in March 2024 largely reflecting the seasonal nature of labour demand in the agriculture sector. Demand for labour by farmers tends to be high during land preparation, planting, weeding, and harvesting.

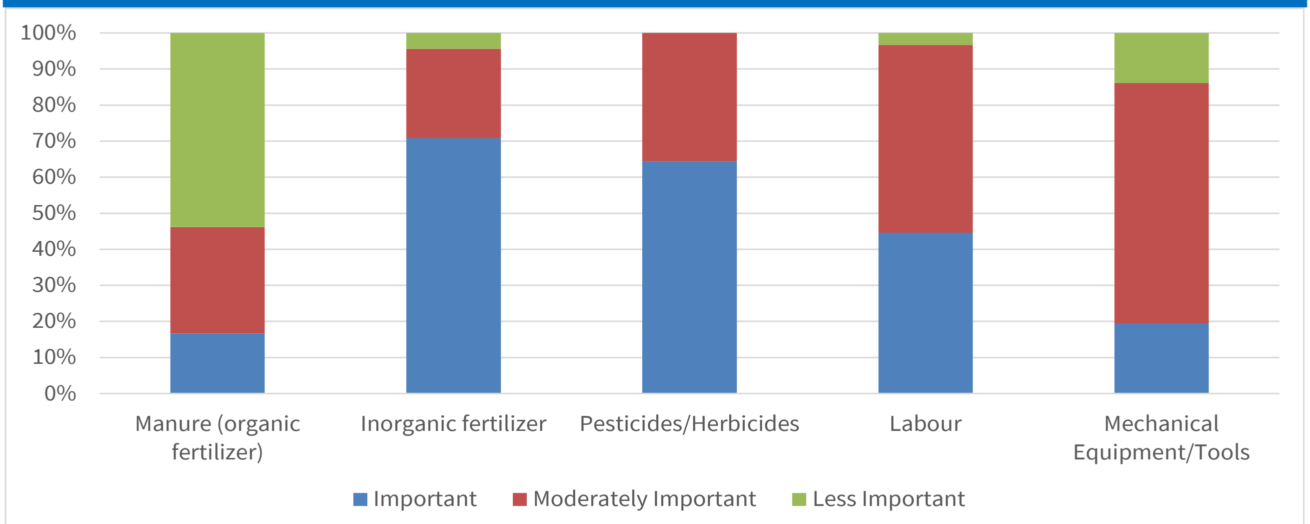
Figure 9: Factors Affecting Agricultural Production (Percent of Respondents)



3.7 Use of farm inputs in agricultural production

The survey also sought to understand the type of farm inputs used and their relative importance in production. Consistent with findings in previous surveys, inorganic fertilizer and pesticides/herbicides are the two most used inputs. There is also widespread use of labour as well as mechanical equipment – particularly tractors – in land preparation, ploughing and carrying farm materials. Most farmers indicated that use of fertilizer was necessary to boost production, both during planting and as the crop matured. Use of pesticides and herbicides was also deemed important, since they ensure that crops are protected from pests and diseases, thus preventing output loss. Use of organic manure is not as common as the other inputs **(Figure 10).**

Figure 10: Significance of farm inputs in agricultural production

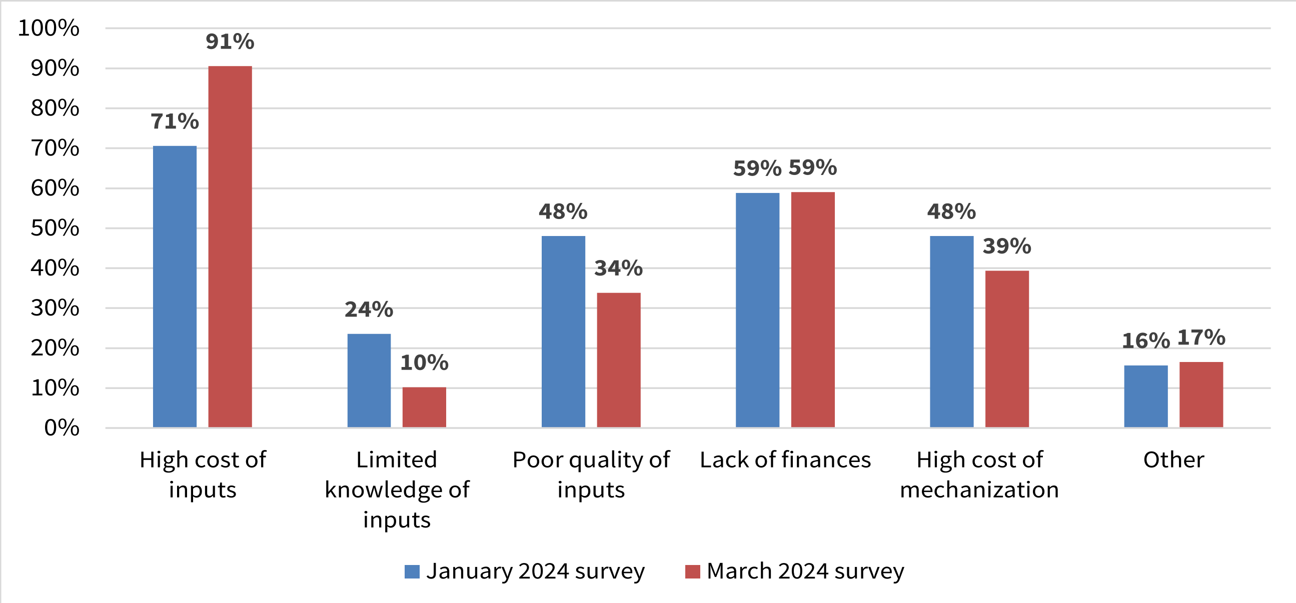


3.7.1 Challenges associated with access to farm inputs

Farmers face several barriers in accessing farm inputs, but the most severe is the high costs – especially when it comes to fertilizer, seeds, and pesticide. Other challenges include lack of finance and the high cost of mechanization **(Figure 11).**

To alleviate the challenge of high cost of farm inputs, the Government rolled out a programme to issue subsidised fertilizer as well as subsidized tractors for hire at the county level. The Government has also initiated the Hustler Fund to help credit-constrained households access credit on favourable terms, which has enabled farmers access funds to purchase inputs. Although a relatively new initiative, the Hustler Fund enabled up to 10 percent of the sampled farmers to get credit according to results of the November 2023 survey. This share has increased marginally in the March 2024 survey.

Figure 11: Challenges limiting access to Farm Inputs (Percent of Respondents)

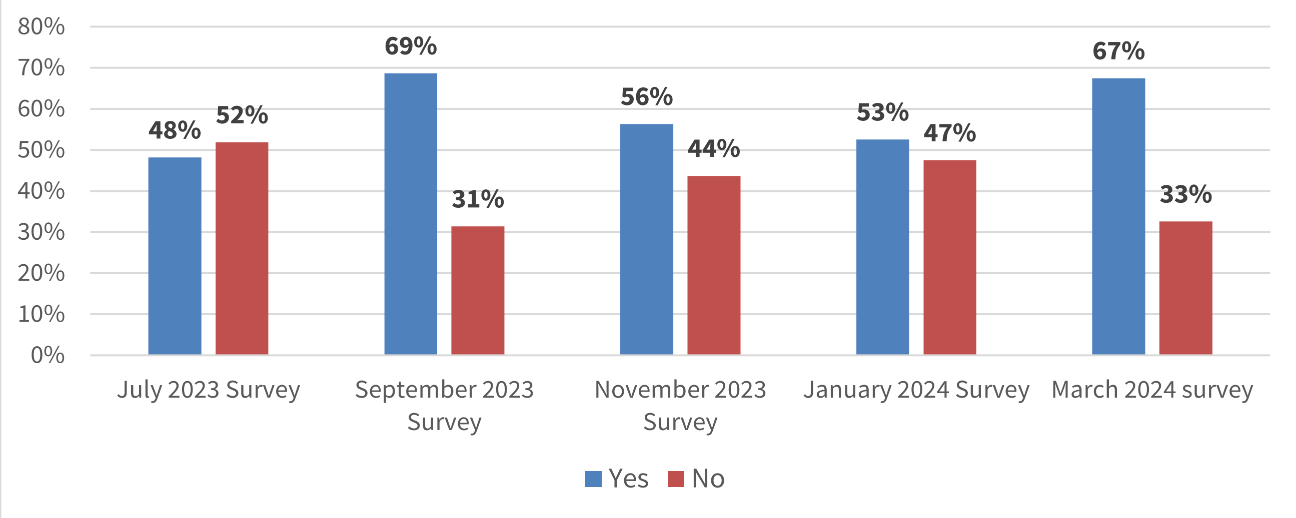


3.7.2 Access to government subsidized fertilizer

The proportion of respondents who reported to have accessed government subsidized fertilizer increased substantially to 67 percent in March 2024, from 53 percent in January 2024 survey. The lower percentage in January 2024 mostly reflected seasonal patterns as there are minimal farming activities in January. The proportion of respondents who reported to have accessed the subsidized fertilizer in March 2024 was noted to be close to that recorded in September 2023 survey, which stood at 69 percent, as farmers prepared to take advantage of the October-December 2023 rain season **(Figure 12).**

As in the previous surveys, the reasons given for not being able to get the subsidised fertiliser were similar in the March 2024 survey. These included lack of information on availability of the subsidized fertilizer, challenges around the logistics of access, and demand outstripping supply. In other instances, priority was given to farmers who were members of a farming group, making it difficult for those who did not belong to any farming group to benefit from the subsidised fertiliser. There were also instances where farmers indicated they were notified through their mobile phones to go to the nearest National Cereals and Produce Board (NCPB) depot to get the fertiliser, but they did not have the means to travel.

Figure 12: Access to Subsidized Fertilizer (Percent of Respondents)



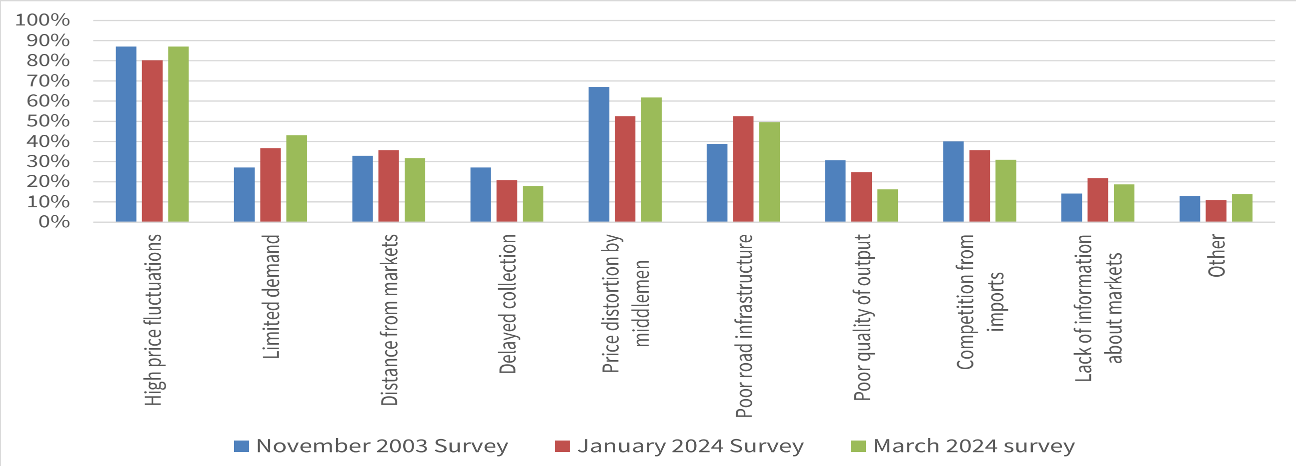
3.8 Factors affecting marketing/sale of farm produce

With regard to factors that critically affect marketing/ sale of farm produce, sampled farmers expressed similar concerns as in the previous surveys. They cited price fluctuations from season to season, price distortion by middlemen, and poor road infrastructure as the main challenges. The price fluctuations are common because most farmers tend to harvest at the same time thereby flooding markets with farm produce, which tends to drive prices down. During periods of shortages occasioned by factors such as drought or floods, prices tend to increase. The problem of price fluctuations is particularly severe for tomatoes, maize, beans, green grams, cabbages, and carrots.

The problem of price distortion by brokers/ middlemen occurs on two fronts. First, the middlemen exert significant influence on buyers who source for fresh produce directly from farmers. Second, the middlemen provide barriers to entry in the physical markets where farm produce is sold by preventing individual farmers from selling their produce directly to customers. Other challenges cited included the long distance from markets, poor road network, limited demand, and competition from imports **(Figure 13).**

However, these challenges affect contract farmers less, since the terms and conditions governing the engagement between the farmers and buyers are agreed upon in advance. Additionally, the contract farmers are spared the transport costs because the produce is collected directly from the farm by the buyers. This model still has its own challenges. A sharp dip in prices due to post-harvest flooding of the market can orchestrate huge loses to the farmer because they bear the highest risk. This affects highly weather sensitive crops such as cabbages, potatoes, and tomatoes.

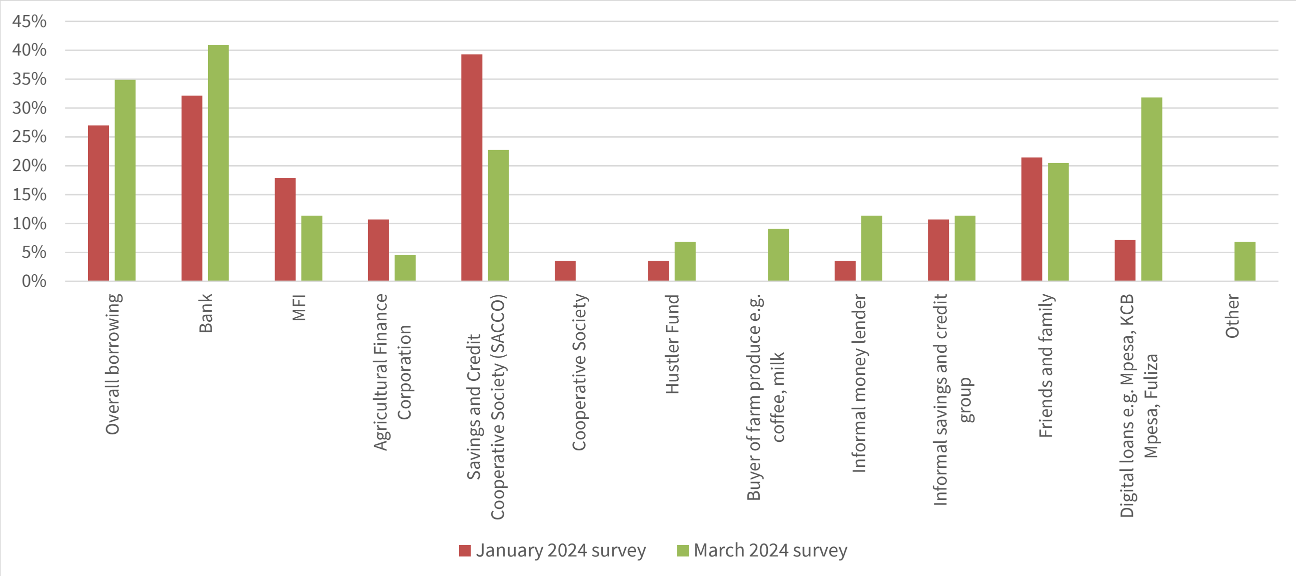
Figure 13: Factors affecting marketing/sale of farm produce (Percent of Respondents)



3.9 Access to credit facilities in agriculture

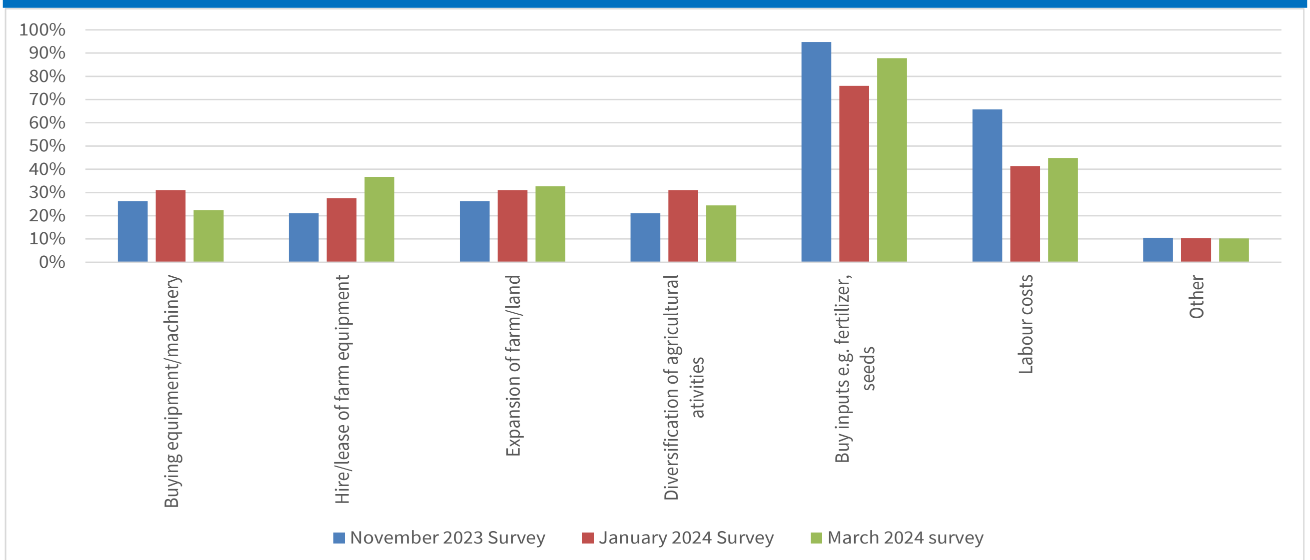
There was an increase in loans uptake by farmers in March 2024 relative to January 2024. This is expected given the need for farmers to prepare their farms for planting ahead of the March-May 2024 long rains. Preparation activities include hiring tractors or labourers to till the farm, purchasing inputs such as seeds, fertiliser, farm implements, tools and equipment, including water generators. The main sources of finance for farmers are banks, SACCOs, and digital loans. The share of farmers who reported to have used the Hustler fund increased in March 2024 **(Figure 14).**

Figure 14: Proportion of Respondents who Borrowed to Finance Farming by Source



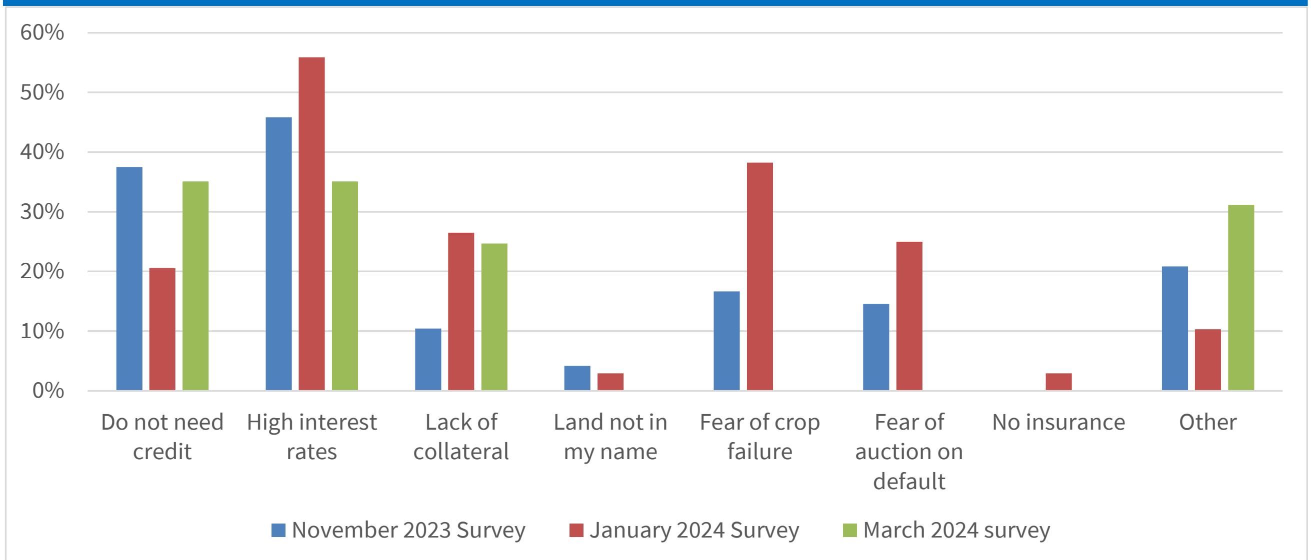
In terms of usage of funds, a large share of loans was used for buying inputs, followed by labour payments. This result was similar to the observations in the November 2023 and January 2024 surveys (**Figure 15**). Farmers reported having experienced higher costs of inputs in March 2024 relative to January 2024, possibly reflecting heightened demand in March 2024 as farmers prepared to take advantage of the March-May 2024 long rains season. The higher costs in March 2024 may also have reflected the lagged effects of Kenya shilling which depreciated notably in the fourth quarter of 2023.

Figure 15: Purpose of agricultural loans (Percent of Respondents)



With respect to barriers in accessing finance, several factors were cited as shown in **Figure 16**, with high interest rates recorded as the most prominent barrier. However, many farmers were averse to acquiring any form of credit due to fear of exposure to possible auction upon default. In addition, rain fed agriculture was said to be volatile for one to seek credit, as output is often exposed to the vagaries of weather. Hence, farmers who relied on rainfall as their main source of water were reluctant to acquire loans due to fear of crop failure. This share is quite substantial at about 76 percent in both the January and March 2024 surveys (**Annex Figure 18**). For farmers who use irrigation, their reluctance was premised on significant price fluctuations which make their incomes unstable even in periods of good harvest. Some farmers also cited lack of collateral as a deterrent to seeking loans especially in cases where farms were leased.

Figure 16: Barriers to credit among farmers (Percent of Respondents)



4. VIEWS ON HOW TO IMPROVE THE AGRICULTURE SECTOR

The Survey sought views from farmers on how to improve agricultural production. These views differed significantly depending on the region as well as the type crop. However, there were cross cutting suggestions. For instance, most farmers emphasized the need for water conservation through construction of dams, water pans and boreholes; reduction of farm input costs through measures such as subsidies. The government has been providing subsidised fertilizer and, in some instances, free seeds to farmers to alleviate the cost burden borne by farmers in accessing inputs. Another suggestion was for the government to stabilize prices, for instance, through NCPB purchasing maize at a price that covers production costs.

To address the problem of fake seeds, some farmers suggested that the government should come up with strict measures to ensure individuals do not capitalize on limited farmer information to supply them with low quality or fake inputs. Other farmers recommended enhanced mechanization of agriculture through subsidizing farm equipment, including hiring of tractors especially during land preparation.

Moreover, there were suggestions that the government should boost extension services by supplying more agronomists to assist farmers with relevant information in order to ensure farmers follow appropriate farming procedures, such as on optimal crop spacing, crop rotation and how to minimise post-harvest loses.

5. CONCLUSION

This Agriculture Sector Survey report summarizes findings from the March 2024 survey conducted from March 11 - 15, 2024. The main objective of the survey was to obtain indicative information on recent trends and market expectations of prices and output of key agricultural commodities for the purpose of informing monetary policy.

As with previous surveys of the agriculture sector, the survey focused on gathering information on prices of key agricultural commodities in select retail and wholesale markets, agricultural output and acreage as well as output expectations from sampled farms. The survey also sought information on factors affecting agricultural production, marketing and sale of farm produce; access to farm inputs and credit facilities as well as proposals on how to improve agricultural production.

The survey drew 247 respondents from wholesale traders, retailers, and farmers in select regions across the country (Nairobi Metropolitan area, and neighbouring counties including Kiambu, Kajiado and Machakos, Naivasha area, Gilgil Nakuru, Narok, Bomet, Kericho Kisumu, Mombasa, Kisii, Eldoret, Kitale, Nyandarua, Nyahururu, Mwea, Machakos, Isebania, Meru, Nyeri, Isiolo, Oloitoktok, Namanga, Makueni and Molo).

The key findings from the January 2024 survey were as follows:

- There was a general decline in prices of key food items in March compared to Februry 2024.
- Most respondents expect food prices to decline in April 2024 and in the next three months.
- Majority of respondents expect inflation to either remain unchanged or decline both in the next one month and three months ahead.
- Weather conditions, transport and input costs continue to impact both output and price of key food items. However, the share of farmers citing transport costs, weather conditions and input costs as major challenges has moderated relative to the survey in January 2024.
- Approximately 70 percent of sampled farmers reported to have benefitted from the subsidized fertilizer, a key input in crop production.
- Optimism about the expected performance of the economy remains high both in the next quarter and one year ahead. This is explained by several factors including the recent appreciation of the Kenya shilling against the US dollar; realized and expected continued good performance of the agriculture sector, and downward adjustment in fuel prices by EPRA in mid December 2023, January, February, and March, 2024.
- Despite the encouraging outcomes on actual and expected evolution of inflation and economic performance, farmers were concerned about the sustainability of the recent appreciation of the Kenya shilling; whether March-May 2024 long rains will be adequate; and high interest rates which undermine financing agricultural activities.
- Suggestions to improve agricultural production include the need to preserve water through construction of dams and water pans; address the high cost of inputs and create a mechanism to stabilise prices of agricultural commodities which are characterised by swings from time to time.

Based on the findings of this survey, the key recommendations mirror those contained in previous reports of the Agriculture Sector Survey:

i) Address the high fuel prices which have a direct impact on both the cost of inputs and prices of agricultural commodities.
ii) Continue to subsidise inputs and enhance agricultural extension services.
iii) Intensify the supply of rain harvesting and storage equipment as well as construction of dams, boreholes, and water pans.
iv) Deepen access to affordable credit facilities.

ANNEXES

Figure 17: Factors affecting wholesale prices (Percent of Respondents)

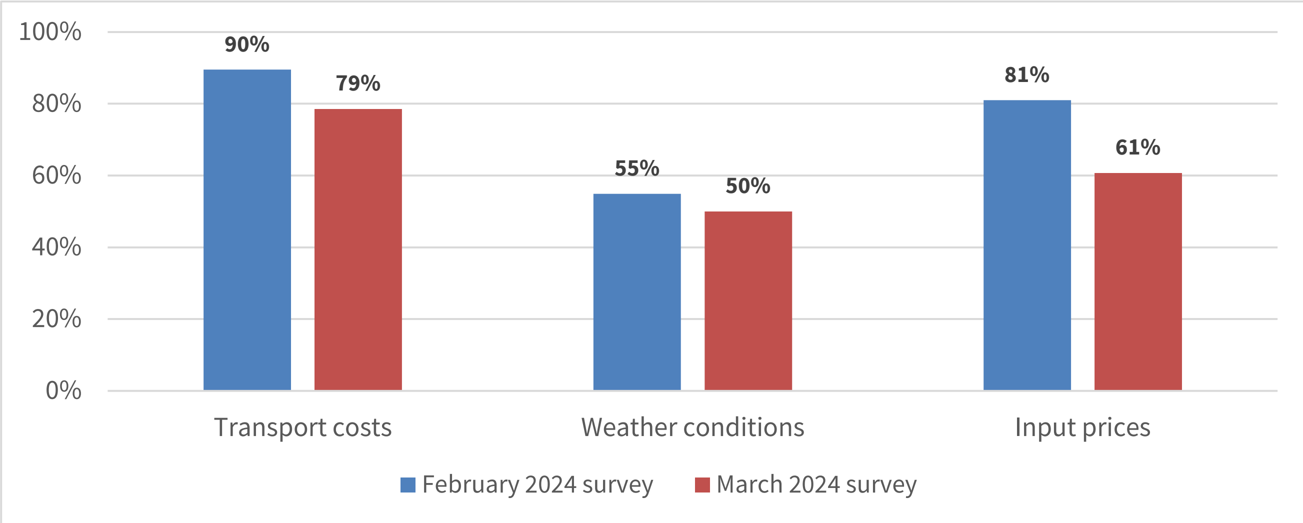


Figure 18: Main water source for farming (Percent of Respondents)