Central Bank of Kenya

Agriculture Sector Survey

September 2024

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1. BACKGROUND

The agriculture sector continues to record robust performance largely supported by favourable weather conditions in 2023 and the first half of 2024 as well as government interventions particularly the subsidised fertiliser programme.

According to the Kenya National Bureau of Statistics (KNBS) ***Quarterly Gross Domestic Product Report, Second Quarter, 2024***, the agriculture sector is estimated to have expanded by 4.8 percent in the second quarter of 2024 compared to 7.8 percent in a similar quarter of 2023. Growth during the quarter was supported by increase in production of sugarcane (cane deliveries), milk and fruit exports that grew by 81.5 percent, 7.9 percent and 4.3 percent, respectively.

The Monetary Policy Committee (MPC) of the Central Bank of Kenya (CBK) monitors developments in agriculture, past, current and expected, in view of the substantial influence agriculture has on overall economic performance and inflation. The share of agriculture in overall Gross Domestic Product (GDP) was about 22 percent between 2019-2023. Developments in agriculture impact overall economic performance through the forward and backward linkages that the sector has with other sectors of the economy. For instance, the sector has strong linkages to the industrial sector particularly through agro-processing in manufacturing sub-sector and to service sectors such as transport and storage, and wholesale and retail trade. Developments in the sector impact the current account balance through exports of horticultural products (fruits, vegetables, and cut flowers), tea and coffee. In addition, the performance of agriculture sector impacts food prices feeds into overall inflation. Food and non-alcoholics goods and services category has a weight of 32.9 percent in the consumer price index (CPI) basket. Agriculture also contributes directly to addressing unemployment problem as many households are engaged in the sector and is pivotal for Kenya's food and nutrition security.

The proactive and forward-looking CBK monetary policy framework necessitated the survey of the agriculture sector to gather indicative information on current and expected developments in prices and output of select agricultural commodities with the aim of informing monetary policy decisions. This report presents results of a survey of the retail and wholesale prices of agricultural commodities and farm output. The report is based on a survey undertaken during the period September 16-20, 2024.

More specifically, the survey focused on the following:

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

Results show a general decline in most food items particularly non-vegetables such as sugar, wheat flour and maize flour in September 2024 relative to August 2024. There was, however, a modest upward pressure on prices of cabbages, onions and potatoes in September 2024 relative to August 2024. Milk prices recorded a modest decline in September 2024 compared to August 2024 supported by favourable weather conditions that have improved pasture. The respondents indicated they expect some uptick in prices of select fresh vegetables in October 2024 in line with seasonal factors, while those of non-vegetables particularly processed food items are expected to either remain the same or decline further.

The key factors found to be exerting upward pressure on inflation remained largely unchanged from previous surveys. The role of weather, transport and input costs continued to remain significant in explaining prices of agricultural commodities. The government's subsidised fertiliser initiative continued to be viewed positively by farmers as exemplified by a marked increase in the uptake where about 68 percent of sampled farmers reported to have benefitted. Expectations about the likely evolution of inflation and output were mostly optimistic with a large share of sampled respondents expecting inflation to either remain unchanged or decline. Additionally, sampled respondents were optimistic that the agriculture sector growth momentum that started in 2023 would continue. Optimism about economic performance improved in September 2024 largely driven by cessation of protests and expectations for continued low and stable inflation due to stable pump prices, stable exchange rate and declining food prices.

2. METHODOLOGICAL FRAMEWORK

The September 2024 survey, like previous MPC surveys of agriculture sector, gathered information on wholesale and retail prices of select food items, expectations regarding changes in prices and output, and factors that affect agricultural production. The survey drew respondents from select wholesale and retail markets, and select farms in key food basket regions. These included Nairobi Metropolitan area, and neighbouring counties such as Kiambu, Kajiado and Machakos. Other areas covered included Naivasha, Gilgil, Nakuru, Narok, Bomet, Kericho Kisumu, Mombasa, Kisii, Eldoret, Kitale, Nyandarua, Nyahururu, Mwea, Isebania, Meru, Nyeri, Isiolo, Oloitoktok, Namanga, Makueni and Molo and some parts of Western Kenya.

The coverage and scope of the survey has in general 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 241 respondents were sampled out of which farmers and retailers accounted for 42 percent each, while wholesalers accounted for 16 percent **(Figure 1a and 1b).**

Figure 1(a): Response rate (Percent)

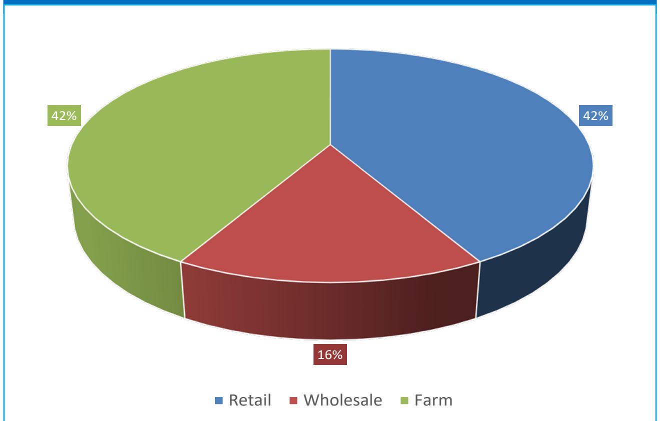
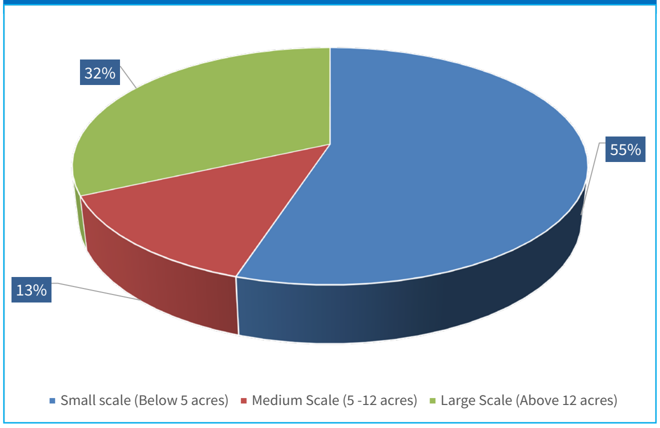


Figure 1(b): Farm categorization (Percent)



Analysis of the information collected was undertaken using both quantitative and qualitative approaches, with findings presented using tables and/or charts. A key tool used in the analysis is the Balance of Opinion (BOO), a metric that shows the net position with regard to responses to selected questions. The BOO 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. The computation of BOO facilitates conversion of qualitative responses into quantifiable values.

For instance, with regard to inflation, the survey sought respondents' views about whether they expected inflation to increase, remain unchanged or decrease in the next one month and three months ahead. The BOO gets the net positions of respondents and therefore helps shed light on the direction where, on balance, most of the responses are concentrated, after taking into account all the responses to the particular question. It is important to note that a respondent's expectations about inflation or economic performance could vary depending on the time horizon, for instance, a respondent could expect inflation to increase one month ahead but decrease three months ahead, and vice versa. The same applies to expectations about economic performance.

For the first time, the September 2024 survey introduced a question on expectations about the likely performance of the agriculture sector in the next one quarter and in the next one year. This was in addition to asking respondents about their expectations on the likely evolution of inflation and output -Gross Domestic Product (GDP).

3. MAIN HIGHLIGHTS FROM THE SURVEY

This section highlights the key findings from the September 2024 Survey, as follows:

i. Retail prices of most food items recorded price declines in September 2024 compared to August 2024. These included, for instance, sampled prices of sugar, fresh packeted milk, wheat flour, maize grain -loose and maize flour. There were however a few food items whose prices increased such as beans, cabbages and potatoes.

ii. There was a decrease in prices of most cereals and cereal products mainly supported by the bumper harvest following favourable rainfall outcomes in October-December 2023 and March-May 2024 rain seasons.

iii. A larger proportion of respondents expected a general decline in food prices in the next one month (October 2024). This decline was mainly due to the expected decline in prices of most non-vegetable food items, mostly processed items such as sugar, maize flour and wheat flour. However, respondents expected an uptick in prices of green maize -loose and most fresh vegetables such as Spinach, kales/Sukuma wiki and traditional vegetables in line with seasonal factors.

iv. Expectations about overall inflation were dominated by expectations that overall inflation would either remain unchanged at September 2024 levels or even decline as the harvest season was underway in the food basket areas of Rift Valley and the Western part of the country. Inflation expectations in the next one month pointed towards a general decline in prices, with 63 percent of sampled respondents expecting a decline compared to 37 percent who expected an increase. Additionally, 54 percent of sampled respondents expected overall inflation to either remain unchanged or decline against 46 percent who expected an increase. The expectations that inflation would remain unchanged at the September 2024 level or even decrease was largely informed by observed increased supply of food items in the market, expectations that the exchange rate would remain stable and the observed stability in pump prices.

v. Most respondents expect both acreage and output of select crops to increase in the next harvest. As was found in the previous farm survey of July 2024, most vegetables such as kales/sukuma wiki, spinach, traditional vegetables, cabbages, tomatoes, are expected to record increased acreage and output on account of continued favourable weather conditions. Some farmers reported that the favorable rainfall had raised the water table, thereby favouring farmers who rely on water from boreholes to irrigate their farms.

vi. The proportion of respondents who reported to have accessed the subsidized fertilizer was substantial at 68 percent of the sampled farmers, with most farmers reporting positive impact on output. This was higher compared to 60 percent of sampled farmers who reported to have benefitted from the subsidised fertilizer in the July 2024 survey.

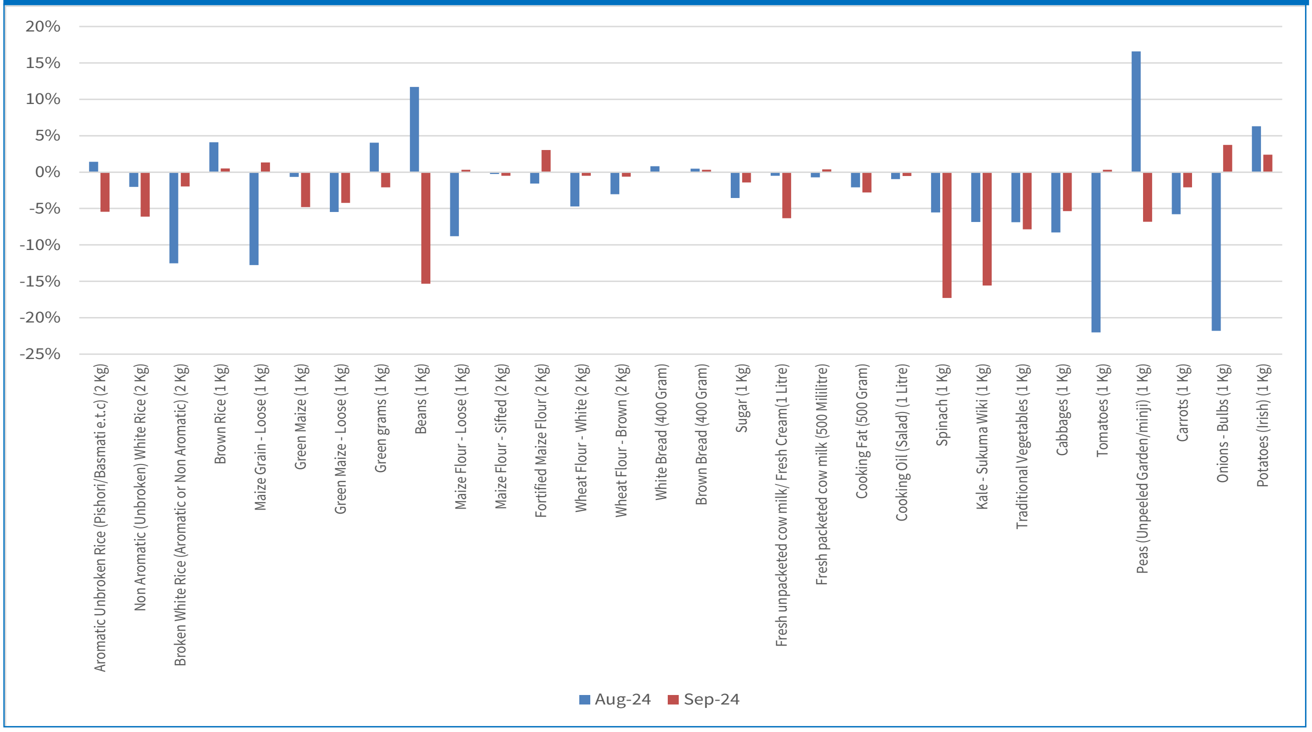
vii. The September 2024 survey introduced a question to gauge respondents' expectations about agriculture sector performance. Most respondents indicated they expect agriculture sector performance to either remain unchanged or improve further.

viii. Optimism about economic performance in the next three months and one year ahead increased in September 2024 relative to outcomes observed in the July 2024 survey, with the protests experienced in June/July having ended.

3.1 Prices of Key Agricultural Commodities

The survey sought to establish indicative prices of key agricultural commodities in September 2024. The analysis of the data shows mixed outcomes. There were notable declines in prices of non-vegetables such as milk, wheat flour and maize flour while there were increases in prices of cabbages, onions and potatoes, relative to August 2024 **(Figure 2).**

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

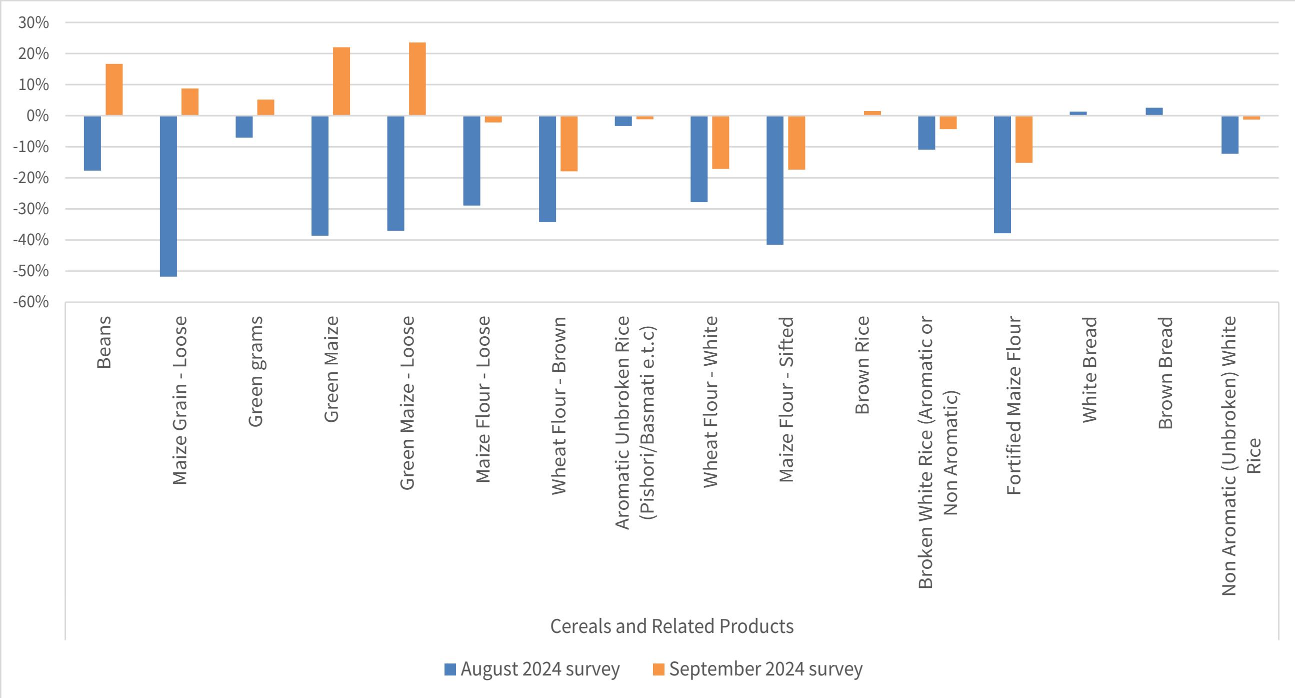


In general, prices of cereals notably loose maize grain, green grams, and beans have been generally lower in the first half of 2024 compared to a similar period in 2023 and 2022.

3.2 Expectations of Prices of Key Food Items

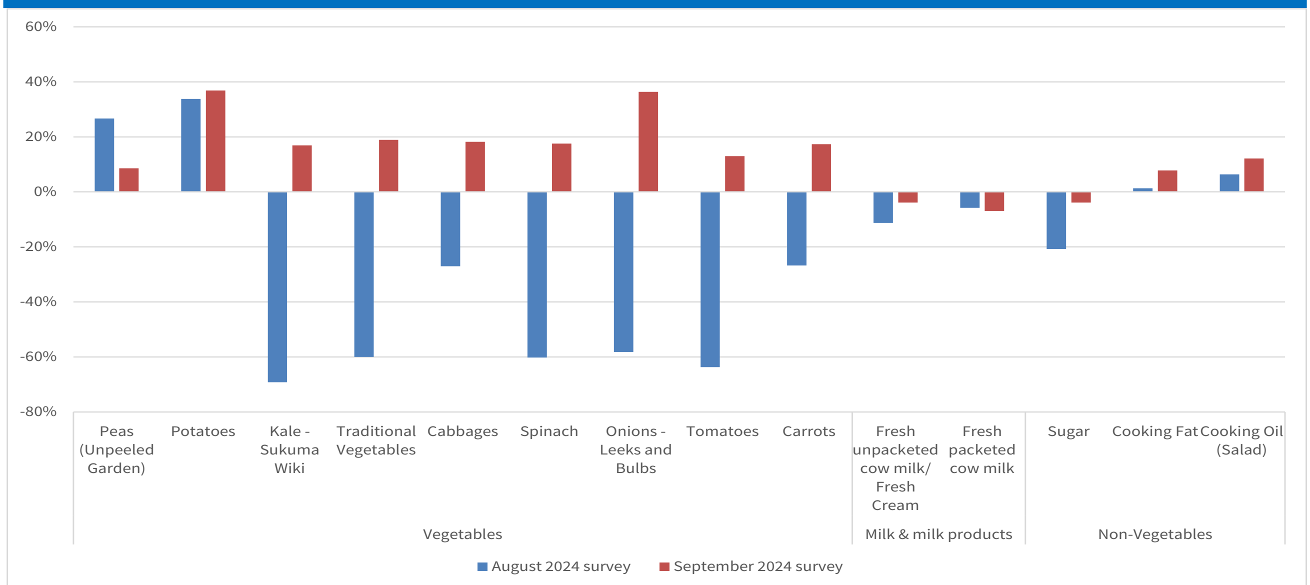
On balance, the BOO points to an expected general decline in prices of most non-vegetable food items one month ahead, that is, in October 2024. These include, for instance, wheat flour, maize flour, milk, rice and sugar. However, most respondents expect prices of most sampled vegetable items to increase in October 2024, largely reflecting seasonality (**Figure 3 and 4**) These include tomatoes, carrots, kale- Sukuma wiki, spinach, vegetables, traditional vegetables, green maize and green maize -loose.

Figure 3: Balance of opinion on expected price changes for cereals and related products in the next one month (Percent of Respondents)



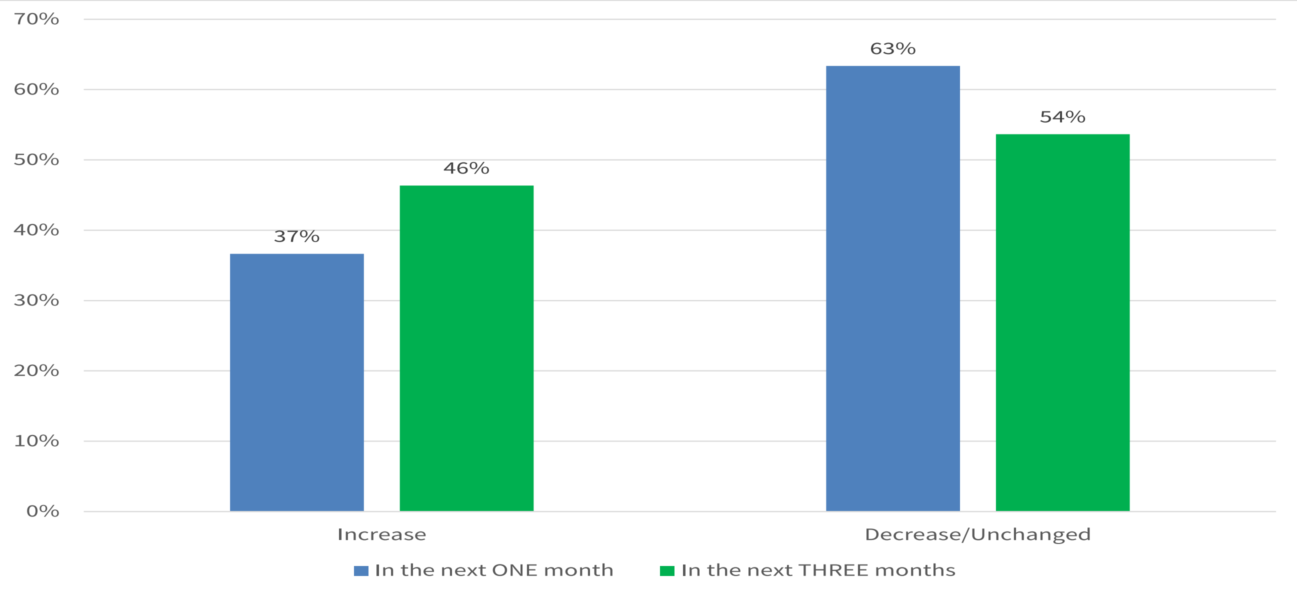
Even though the average price of a kilogram of onions and tomatoes are expected to increase in October 2024, it is important to note that the prices remain relatively lower compared to the high prices experienced last year.

Figure 4: Balance of opinion on expected price changes for Vegetables, Non-Vegetables and Animal Products (Percent of Respondents)



The survey also sought respondents' views on expectations regarding price changes of general consumer goods regularly purchased by a typical household (inflation), beyond food commodities. Results show most respondents expect the inflation to either remain unchanged or decline. The proportion of respondents that expected inflation to either remain unchanged or decrease in the next one month was 63 percent against 37 percent that expected an increase. Inflation expectations for the next three months were such that 54 percent of the sampled respondents expected inflation to either remain unchanged or decrease against 46 percent who expected an increase (**Figure 5**). Inflation was expected to remain unchanged or even decrease, mainly on account of low food prices, continued stability of the Kenya shilling and pump prices. Those who expected an increase were mainly concerned about the possibility of La Nina conditions, which could undermine rainfall outcomes in October-December 2024 and possible increases in global oil prices due to the escalating Middle East conflict.

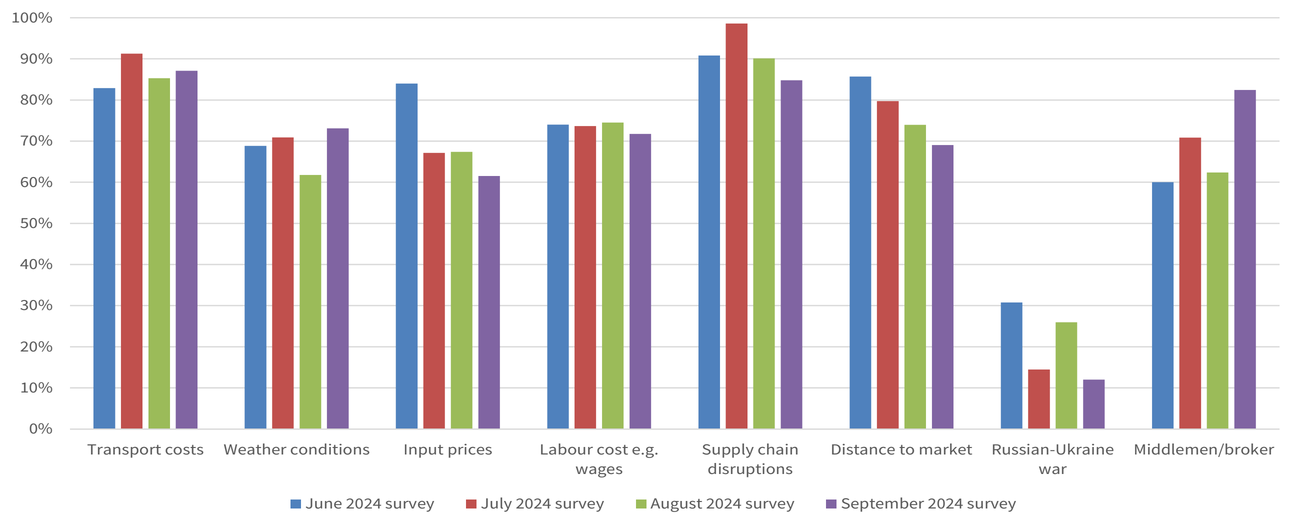
Figure 5: Inflation Expectations in Overal InflationW (Percent of Respondents)



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. Transport costs, supply chain disruptions and distance to market continued to be key factors explaining prices. However, there was a notable decline in the proportion of respondents who cited supply chain disruptions as a key factor for the retail prices in September 2024 relative to July 2024 (**Figure 6 and Annex Figure 17**). The relatively subdued role of supply chain disruptions as a factor influencing prices in the September 2024 survey reflects the waning impact of countrywide protests over the Finance Bill 24/25 that had disrupted supply in the July 2024 survey. Another key finding of the survey was the reduction in the proportion of respondents who reported distance to market as a key factor influencing prices. This does not imply a reduction in the physical distance between markets but rather an indication of widespread availability of supplies of most agricultural produce. As a result, most traders reported that they no longer had to travel long distances to get their supplies.

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



3.4 Analysis of output

3.4.1 Output performance across food crops

This section describes the outcomes of the agriculture survey in terms of changes in indicative output and acreage across regions as well as farmers' expectations on output and area under crop in the next season.

3.4.2 Output performance across food crops

Sampled farmers in the September 2024 survey observed that output and acreage of most crops were, in general, expected to increase, largely driven by the above average rainfall that was experienced in 2023 and the first half of 2024, the expectation that rainfall in October-December 2024 will be sufficient for fast growing crops and the expectations that government interventions will reduce input costs such as, the sustenance of the affordable fertilizer initiative.

3.4.3 Expectations about output and acreage

Farmers' expectations about likely changes in output and acreage in the next harvest were, on balance, pointing to an increase. The favourable rainfall had resulted in conditions that favoured growing of fresh vegetables such as kales -sukuma wiki, cabbages, spinach, tomatoes, onions, potatoes, carrots, maize and beans. They also expected output to increase as a result, controlling for any other factors that may undermine output. Farmers who rely on irrigation were optimistic that the favourable rainfall had raised the water table and hence it was less costly pumping water from boreholes (**Figure 7a and & 7b**).

Figure 7(a): Balance of opinion on expected acreage for selected crops (Percent of Respondents)

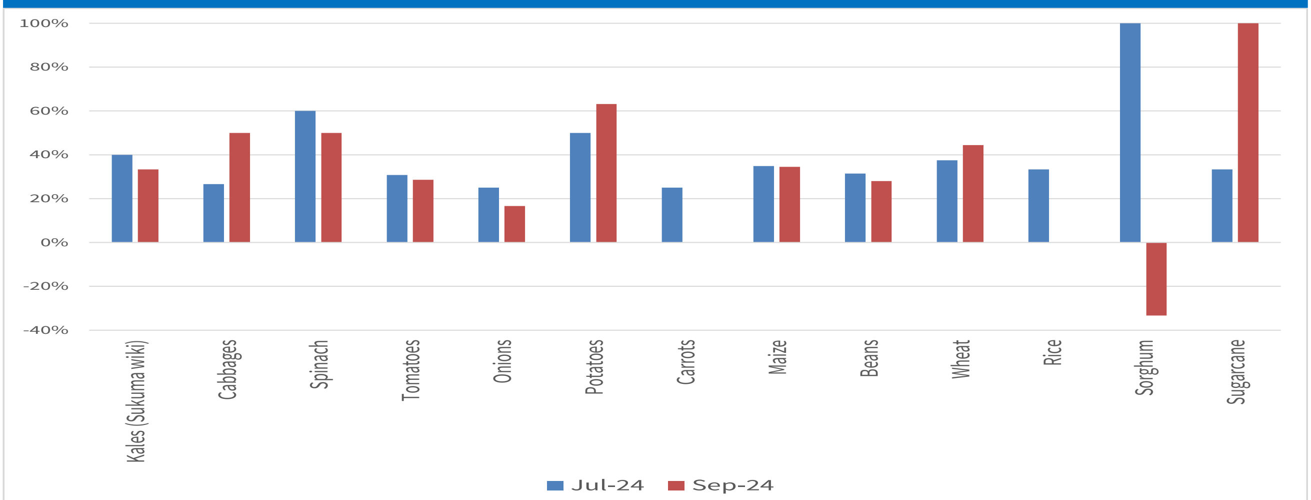
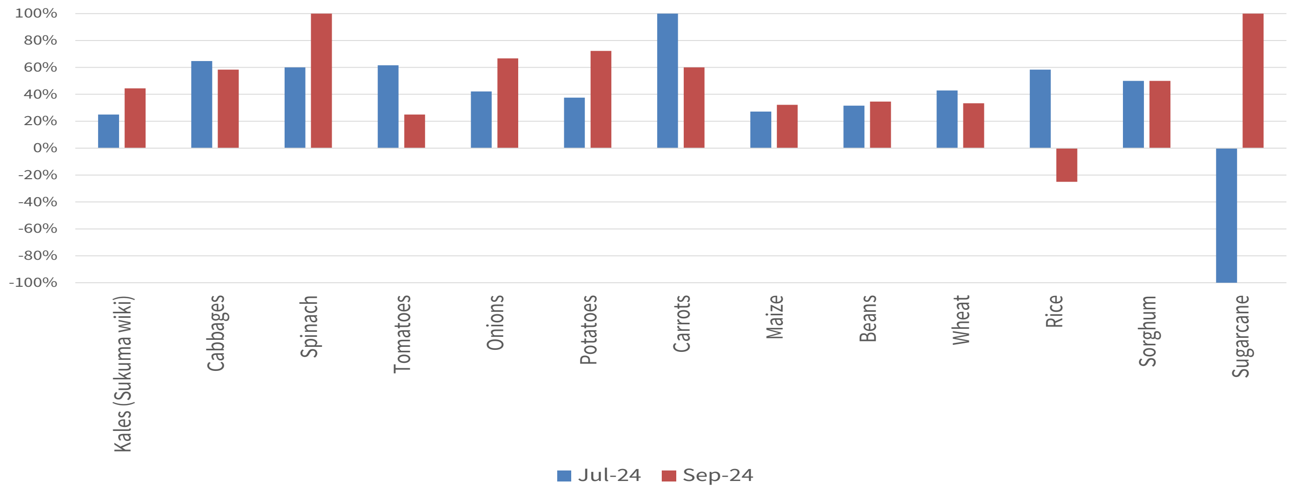


Figure 7(b): BBalance of opinion on expected output for selected crops (Percent of Respondents)



Farmers indicated that the decision about crop acreage was determined by several factors and not just expected weather conditions. Other considerations included the availability of affordable and quality seeds, the cost of land preparation for the specific crop, expected returns as well as the requirements for crop rotation which is a standard practice to improve soil fertility.

3.5 Expected performance of the agriculture sector and the overall economy

Similar to previous surveys, respondents were asked to indicate their views about how they expected the performance of the overall economy to evolve. That is, whether the growth of the economy was going to increase, remain unchanged or decrease, in the next three months and one year. They were also requested to provide reasons underpinning their views. Moreover, this September 2024 survey introduced a question on expectations about the likely performance of the agriculture sector in the next one quarter and in the next one year.

Optimism about agriculture sector performance was positive with 78 percent of the sampled respondents indicating that the sector's performance was expected to either remain unchanged or improve in the next three months, compared to 22 percent who expected a decrease. Expectations about agriculture sector performance in the next year were likewise overly optimistic with 76 percent of respondents expecting the sector's performance to either remain unchanged or improve, against 24 percent who expected a decrease. The reasons given for the optimism were that the country had experienced favourable rainfall which would support growing of crops especially through irrigation. They also expected government supportive measures to be continued. Others indicated that they had noticed increased interest by new entrants into the sector with substantial investments towards growing of crops such as onions, tomatoes and maize.

Regarding expectations about the performance of the overall economy three months ahead, 38 percent of respondents in September 2024 expected the performance of the economy to improve compared to 20 percent in July 2024. Regarding expected economic performance one year ahead, optimism was much higher in September 2024 whereby 47 percent of the sampled respondents expected overall economic performance to improve compared to 36 percent in July 2024. The increase in optimism in September 2024 mainly reflected the end of protests which had eased concerns about possible continued damage to the exchange; a booming agriculture sector; reduced inflation, a stable and much stronger exchange rate and stable pump prices.

There were, however, some respondents who expected the economy to decline in the next three months as well as one year ahead due to what they considered to be unfavourable domestic and external factors. Reasons for the pessimism included possible increases in international oil prices due to escalation of Middle East conflict, possible delay or inadequate rainfall in October – December 2024 season, high interest rates and a reduction in big government projects and stimulus programs that would have stimulated aggregate demand in the economy (**Figure 8**).

Figure 8 (a): Expectations about agriculture sector performance in September 2024 (Percent)

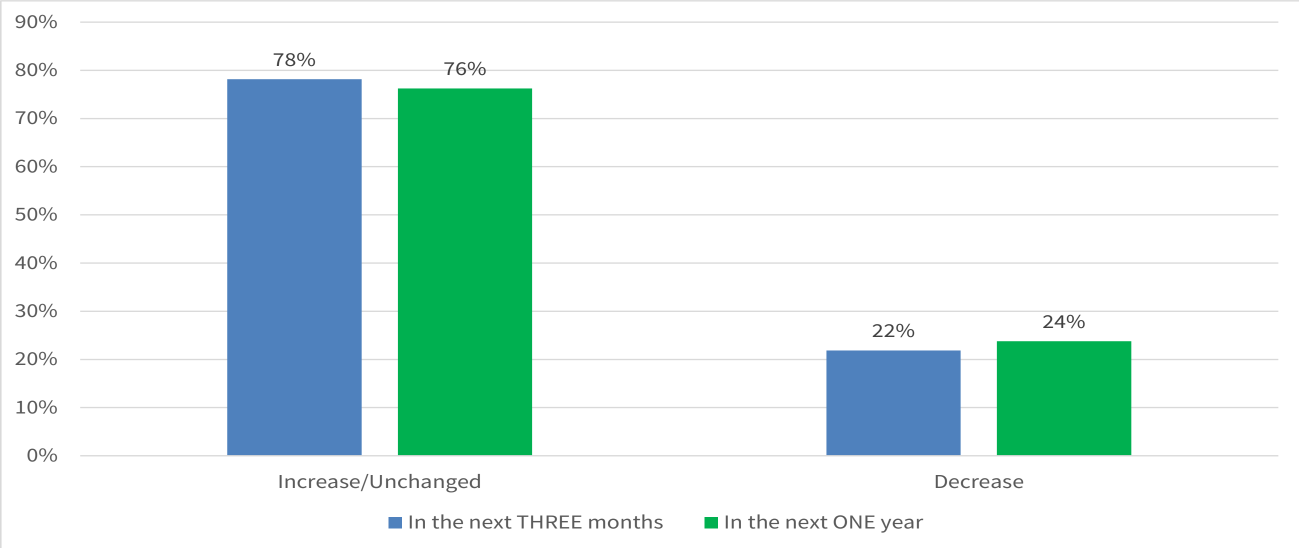
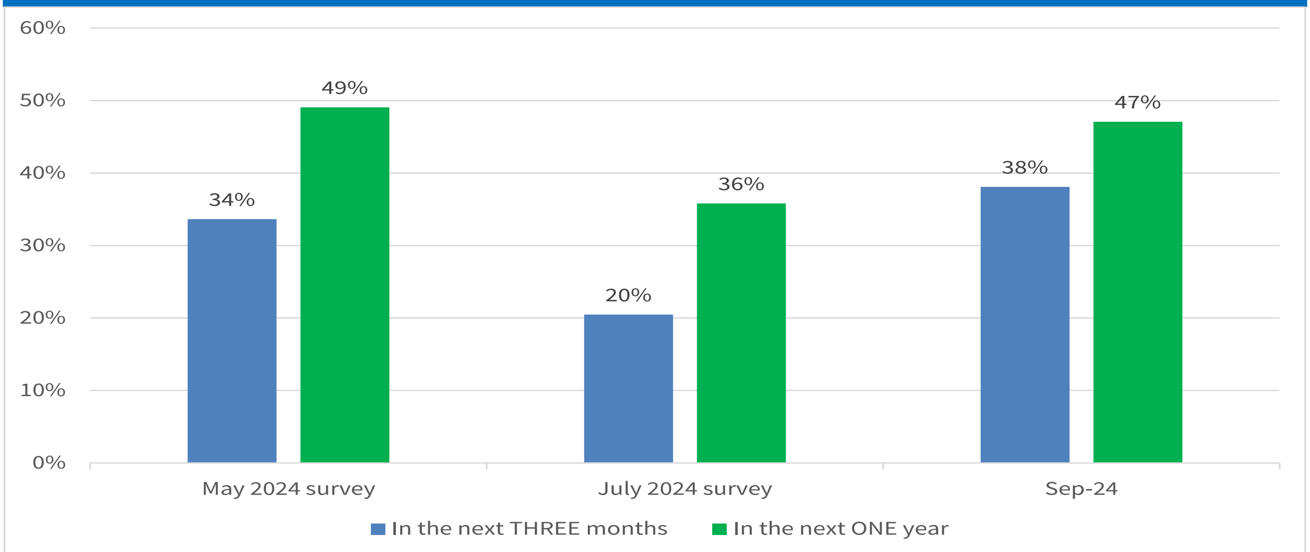


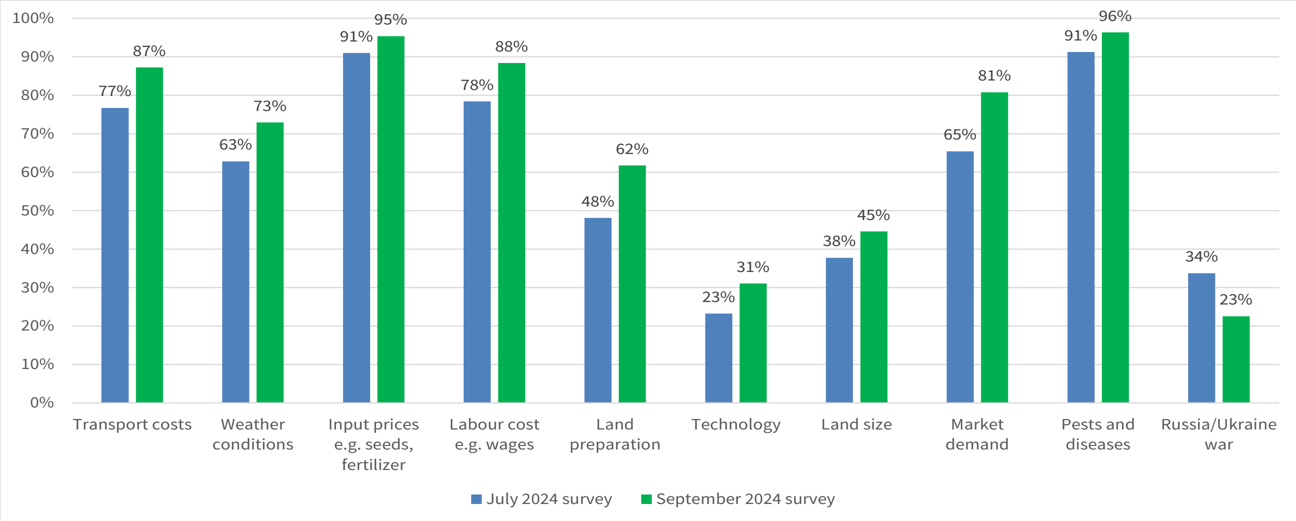
Figure 8(b): Expectations about overall economic performance (Percent)



3.6 Factors affecting agricultural production

Transport costs, input prices, and pests and diseases have persitently been reported by a large share of sampled farmers as some of the key factors influecing agricultural production. Transport costs are directly tied to cost of petrol and diesel which are also used to run farm machinery and equipment, including generators to pump water for irrigation. The cost of inputs has also been a key factor especially the cost of certified seeds, pesticides/herbicides and fertilizer. The government has eased the input cost burden through supply of subsidised fertilizer which has benefitted over 60 percent of farmers, according to the findings of the surveys conducted in July and September 2024. The impact of pests and diseases on crop production is substantial as more than 90 percent of sampled farmers in July and September 2024 reported this to be a key factor. The pests burden increases the input cost for farmers **(Figure 9).**

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

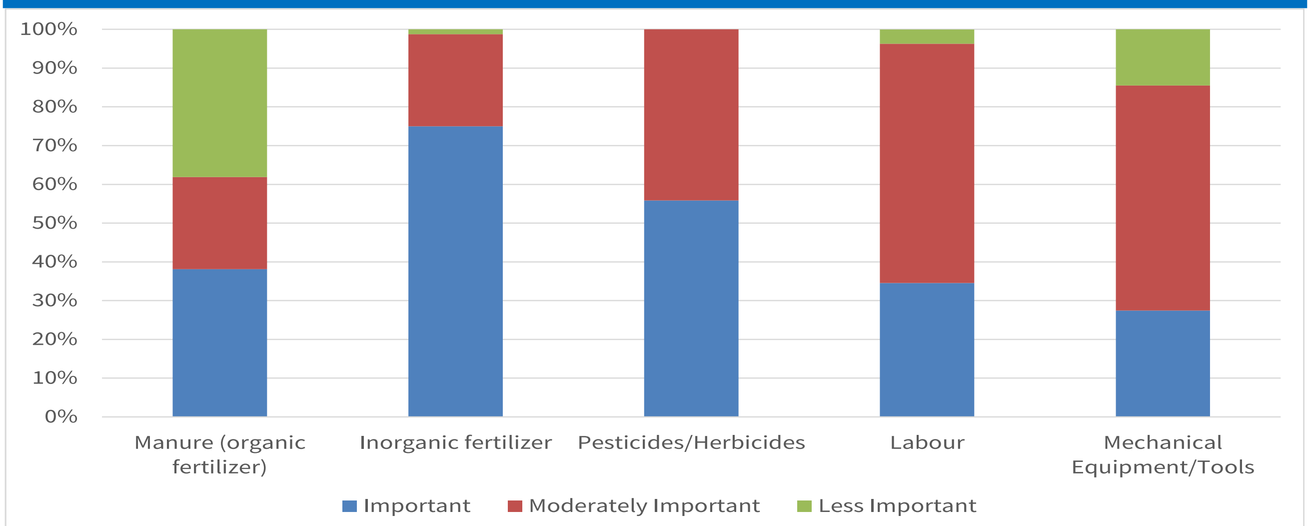


3.7 Use of farm inputs in agricultural production

The September 2024 findings on the type of inputs used and their intensity was much similar to findings of previous surveys. The two most used inputs are inorganic fertiliser and pesticides/herbicides. This was reported by more than 50 percent of the sampled farmers, similar to the finding in July 2024. Fertiliser use is critical during planting as well as for top dressing. Use of pesticides is also widespread to control for various crop diseases at various stages of the crop cycle.

Usage of hired labour and farm equipment and machinery was also common though not as widespread as that of fertiliser and pesticides. Some farmers indicated that they rely exclusively on family labour for land preparation, planting, spraying pesticides, weeding, and harvesting. Use of farm machinery and equipment was common in medium and large-scale farms. The least used input was farm manure which was indicated to be less important input by more than 60 percent of the sampled farmers in terms of usage of inputs **(Figure 10).**

Figure 10: Significance of Farm Inputs in Agricultural Production in September 2024 survey (Percent of Respondents)

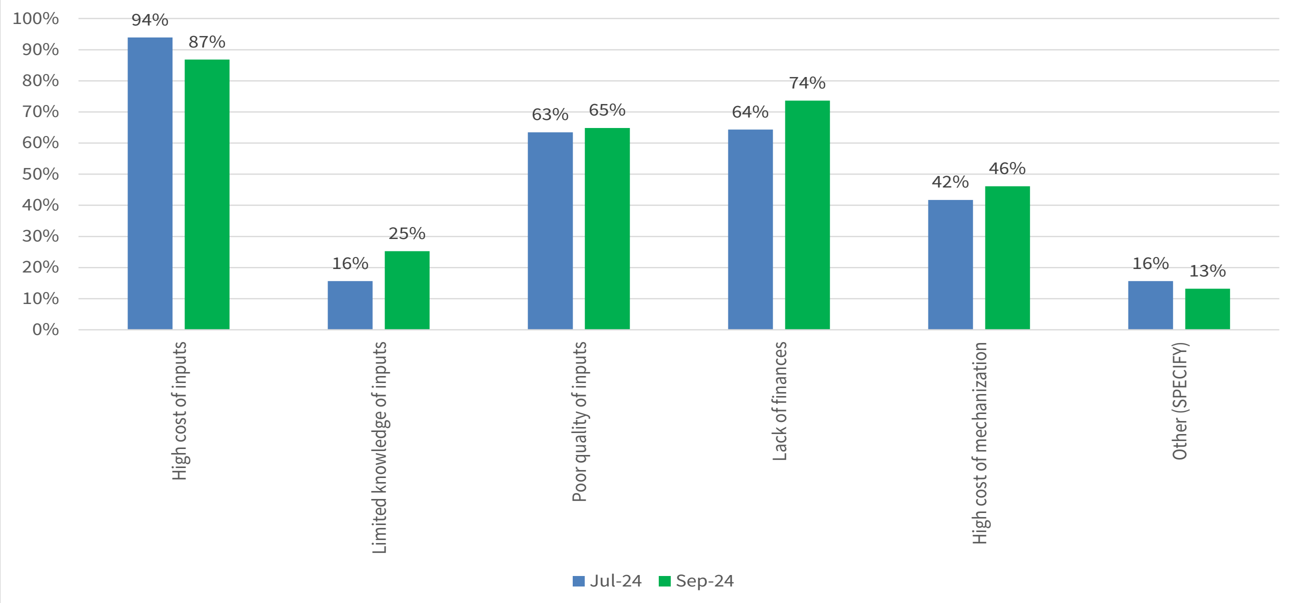


3.7.1 Challenges associated with access to farm inputs

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

The problem of high cost of farm inputs was cited by over 80 percent of the sampled farmers in September 2024 and July 2024 surveys as a binding constraint to accessing farm inputs. This is despite the Government having initiated a subsidised fertilizer programme with a view to lessen the cost and encourage use of fertiliser to increase yields.

Figure 11: Challenges limiting access to farm inputs (Percent of respondents)

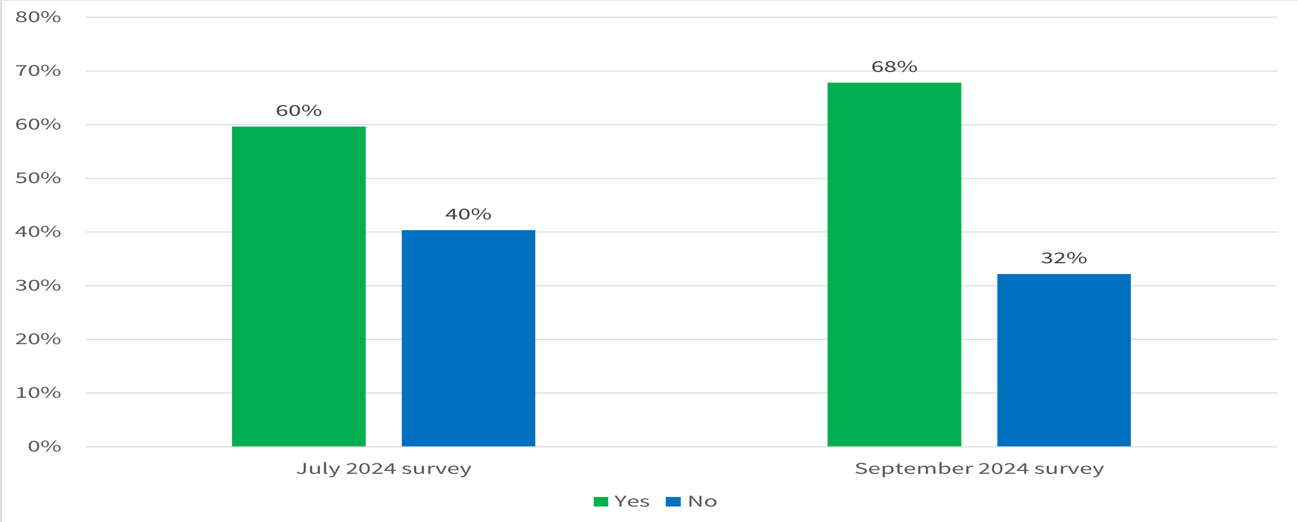


3.7.2 Access to government subsidized fertilizer

The proportion of respondents who reported to have accessed government subsidized fertilizer increased to 68 percent in September 2024, compared to 60 percent in July 2024 (**Figure 12**). The higher intake in September 2024 was expected as farmers prepared for the October – December 2024 rain season.

The reasons given in the September 2024 survey for not being able to access the subsidised fertiliser were similar to those given in the previous surveys. Some farmers indicated that they were notified through their mobile phones to go to the nearest National Cereals and Produce Board (NCPB) depot to collect the subsidised fertiliser, but they could not travel due to transport challenges. Others reported that they did not bother to register for the subsidised fertiliser. In other instances, some farmers reported that they were not aware that subsidized fertilizer was available at a reasonable price. Other farmers cited the complications around the logistics of access, and that the demand for the subsidised fertiliser was too high relative to 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.

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



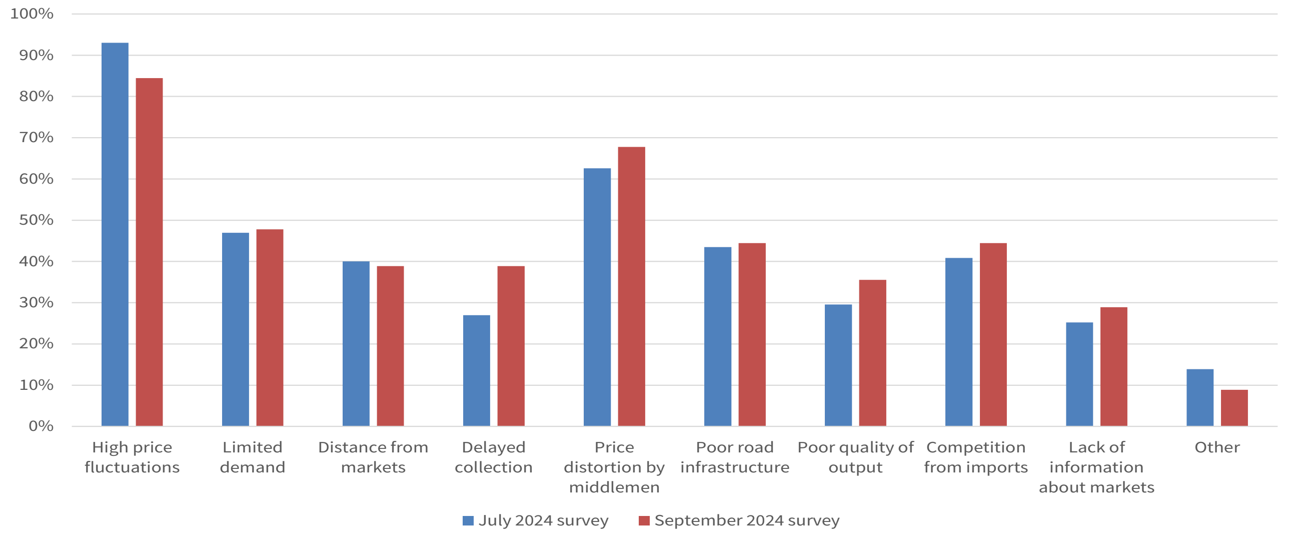
3.8 Factors affecting marketing/sale of farm produce

On the question about factors critically affecting marketing/sale of farm produce, farmers sampled in the survey conducted in September 2024 reported high price fluctuations, price distortion by middlemen/brokers and poor road infrastructure as the main challenges (**Figure 13**). These factors are similar to those reported in previous surveys. The price fluctuations are common because most farmers tend to harvest at the same time thereby flooding markets with the same 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 food items such as 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 include the long distance from markets, poor road network, limited demand, and competition from imports (**Figure 13**).

It was, however, noted that 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 do not incur transport costs as the produce is collected directly from the farm by the buyers. That notwithstanding, this arrangemnet 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.

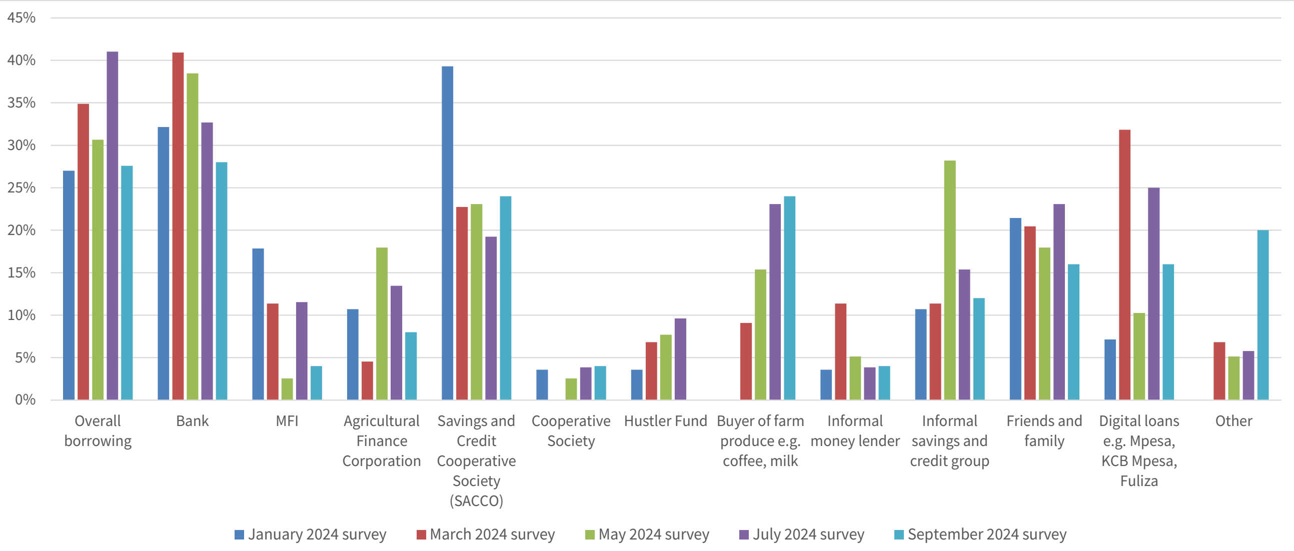
Figure 13: Factors affecting marketing/sale of farm produce (Percent of Respondents)



3.9 Access to credit facilities in agriculture

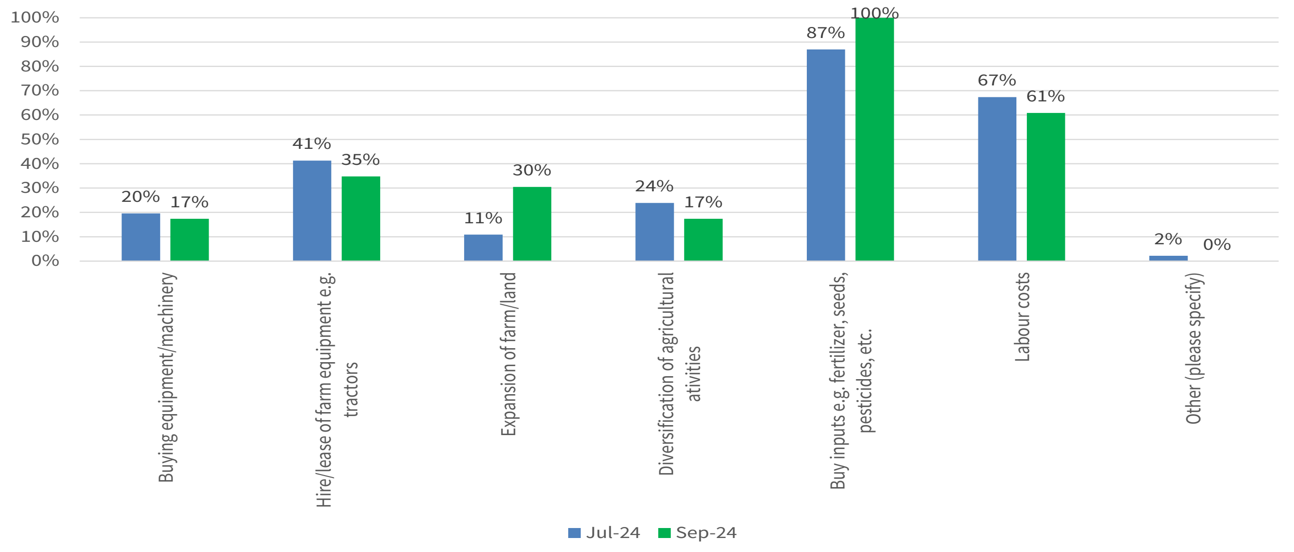
More than 25 percent of the sampled farmers reported to have obtained loans from various sources in September, July, May, March and January 2024 surveys. The main sources of finance for farmers have continued to be banks, SACCOs, and digital loans. The share of farmers who reported to have borrowed to finance agriculture was much lower in September 2024 relative to July 2024 (**Figure 14**).

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



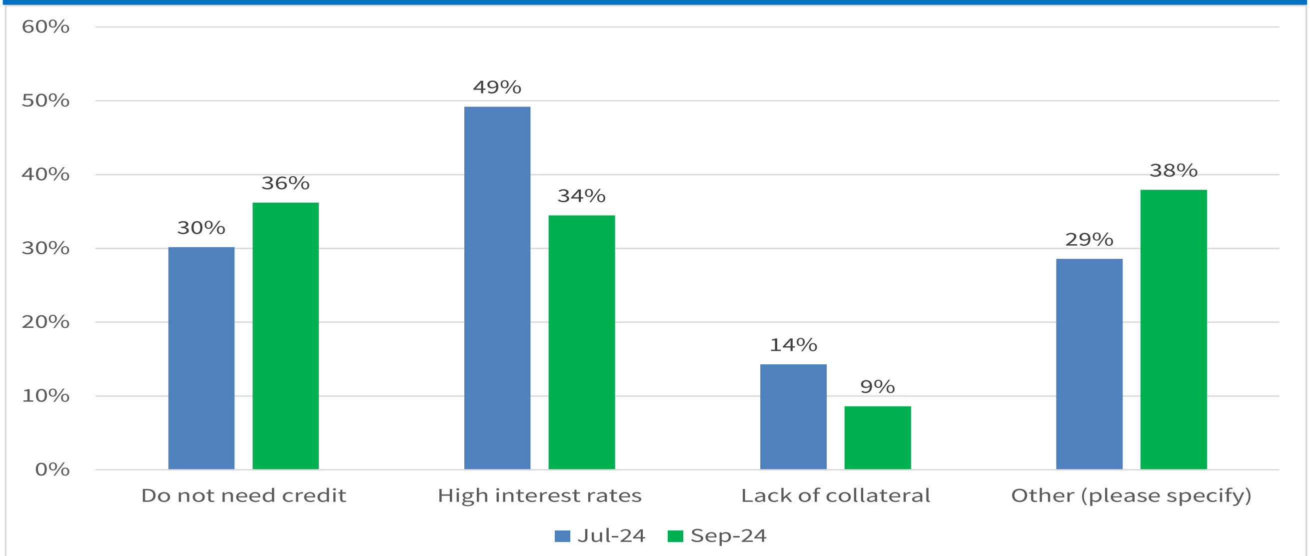
In terms of usage of funds, the September 2024 survey established that, similar to findings of previous surveys, a large share of loans was allocated to buying inputs, and this may explain explain why the government has continued to subsidise fertiliser to allevaite the input cost burden (**Figure 15**). All the sampled farmers in September 2024 reported to have used borrowed funds towards purchase of inputs.

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



With respect to barriers in accessing finance, results in September 2024 were not significantly different from the findings in the previous surveys (**Figure 16**). High interest rates continued to be the most prominent barrier. In some cases, farmers were averse to acquiring any form of credit. They explained that crop growing was a risky activity as it mostly relied on rain which could fail thereby exposing the farmer to possible auction. A large share of crop growing is rain fed . For instance, in the September 2024 survey, about 80 percent of farmers interviewed practised rain-fed agriculture (**Annex Figure 18**). Similar to what was observed in the previous surveys, it was noted that for farmers who use irrigation, reluctance to finance farming activities was partly due to significant price fluctuations which make their incomes unstable. 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. Getting proposals from farmers is of importance in order to leverage on the information they have as well as their experience on production. These views differed significantly depending on the region as well as the crop grown. However, there are suggestions that appear to resonate with most farmers. For instance, most farmers emphasized the need for water conservation through construction of dams, water pans and boreholes. Another cross-cutting suggestion was the need to reduce the cost of farm inputs 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 low-quality inputs, some farmers suggested that the government should enhance surveillance. Other farmers proposed enhanced mechanization of agriculture through subsidizing of farm equipment/machinery, including hiring of tractors especially during land preparation, or by direct intervention whereby counties avail more tractors for hire by farmers.

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 September 2024 survey conducted from September 16-20, 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 prices of key agricultural commodities in select retail and wholesale markets, actual agricultural output and acreage as well as output expectations from sampled farms, 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 241 respondents from wholesale traders, retailers, and farmers in select towns 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, Molo, Kakamega and Bungoma).

The key findings from the September 2024 Survey include the following:

- Majority of respondents expect overall 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. There was a reduction in September

2024 relative to July 2024 in the proportion of respondents who reported supply chain bottlenecks as a factor driving up retail prices. This reflects the waning impact of countrywide protests which peaked in July 2024.

- Most of the sampled farmers reported to have benefitted from the subsidized fertilizer, a key input in crop production. The uptake of subsidized fertilizer 68 percent in September 2024 survey, an increase compared to the 60 percent reported in July 2024.
- Expectations about the performance of the agriculture sector both three months and one year head were optimistic due to expectations that weather conditions would be supportive of more activity in agriculture sector and the expectation that government interventions would continue particularly the subsidized fertilizer program.
- Optimism about the expected performance of the economy increased in September 2024 compared to July 2024.

Regarding views on how agricultural production could be improved, the responses were similar to those of previous surveys. Suggestions included 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 fluctuations from time to time.

There are several measures the Kenya government can take to ensure that farmers are incentivised to increase production. Based on the findings of this survey, the key recommendations mirror those contained in previous reports of the Agriculture Sector Survey:

- Consider subsidizing farm inputs. The government has already implemented the national subsidised fertiliser program. This can be extended to cover other essential inputs particularly seeds and pesticides/herbicides. This can be done by reducing or zero-rating VAT on farm inputs.
- Ensure farm inputs are of highest quality and are delivered in a timely manner
- Ensure fertilizer collection centres are closer to farmers.
- Consider financial/fiscal/monetary/trade incentives to attract more people to agriculture especially youth. For instance, consider protecting farmers from food imports in situations of excess harvests.
- Intensify provision of extension services to farmers particularly agronomists.
- Protect farmers from exploitation by middlemen/ brokers by standardizing units of measurement of farm produce, for instance, by having same standard for tomato crates; potato bags.
- Prioritize irrigation to reduce the vulnerability of agriculture to the dictates of weather.
- Implement measures to reduce output price volatility for instance by allocating more funds to NCPB to purchase output during periods of excess supply.
- Prioritize building food markets

ANNEXES

Figure 17: Factors affecting Wholesale Prices (Percent of Respondents)

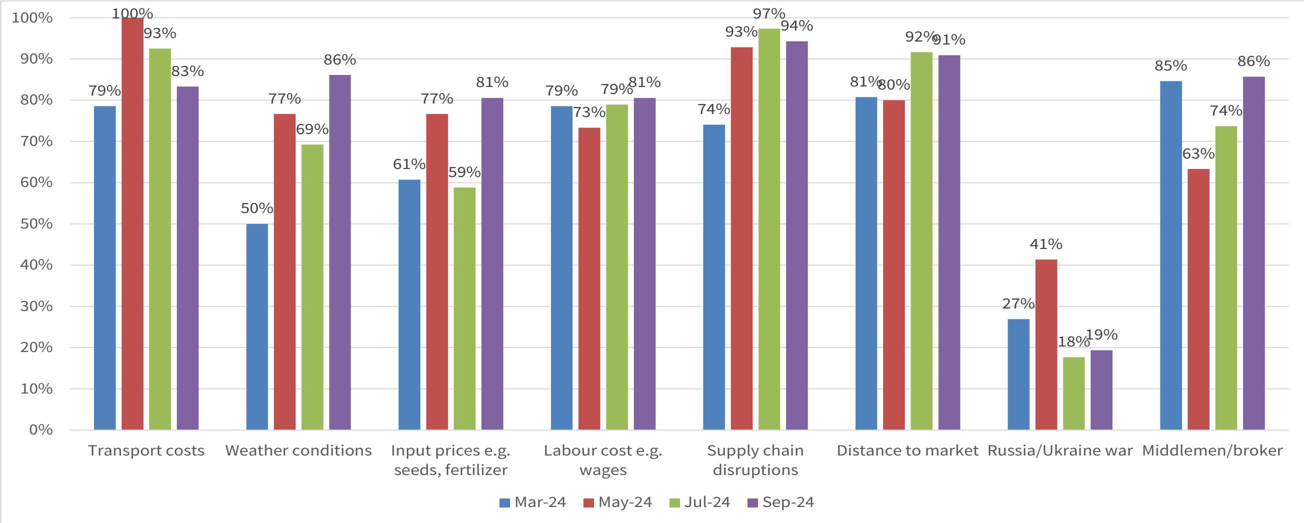
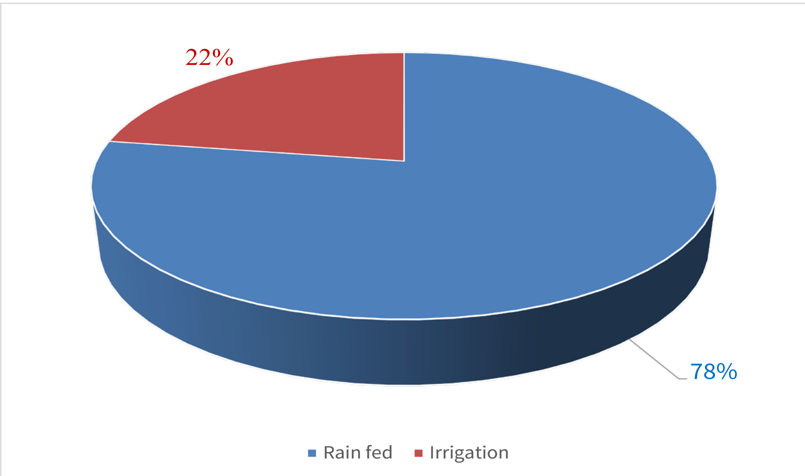


Figure 18: Main water source for farming in September 2024 survey (Percent of respondents)



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