Central Bank of Kenya

Agriculture Sector Survey

May 2024

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1. BACKGROUND

The agriculture sector recorded impressive performance in 2023 largely driven by favourable weather conditions and supportive government measures. *The Economic Survey 2024* that was recently released by the Kenya National Bureau of Statistics (KNBS) shows the sector realised a growth of 6.5 percent in 2023, thereby reversing the contraction witnessed for two consecutive years in 2022 (-1.5 percent) and 2021 (-0.4 percent). As a result, the sector contributed about 1.1 percentage points to the overall real Gross Domestic Product (GDP) growth of 5.6 percent in 2023. The high growth was mainly driven by the crops sub-sector which in real terms expanded by 6.4 percent in 2023 from a contraction of -2.7 percent and -1.4 percent in 2022 and 2021, respectively. The good performance was supported by the favourable rainfall experienced across the country during the March-May 2023 long rain season and the October-December 2023 short-rain season.

The Monetary Policy Committee (MPC) of the Central Bank of Kenya (CBK) has a keen interest in the performance of agriculture given the critical role the sector plays in stabilizing prices of food commodities, which account for 32.9 percent of the overall consumer price index (CPI) basket. Additionally, the contribution of the sector to Kenya's GDP is substantial at about 22 percent of GDP over the period 2019-2023. Consequently, the sector's performance has implications on other economic sectors such as manufacturing, and wholesale and retail trade through forward and backward linkages. The agriculture sector also contributes to Kenya's foreign exchange earnings through exports of commodities such as tea, coffee, vegetables and cut flowers. Moreover, the sector is a vital source of employment. According to KNBS Economic Survey 2024, the sector was a key driver of wage employment and earnings in the formal private sector, employing over 300,000 people with wage payments exceeding KSh 122 million in 2023. Developments in the sector, therefore, have implications for country's growth trajectory, employment creation and poverty reduction.

The 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. This report presents results of a survey of the retail and wholesale prices of agricultural commodities and farm output. The survey was undertaken during the period May 13-18, 2024.
Similarly, a larger share expected the economy to maintain the current growth momentum or increase both in the next three months and the next one year.

2. METHODOLOGICAL FRAMEWORK

The May 2024 survey 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 selected 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 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 268 respondents were sampled out of which farmers accounted for 52 percent while retailers and wholesalers accounted for 35 percent and 13 percent, respectively **(Figure 1a and 1b).**

Figure 1(a): Response rate (Percent)

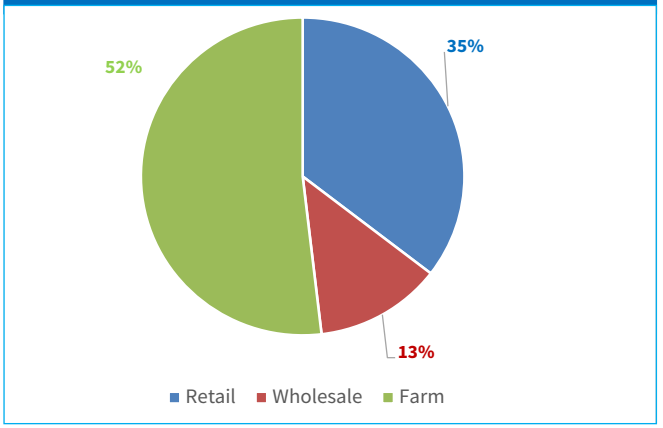
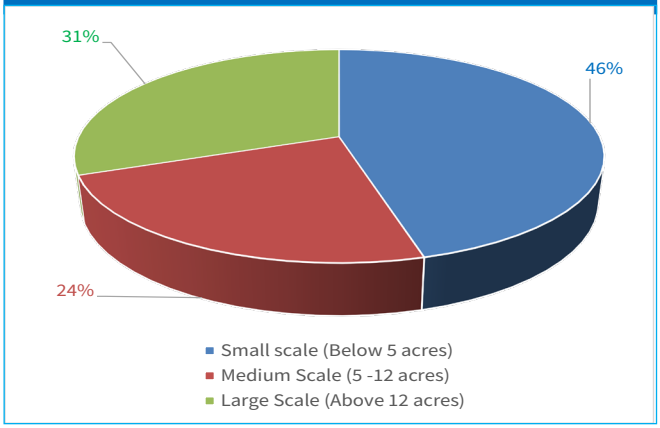


Figure 1(b): Farm categorization (Percent)



Analysis of the collected information was undertaken using both quantitative and qualitative approaches, with findings presented using tables and/or charts. The Balance of Opinion (BOO) approach was used to get 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 their inflation expectations, that is, 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.

3. MAIN HIGHLIGHTS FROM THE SURVEY

This section highlights the key findings from the May 2024 Survey. Broadly, the following are the key highlights:

i. Retail prices of non-vegetable items were generally lower in May 2024 relative to April 2024, but prices of key vegetable items such as cabbages, traditional vegetables, tomatoes, kale- Sukuma wiki, spinach and unpeeled garden peas increased. Prices of onions remained elevated and largely unchanged from the previous month.

ii. There was a marked decrease in prices of cereals and cereal products mainly supported by the bumper harvest following favourable rainfall outcomes in 2023. The favourable weather conditions also supported growing of pasture leading to decreases in prices of milk in May relative to April 2024.

iii. A larger proportion of respondents expected a general decline in food prices as well as in overall inflation in the next three months. This view was supported by expectations of increased food supply following above average rainfall in March-May 2024 long rain season in most parts of the country; relatively lower pump prices following downward adjustment by the Energy and Petroleum Regulatory Authority (EPRA) and the expectation that the Kenya shilling stability will continue. However, respondents were concerned about the proposed tax measures in the Finance Bill 2024/25.

iv. Expectations about both acreage and output of select crops in the next harvest were mixed, though most respondents expected an increase for most crops. 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.

v. Weather conditions, transport and input costs continue to impact both output and price of key food items. The role of weather conditions and transport was prominent in driving up prices due

to negative impact of heavy rainfall and flooding in some parts of the country. This was, however, expected to moderate as rainfall subsided.

vi. The proportion of respondents who reported to have accessed the subsidized fertilizer increased significantly in May 2024 relative to the March 2024 survey. Over 70 percent of the sampled farmers reported to have benefitted from the subsidised fertiliser.

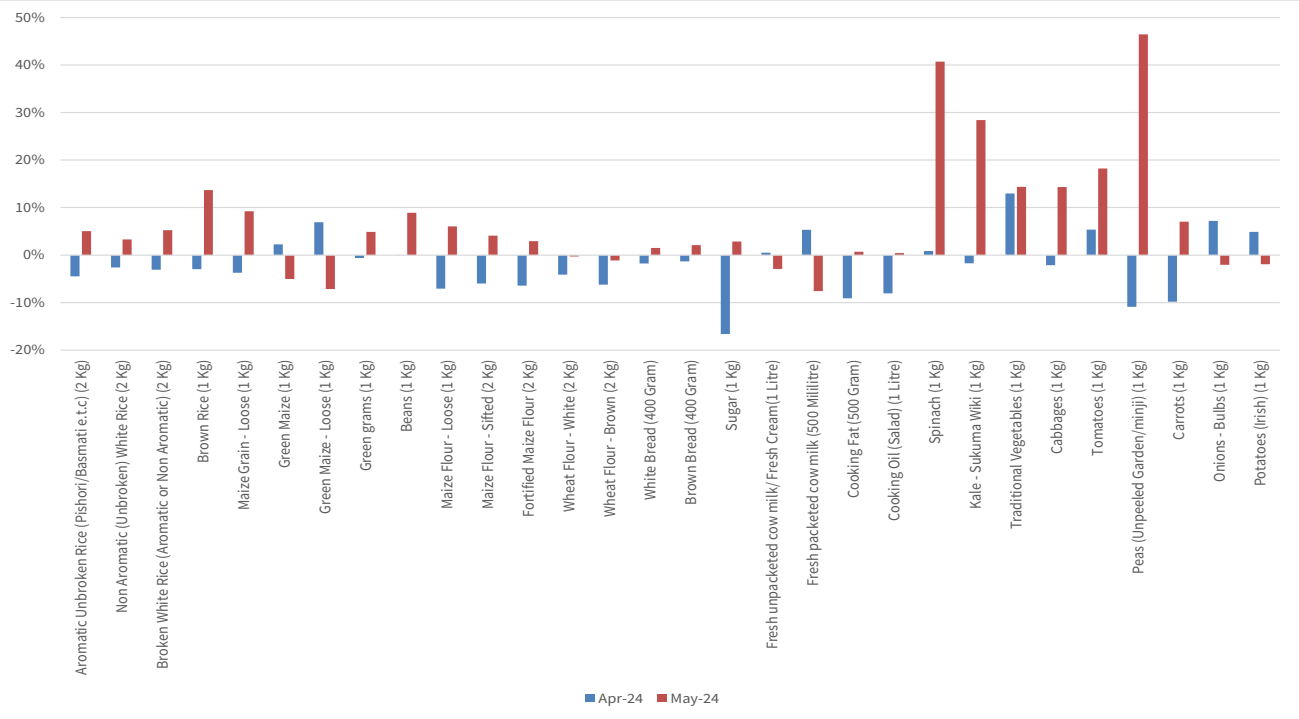
vii. Similar to the finding in the March 2024 survey, banks, Savings and Credit Cooperative Societies (SACCOs), friends/family and digital loans continued to be main sources of credit for farmers. The funds were used mainly to finance farm implements, inputs (seeds, fertiliser, pesticides), and labour.

viii. Optimism about economic performance in the next three months and one year ahead was relatively higher in May 2024 compared to outcomes in March 2024. The optimism was mainly driven by the above average rainfall in March-May 2024 long rain season despite some episodes of flooding in some parts of the country, easing international oil prices and stability of the Kenya shilling.

3.1 Prices of Key Agricultural Commodities

The survey sought to establish indicative prices of key agricultural commodities in May 2024. The analysis of the data shows mixed outcomes. There were notable declines in prices of milk due to continued favourable weather which led to improved pasture. Similarly, prices of maize flour declined, reflecting increased supply of maize to the market following favourable rainfall in 2023. However, retail prices of tomatoes, cabbages, traditional vegetables, spinach, kales/sukuma wiki and peas edged up following excess rainfall in key source regions, notably Narok, Nyandarua and Laikipia **(Figure 2).**

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

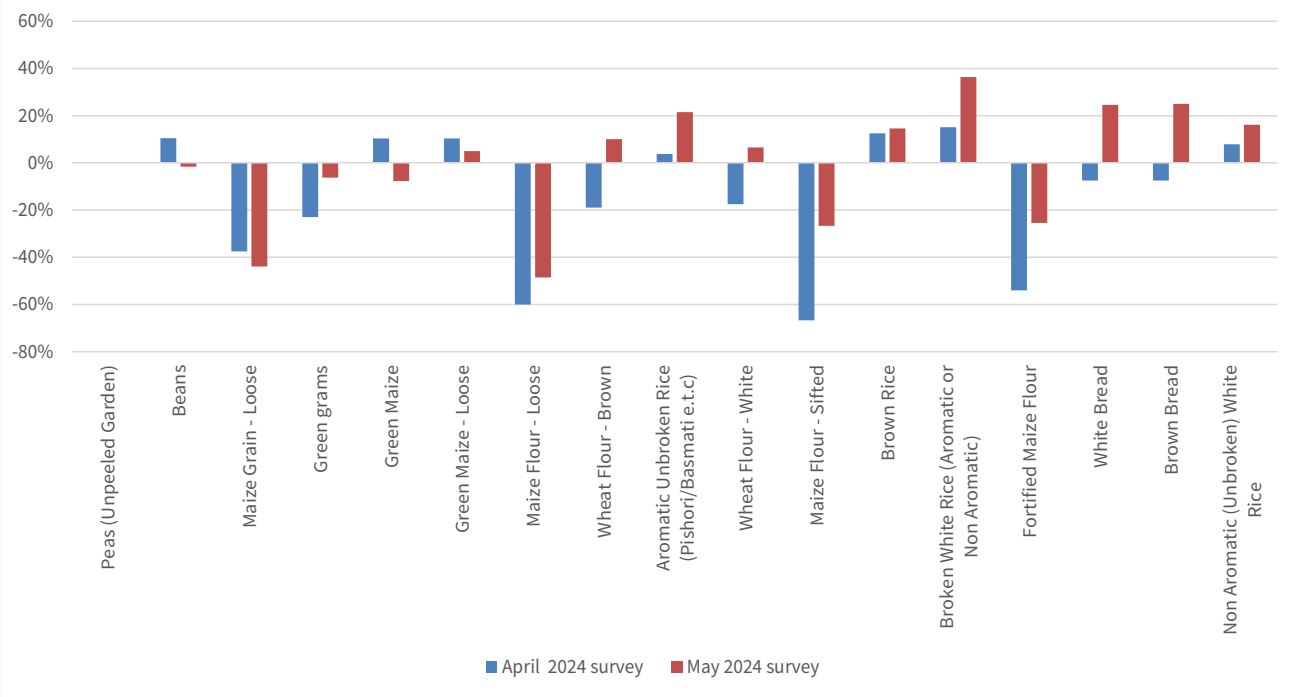


Prices of cereals notably loose maize grain, green grams, and beans have been generally lower in the first five months of 2024 compared to a similar period in 2023 and 2022. In general, prices of most non-vegetable commodities recorded decreases in May 2024 compared to April 2024.

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 June 2024. This also includes expectations for modest decline in prices of fresh vegetables (**Figure 3 and 4**). Respondents expect, on balance, substantial declines in prices of loose maize grain, loose maize flour, sifted maize flour and fortified maize flour in June 2024. This expectation was informed by the expectation that market supply will continue to improve supported by favourable weather conditions experienced in the country. They however expected some increase in rice prices reflecting the adverse impact of excess rainfall/flooding on domestic production. They also expected bread prices to increase on account of expected adverse impact of flooding on domestic wheat production.

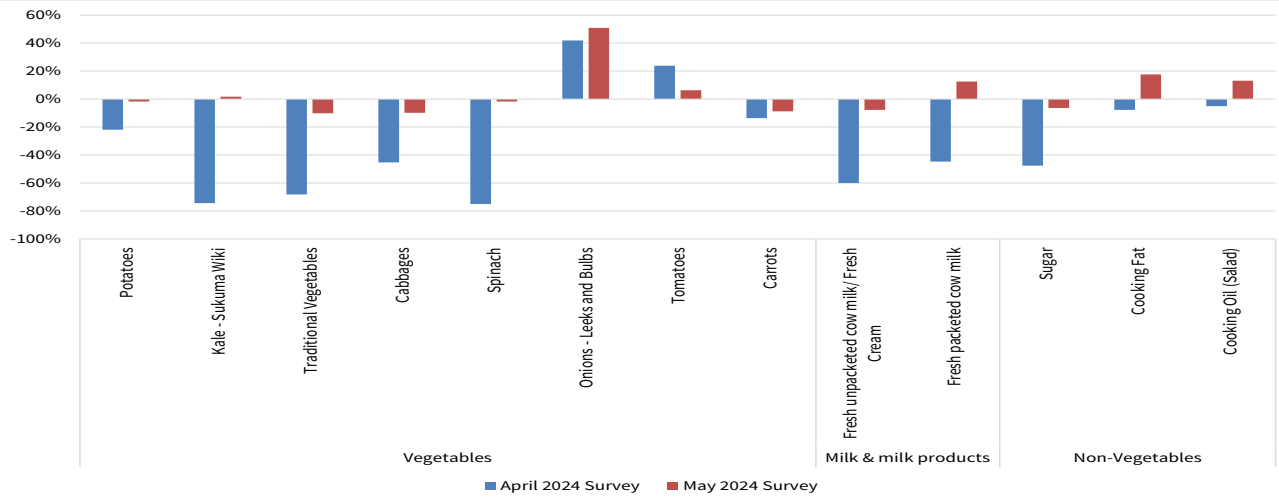
Figure 3: Balance of opinion on expected price changes for cereals and related products in the next one month (Percent of respondents)



Respondents expected a decline in prices of some vegetables, milk and sugar (**Figure 4**). However, expectations for price declines appear to have moderated in the May 2024 survey compared to April. Whereas respondents expected the sugar prices to decline, they noted that the magnitude of decline would be much lower in June as sugar prices had already declined from historically high levels and were likely to stabilise.

Prices of onions were expected to remain elevated. The observed price change in May 2024 was not significantly different from what was observed in the April 2024 survey. However, some farmers were of the view that the prevailing high prices of onions would incentivise farmers to produce more onions thereby leading to a price decline.

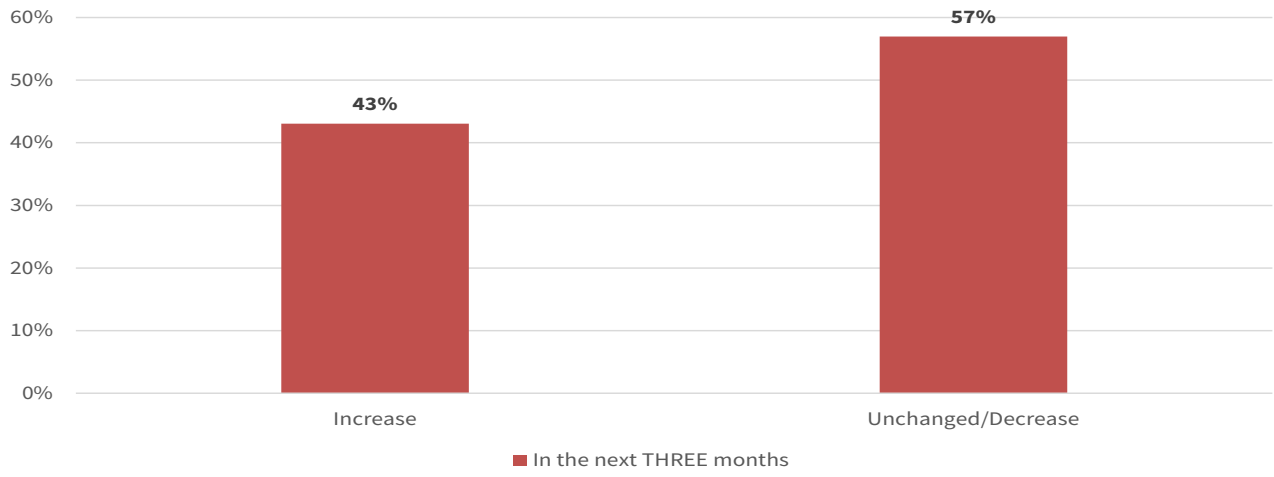
Figure 4: Balance of opinion on expected price changes for Vegetables, Non-Vegetables and Animal Products in May 2024 (Percent of respondents)



The survey also sought respondents' views on expectations regarding price changes of general consumer goods regularly purchased by a typical household (inflation) This was meant to shed light on price expectations for a broader category of commodities which inform overall inflation. Specifically, the objective was to get respondents' expectations about the expected change in the general price level in the economy beyond food commodities.

Results showed that inflation expectations one month ahead were equally divided with half of the respondents expecting inflation to increase while the other half expected inflation to either remain unchanged or decrease. However, there was a marked change in inflation expectations three months ahead whereby 57 percent of respondents expected inflation to remain unchanged or decrease against 43 percent who expected an increase (**Figure 5**).

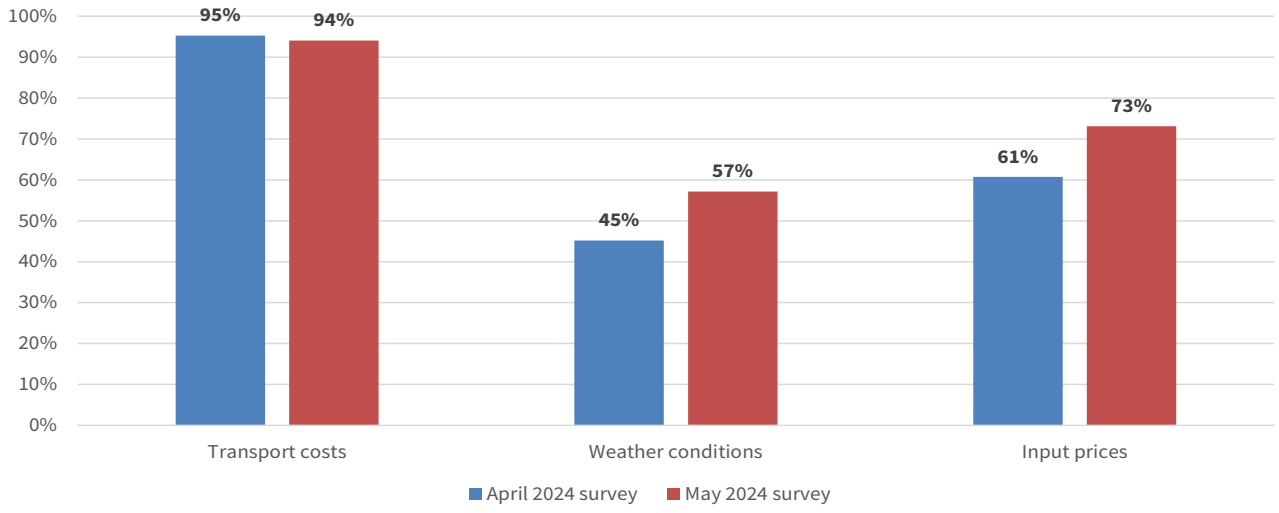
Figure 5: Inflation Expectations: May 2024 Survey (Percent of respondents)



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, input costs and weather conditions were noted to be the key factors impacting both retail and wholesale prices (**Figure 6 and Annex Figure 17**).A key outcome of the May 2024 survey is that a relatively larger proportion of respondents (57 percent) cited weather conditions as a significant factor driving up prices compared to April 2024 (45 percent). This response is not surprising given the circumstances under which the May 2024 survey was undertaken, as most of the sampled regions were experiencing excess rains. Similarly, a relatively larger share o respondents reported cost of inputs as a significant factor driving up prices, which could be partly driven by the impact of excessive rains and flooding which hampered transport in some regions.

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 expected changes in indicative output and acreage across regions as well as farmers' expectations on output and area under crop. This information is useful in shedding light on the likely direction of agricultural activity and the implications on food prices.

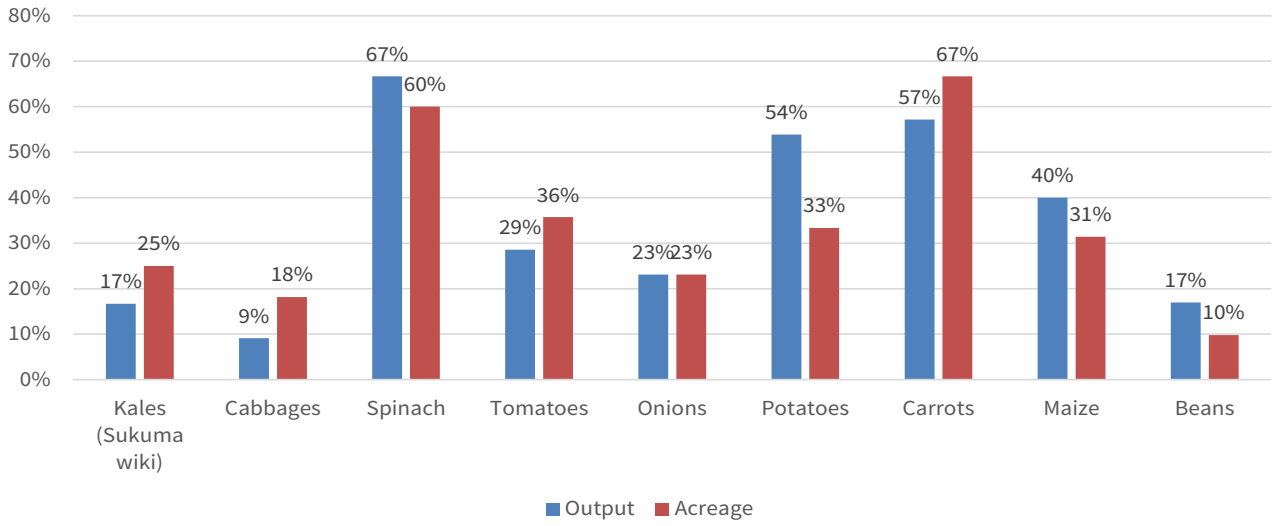
3.4.1 Output performance and expectations

Sampled farmers in the May 2024 survey observed that output and acreage of most crops were expected to increase, largely driven by the above average rainfall that was experienced between October 2023 and January 2024, the above average rainfall experienced during the March-May 2024 long rain season, and the expectation that the affordable fertilizer initiative would be sustained. There were, however, some crops whose output was reported to have been affected by the excess rainfall, but farmers indicated that the expected output loss depended on whether the rainfall was going to stop in May 2024 or continue into June 2024. For crops that were adversely affected such as kales- Sukuma wiki, spinach, traditional vegetables, tomatoes, cabbages and carrots, the affected farmers indicated they would replant in view of expected favourable weather conditions and given that they were fast maturing.

3.4.2 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. Despite the challenges of excess rainfall and flooding in some regions, farmers expected to increase acreage on crops 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 7**).

Figure 7: Balance of opinion on output and acreage expectations for selected crops: May 2024 survey (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 cost of 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.

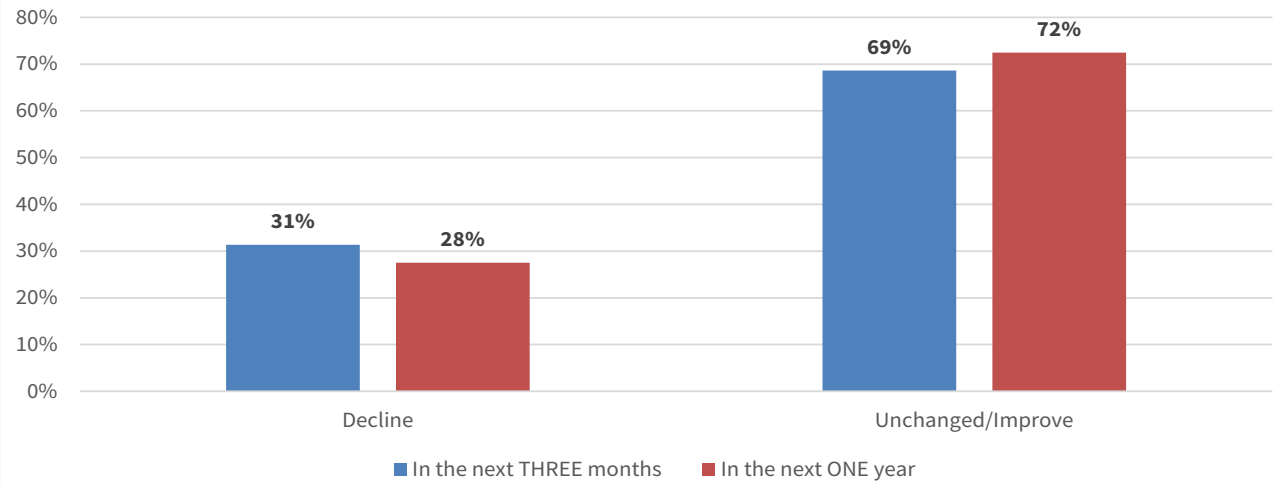
3.5 Expectations about overall economic performance

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. Regarding growth expectations three months ahead, 69 percent of respondents expected the performance of the economy to remain unchanged or increase compared to 31 percent who expected a decline. Growth optimism was more pronounced for one year horizon where 72 percent of respondents expected the current growth momentum to be maintained or increase compared to 28 percent who expected a decrease.

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. Similar to what was indicated in previous surveys, their reasons included factors such as potential worsening of geopolitical tensions in the global environment. There were also concerns that increased taxation would reduce incomes of consumers and therefore undermine spending which is a catalyst for economic growth.

Those that expected the growth momentum to continue or increase further cited several reasons to support their views. These included the favourable weather conditions in 2023 and the above average rainfall during March-May 2024 long rain season which had significantly boosted agricultural production. They also cited the observed declines in fuel prices after EPRA adjusted prices downwards consistently since November 2023. This was expected to reduce the cost of running tractors and generators. Other reasons for the optimism include the stabilisation of the Kenya shilling, easing international oil prices and government measures to lower the cost of farm inputs especially through the subsidised fertiliser programme (**Figure 8**).

Figure 8: Expectations about overall economic performance (Percent of respondents)

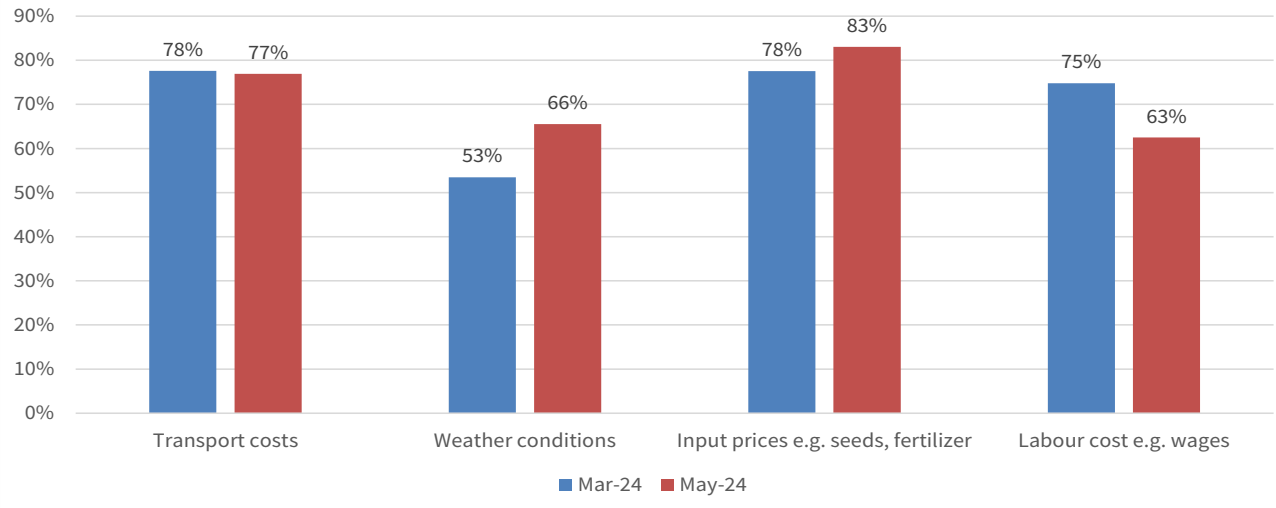


3.6 Factors affecting agricultural production

There was a slight decrease in the proportion of sampled farmers who cited transport costs as a key factor affecting agricultural production in the May 2024 survey relative to the March 2024 survey. This could be a reflection of the moderating impact of sustained downward adjustment in fuel prices by EPRA since November 2023. However, the proportion of sampled farmers who reported that weather conditions (drought, excess rainfall, floods) impacted production increased to 66 percent in the May 2024 survey, from 53 percent in March 2024. The increase reflects the heavy rainfall in May 2024 relative to March 2024, which damaged crops in some farms particulary vegetables and disrupted transport networks. This result is consistent with the finding in the May 2024 survey that most of the sampled farmers (61 percent) reported to have experienced excess rainfall/flooding[1]. However, most of the respondents estimated the expected impact on output/production to be relatively low.

Despite a higher share having reported to have benefitted from the subsidised fertilizer, the share of farmers who reported inputs costs as a significant factor in driving up production costs increased to 83 percent in the May 2024 survey, from 78 percent in the March 2024. This was attributed to higher prices of other inputs particularly seeds and pesticides/ herbicides (**Figure 9**).

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



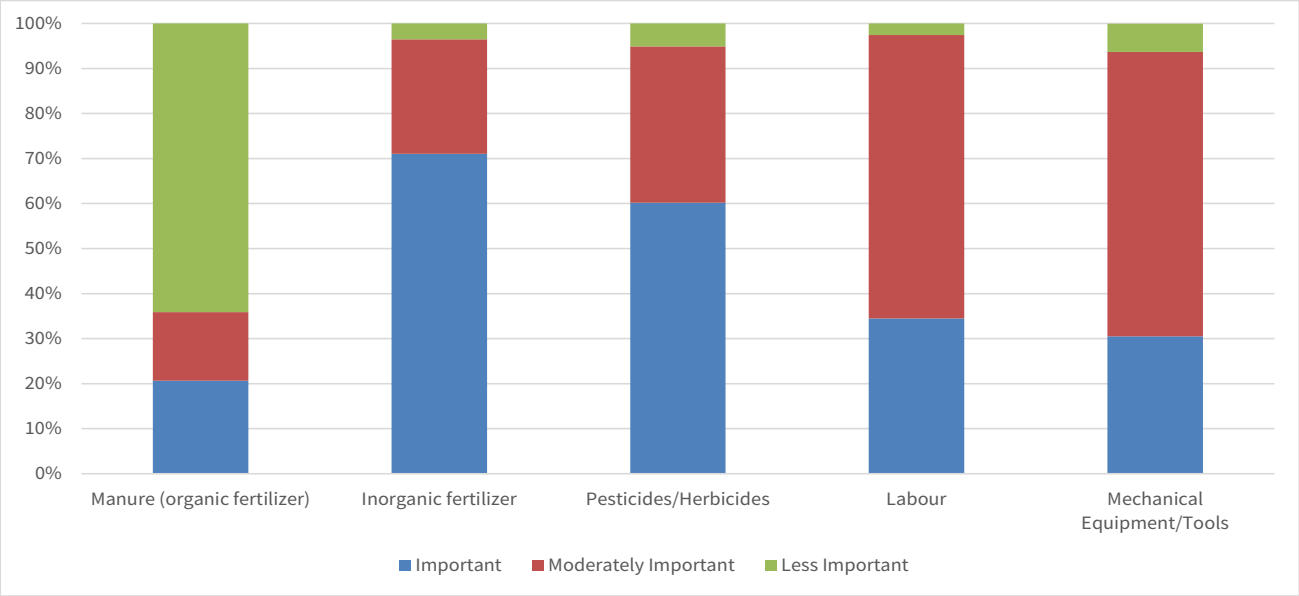
[1] *There was no explicit question in the March 2024 survey on whether a farmer experienced excess rainfall/flooding and the expected output loss.*

3.7 Use of farm inputs in agricultural production

The 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 observed for more than 50 percent of the sampled farmers where the usage of those inputs was categorised as important. 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 relied 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 (**Figure 10**).

Figure 10: Significance of Farm Inputs in Agricultural Production in May 2024 Survey (Percent of respondents)

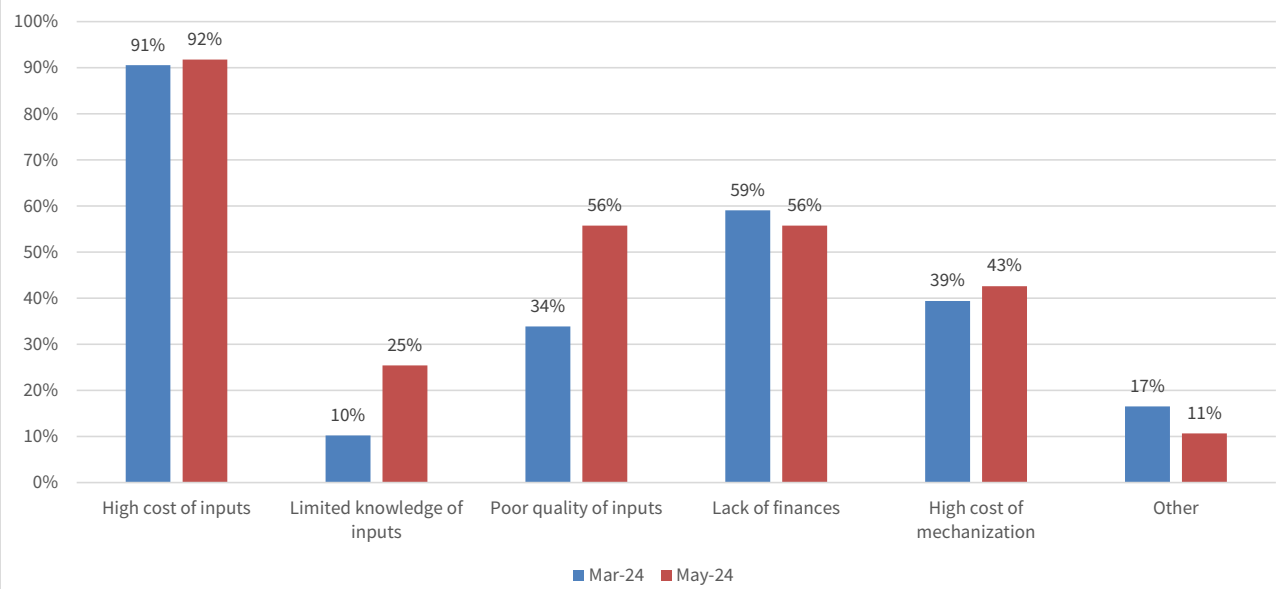


3.7.1 Challenges associated with access to farm inputs

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 more than 90 percent of the sampled farmers as a binding constraint to accessing farm inputs. To address this cost burden, the Government initiated a subsidised fertilizer program that has enabled farmers to purchase fertiliser at below market price. This is meant to encourage use of fertiliser to increase yields. The national government has also availed tractors for hire at reasonable rates through the county governments. This is intended to reduce costs of land preparation which are quite substantial and can be a disincentive to farm expansion. In additions, the Government launched the Hustler Fund to help credit-constrained households access credit on favourable terms. The May 2024 survey established that the Hustler fund has enabled some farmers to access funds that they have used to finance farming activity.

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



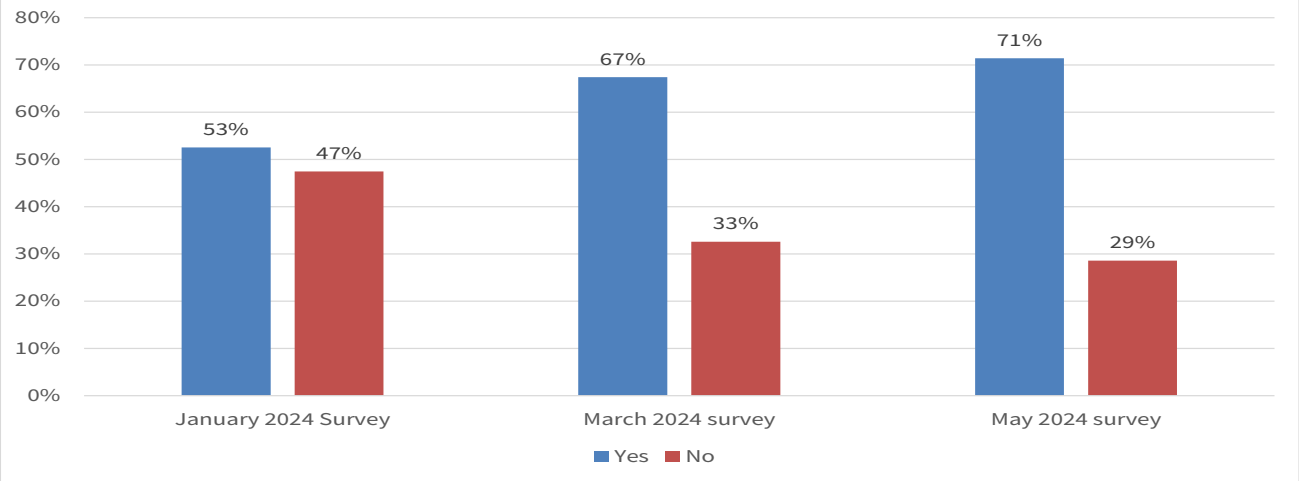
3.7.2 Access to government subsidized fertilizer

The proportion of respondents who reported to have accessed government subsidized fertilizer increased substantially to 71 percent in May 2024, from 67 percent in March 2024 survey and 53 percent in January 2024. This was mostly driven by increased optimism among farmers as rainfall outcomes were much more certain in May 2024 relative to the beginning of the rainfall season in March 2024.

As noted in the March 2024 Report, the lower uptake 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 May 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**).

The reasons given in the May 2024 survey for not being able to access the subsidised fertiliser were similar to those given during the March 2024 survey. 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)



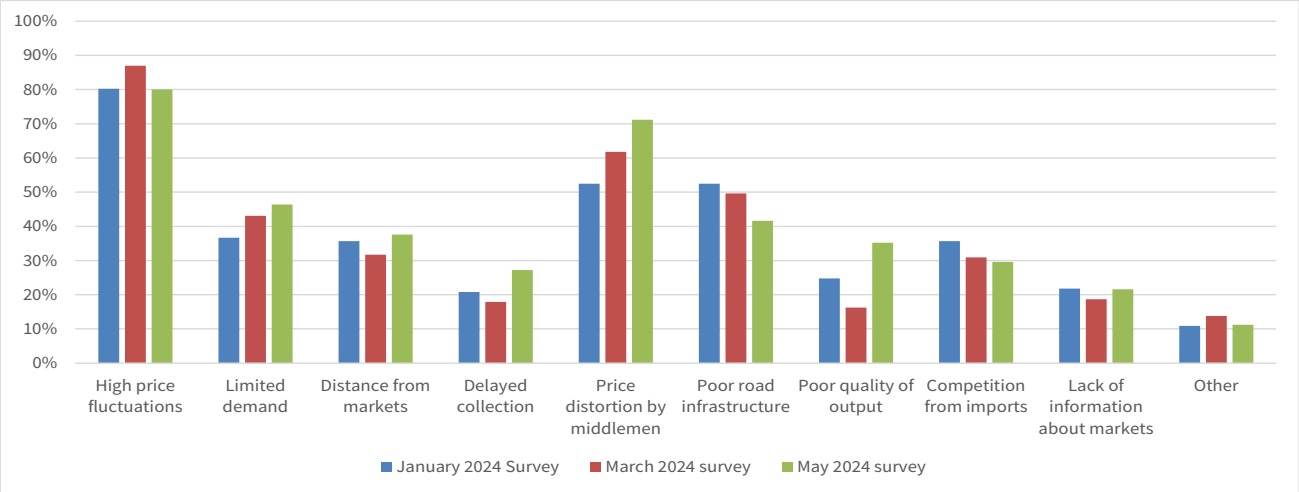
3.8 Factors affecting marketing/sale of farm produce

On the question about factors critically affecting marketing/sale of farm produce, farmers sampled in the surveys conducted in the January, March and May 2024; and the November and September 2023, generally reported 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 do not incur transport costs as 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 weather sensitive crops such as cabbages, potatoes, and tomatoes.

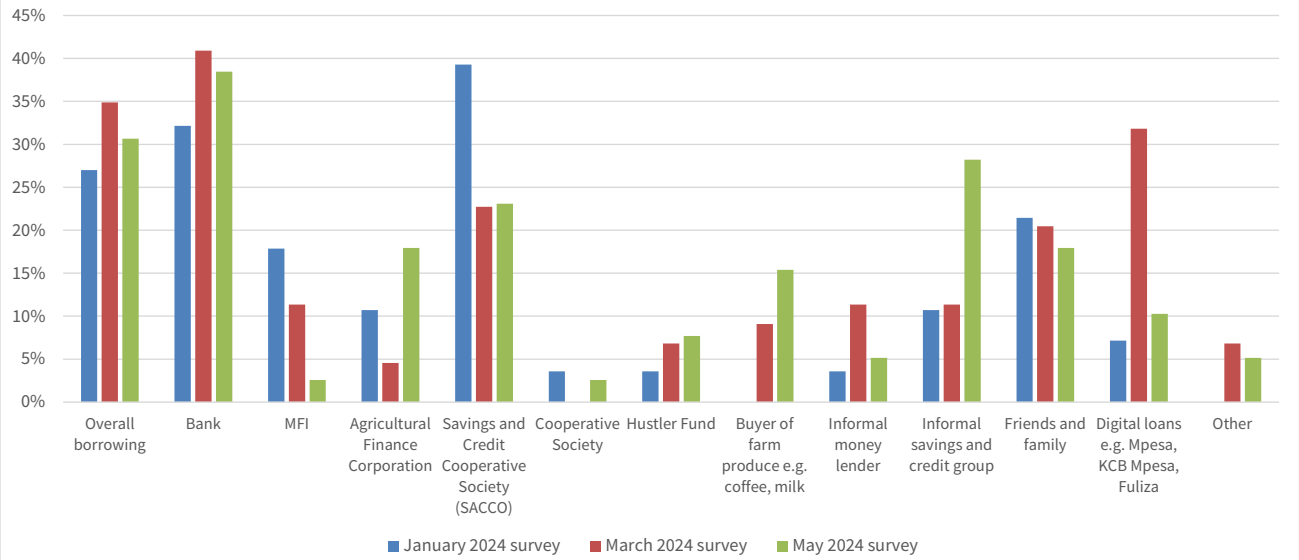
Figure 13: Factors affecting marketing/sale of farm produce (Percent of respondents)



3.9 Access to credit facilities in agriculture

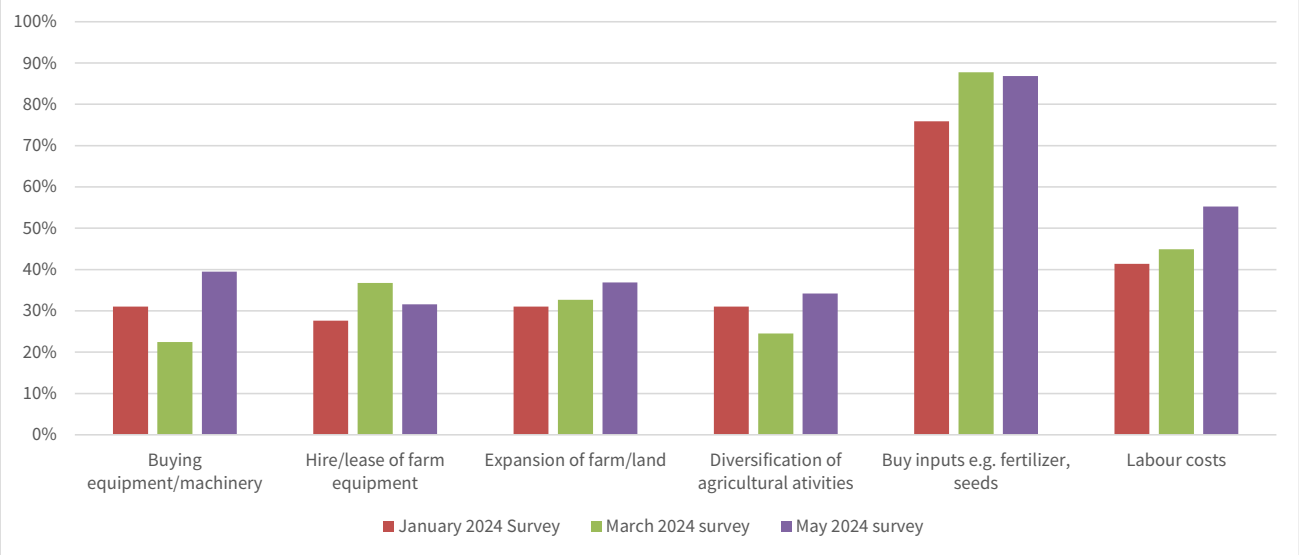
More than 25 percent of the sampled farmers were able to get loans as per the surveys conducted in May, March and January 2024. The main sources of finance for farmers have continued to be banks, SACCOs, and digital loans. The share of farmers who reported to have used the Hustler fund to finance agriculture activity slightly increased in May 2024 (**Figure 14**).

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



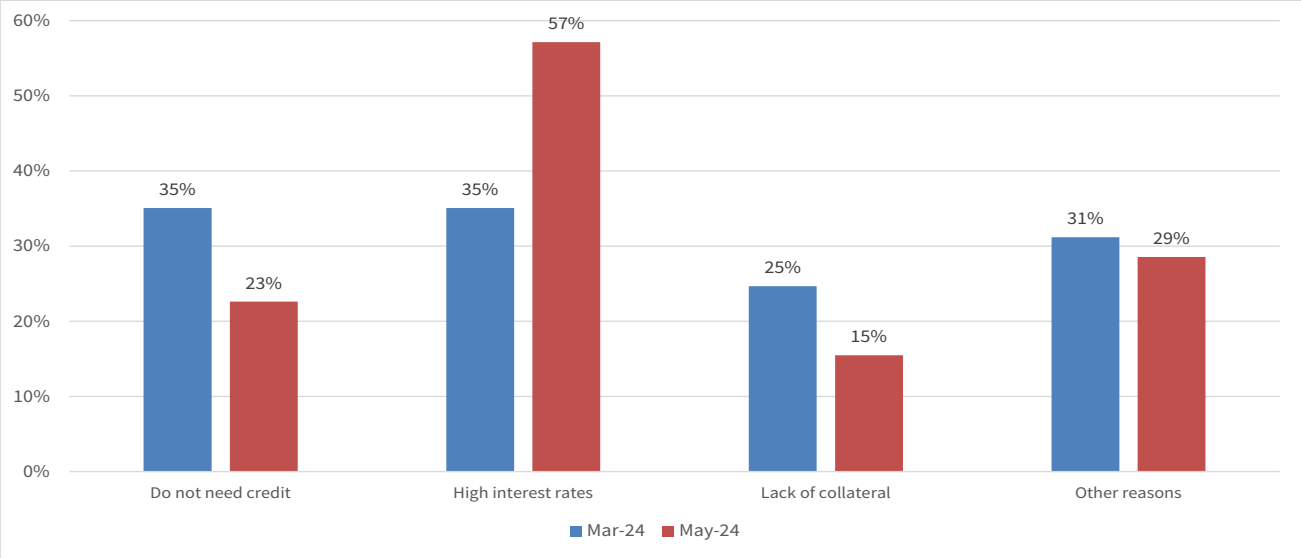
In terms of usage of funds, the May 2024 survey established that, similar to findings of previous surveys, a large share of loans was allocated for buying inputs, followed by labour payments. This result was similar to the observations in the March 2024, January 2024 and November 2023 surveys (**Figure 15**). A relatively larger share of farmers reported experiencing higher costs of inputs in both May and March 2024 surveys relative to January 2024, possibly reflecting heightened demand in May and March 2024 as farmers prepared to take advantage of the March-May 2024 long rains season.

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



With respect to barriers in accessing finance, results were not significantly different from the findings in the previous surveys where several factors were cited as shown in **Figure 16**. High interest rates continued to be reported as 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 and this has been the case in previous surveys. In the May 2024 survey, about 82 percent of farmers practised rain-fed agriculture (**Annex Figure 18**). Similar to what was observed in the March 2024 survey, it was noted that most farmers were reluctant to seek loans because of significant output price fluctuations which makes 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. 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 May 2024 survey conducted from May 13 - 18, 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 268 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 May 2024 Survey were as follows:

- Most respondents expect food prices to decline in the next three months.
- Majority of respondents expect inflation to either remain unchanged or decline over three months ahead.
- Weather conditions, transport and input costs continue to impact both output and price of key food items.
- A large proportion of farmers benefitted from the subsidized fertilizer, a key input in crop production. The input cost burden has been partially offset through the subsidized fertilizer whose uptake was significant at about 71 percent in May 2024 survey, an increase from the uptake in March 2024.
- Optimism about the expected performance of the economy remained high with a larger share of sampled respondents reporting that they expected the current growth momentum to continue or increase in the next three months as well as one year ahead. This optimism was driven by the expectation that the agriculture sector performance would continue supported by favourable rainfall in 2023 and in March-May 2024; the expected stability of the exchange rate; seven months of consecutive reductions in pump prices by EPRA and the expectations that fuel prices will be stable.
- There were however concerns by some respondents that increased taxation reduced incomes of consumers and that it would undermine spending thereby reducing economic growth. The proportion of respondents who expected economic growth to reduce was however much lower compared to those that expected an increase.
- 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 as well as fake inputs and create a mechanism to stabilise prices of agricultural commodities which are characterised by fluctuations 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 effect on both the cost of inputs and prices of agricultural commodities through high transport costs. High fuel costs have a direct bearing on production costs as they power farm machinery and equipment.

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)

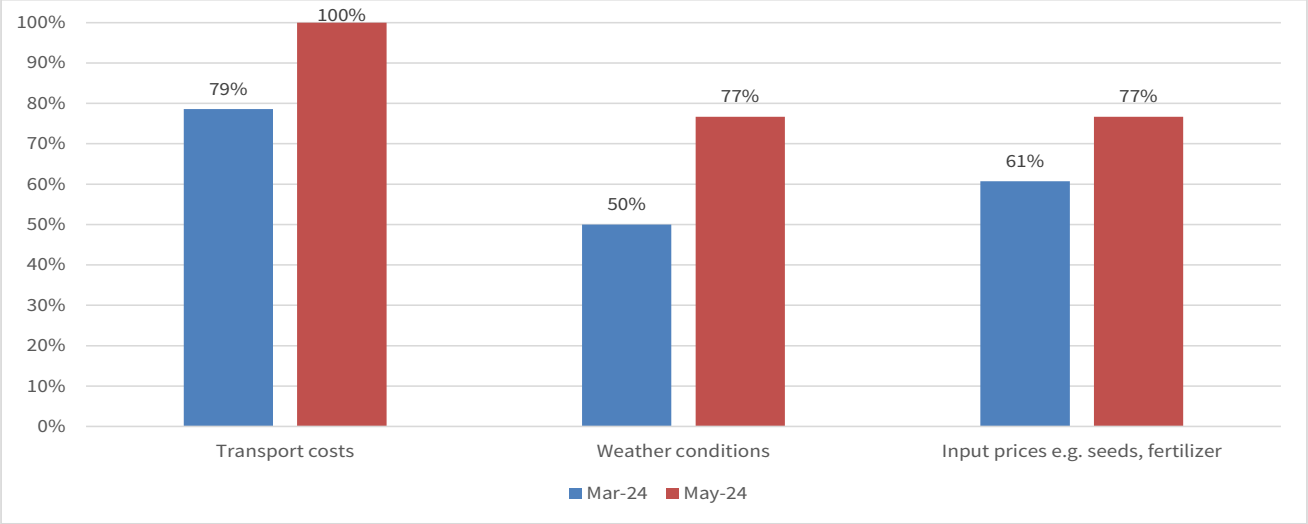
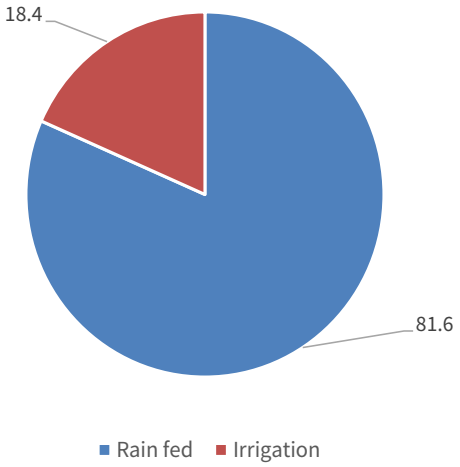


Figure 18: Main water source for farming in May 2024 survey (Percent of respondents)



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