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**Kenya National Budget:
Analysis of 2017/2018 and 2018/2019 Budget
from a *Right to Food* Perspective**

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1 Abbreviations and special terms

ARD	Agriculture and Rural Development (ARD)
BPS	Budget Policy Statement
CBK	Central Bank of Kenya
FAO	Food and Agriculture Organization
FNS	Food and Nutritional Security
FNSP	Food and Nutritional Security Policy
MDAs	Ministries, Departments and Agencies (Agencies mainly State Corporations)
MTP	Medium Term Plan
NT	National Treasury
PBB	Programme Based Budget
SEZ	Special Economic Zones
WFP	World Food Programme
WHO	World health Organisation

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2 Background

2.1 Right to adequate food recognized in the Constitution of Kenya, 2010

The Constitution of Kenya, 2010 explicitly guarantees the right to adequate food and implicitly through the right to highest attainable standard of health.

- Article 43. (1): “Every person has the right: (c) to be free from hunger, and to have adequate food of acceptable quality”
- Article 53. (1): “Every child has the right: (c) to basic nutrition, shelter and health care.”
- Article 43. (1): “Every person has the right: (a) to the highest attainable standard of health;”

The Constitution of Kenya, 2010 provides guidance on the mechanisms for achieving the rights through its directives on principles of state policy

- Article 21:
“(1) It is a fundamental duty of the State and every State organ to observe, respect, protect, promote and fulfil the rights and fundamental freedoms in the Bill of Rights.
(2) The State shall take legislative, policy and other measures, including the setting of standards, to achieve the progressive realization of the rights guaranteed under Article 43.
(4) The State shall enact and implement legislation to fulfil its international obligations in respect of human rights and fundamental freedoms.”

2.2 *Right to Food* embodied in *International Conventions* ratified by Kenya

Kenya is further bound by its international obligations under various conventions guaranteeing the right to food that are domesticated when ratified under Article 2(6):

- Article 2. (6): “Any treaty or convention ratified by Kenya shall form part of the law of Kenya under this Constitution.”

2.3 Important international instruments and conventions on the *Right to Food*

Universal Declaration of Human Rights (UDHR) – 1948 at Article 25(1):

- 1. Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

2.4 Other important conventions on the *Right to Food*

International Covenant on Economic, Social and Cultural Rights (ICESCR) of 1966 (Accession - 1972)

- Article 11.
 1. The States Parties to the present Covenant recognize the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions. The States Parties will take appropriate steps to ensure the realization of this right, recognizing to this effect the essential importance of international co-operation based on free consent.
 2. The States Parties to the present Covenant, recognizing the fundamental right of everyone to be free from hunger, shall take, individually and through international co-operation, the measures, including specific programs, which are needed:
 - (a) To improve methods of production, conservation and distribution of food by making full use of technical and scientific knowledge, by disseminating knowledge of the principles of nutrition and by developing or reforming agrarian systems in such a way as to achieve the most efficient development and utilization of natural resources;
 - (b) Taking into account the problems of both food-importing and food-exporting countries, to ensure an equitable distribution of world food supplies in relation to need.

Convention on the Elimination of all forms of Discrimination against Women (CEDAW) – 1979 (Accession -1984) at Articles 12; 14

Convention on the Rights of the Child (CRC) – 1989 (Ratification -1990) at Article 24(1), (2), 27(1) to (3)

Convention on the Rights of Persons with Disabilities (CRPD) – 2006 (Ratification 2008) Article 28(1) on Adequate standard of living and social protection recognises rights of persons with disabilities (PWDs) to an adequate standard of living for themselves and their families, including adequate food, clothing and housing, and to the continuous improvement of living conditions.

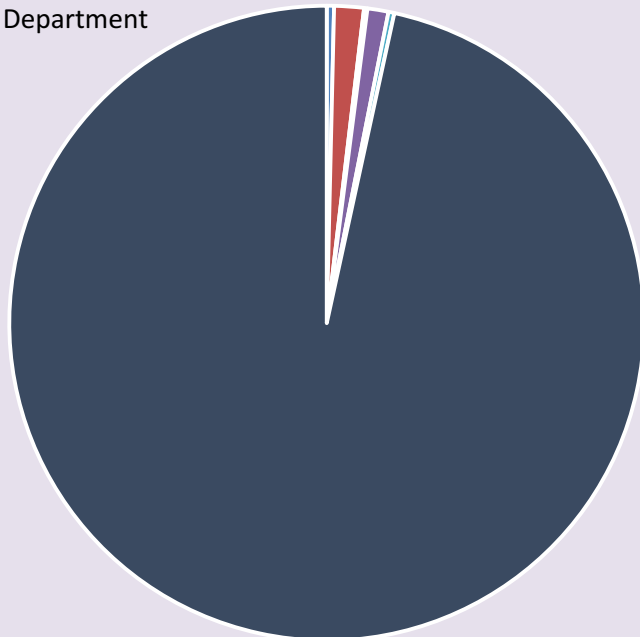
It requires State Parties to “take appropriate steps to safeguard and promote the realization of this right without discrimination on the basis of disability.

3 Budget allocations to sectors that impact *Food and Nutritional Security*

Voted Expenditure on Food & Nutritional Security (FNS) by State Department	FY2017/18		FY2018/19	
	Gross Total Estimates	% Total	Gross Total Estimates	% Total
Livestock	9.65	0.61%	6.26	0.37%
Crop Development	17.49	1.11%	25.25	1.51%
Fisheries, Aquaculture, Blue Economy	2.91	0.18%	2.79	0.17%
Irrigation	13.16	0.83%	17.98	1.07%
Agricultural Research	5.09	0.32%	5.09	0.30%
FNS Expenditure Vote	48.3	3.06%	57.37	3.42%
% of Total Voted Expenditure	3.10%	0.00%	3.40%	0.00%
Total Voted Expenditure	1,578.34	100.00%	1,676.65	100.00%
	100.00%		100.00%	

Voted Expenditure on FNS , KSh. BN by State Department
FY2018/19

- Livestock
- Crop Development
- Fisheries, Aquaculture and the Blue Economy
- Irrigation
- Agricultural Research





3.1 Budget allocations per *Program Based Budgets (PBB)*

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
TOTAL Agriculture and Food Security MDAs	38,065,674,249	37,402,850,028	54,810,138,628	44,371,783,521	57,841,355,381	61,921,846,616	63,708,637,604
		-1.7%	46.5%	-19.0%	30.4%	7.1%	2.9%



	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
State Department for Livestock							
Livestock Policy Development and capacity building Programme	2,359,609,677	2,391,609,677	2,425,152,840	2,938,052,804	1,672,906,814	1,971,165,596	2,066,681,133
Livestock Production and Management	889,838,872	766,621,500	805,110,811	1,200,829,600	2,165,054,057	1,954,247,841	1,355,292,556
Livestock Product value Addition and Marketing	575,927,180	605,927,180	2,269,626,553	1,560,702,238	1,428,268,076	2,328,725,867	2,608,457,924
Food Safety and Animal Products Development	748,319,848	705,319,848	740,061,289	782,382,867	342,452,509	368,045,111	367,793,603
Livestock Diseases Management and Control	960,295,551	1,156,295,551	878,695,714	841,461,012	649,851,083	932,328,236	990,682,316
Agricultural Research		0		3,484,055,000	0	0	0
Livestock Resources Management and Development	5,533,991,128	5,625,773,756	7,118,647,207	10,807,483,521	6,258,532,539	7,554,512,651	7,388,907,532
Annual growth		1.7%	26.5%	51.8%	-42.1%	20.7%	-2.2%
State Department for Crop Development							
Agricultural Policy, Legal and Regulatory Frameworks	340,756,467	188,722,324	3,390,690,208	3,929,204,992	2,642,243,307	3,087,632,275	3,141,603,592
Agricultural Planning and Financial Management	935,668,239	934,802,610	54,351,516	61,527,203	53,324,862	53,957,079	54,241,067
General Administration Planning and Support Services	1,276,424,706	1,123,524,934	3,445,041,724	3,990,732,195	2,695,568,169	3,141,589,354	3,195,844,659
Land and Crops Development	2,146,817,358	2,231,839,348	655,628,798	852,748,601	8,121,237,516	10,781,643,898	10,796,540,544
Food Security Initiatives	3,159,920,895	3,057,130,898	10,756,244,295	10,328,889,808	10,969,173,828	10,714,921,263	11,275,542,203
Quality assurance and Monitoring of Outreach Services	5,198,945,700	3,815,353,913	2,075,466,392	1,040,714,469	1,850,562,006	1,931,540,930	1,989,360,503
SP 2.4 Agricultural Research	2,413,721,130	2,223,832,257	3,203,014,013	-			
Crop Development and Management	12,919,405,083	11,328,156,416	16,690,353,498	12,222,352,878	20,940,973,350	23,428,106,091	24,061,443,250
Agribusiness and Market Development	3,349,201,127	3,342,515,596	1,077,730,299	1,232,000,679	1,574,814,318	1,290,842,232	1,296,798,147
Agricultural Information Management	45,096,780	62,016,668	51,216,995	45,314,248	42,404,455	43,580,042	44,708,043
Agribusiness and Information Management	3,394,297,907	3,404,532,264	1,128,947,294	1,277,314,927	1,617,218,773	1,334,422,274	1,341,506,190
SP4.1 Promotion of Irrigation and Drainage Development and Management	11,701,681,103	11,391,340,309					
SP6.1 Livestock Policy Development and capacity building Programme	21,362,096	21,752,893					
Total Expenditure Agriculture (Now Crop Development)	29,313,170,895	27,269,306,816	24,467,356,529	17,490,400,000	25,253,760,292	27,904,117,719	28,598,794,099
		-7.0%	-10.3%	-28.5%	44.4%	10.5%	2.5%

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
State Department for Fisheries, Aquaculture & the Blue Economy							
Aquaculture Development	241,028,204	188,677,587	127,925,910	377,440,260	410,288,841	473,476,554	508,841,170
Fisheries Policy, Strategy and capacity building	103,369,960	126,085,826	116,854,813				
Management and Development of Capture Fisheries	1,231,168,421	958,230,093	1,066,517,134	167,230,133	441,440,710	614,070,653	658,905,751
Assurance of Fish Safety, Value Addition and Marketing	53,908,459	1,067,723,188	553,398,934	102,740,997	156,546,731	154,055,725	181,060,264
Marine and Fisheries Research	1,589,037,182	2,167,052,762	2,318,500,000	1,733,805,780	468,000,000	605,316,729	623,238,129
Fisheries Development and Management	3,218,512,226	4,507,769,456	4,183,196,791	2,381,217,170	1,476,276,282	1,846,919,661	1,972,045,314
General Administration, Planning and Support Services				184,029,304	163,006,252	205,018,329	217,424,822
Maritime Spatial Planning and Coastal Zone Management				100,000,000	469,080,485	418,149,451	441,095,175
Protection and Regulation of Marine Ecosystem and EEZ				96,250,047	33,263,356	57,751,602	62,371,738
Development and Management of Fishing ports and its Infrastructure				63,000,000	360,046,747	257,024,516	240,099,641
Blue Economy Policy, Strategy and Coordination				65,350,980	60,687,515	68,761,220	71,641,313
Promotion of Kenya as a Centre for Agro based Blue Economy				20,452,499	228,801,014	158,701,014	159,209,814
Development and Coordination Blue Economy	0	0	0	345,053,526	1,151,879,117	960,387,803	974,417,681
Total Expenditure Fisheries, Aquaculture & the Blue Economy	3,218,512,226	4,507,769,456	4,183,196,791	2,910,300,000	2,791,161,651	3,012,325,793	3,163,887,817
		40.1%	-7.2%	-30.4%	-4.1%	7.9%	5.0%
State Department for Irrigation (Spun Off from Agriculture)							
Land Reclamation			52,024,260	48,678,842	54,900,000	182,495,743	190,068,975
Irrigation and Drainage			0	7,274,861,246	7,375,276,225	8,981,878,601	9,931,359,507
Irrigation and Land Reclamation	0	0	13,158,913,841	0	7,430,176,225	9,164,374,344	10,121,428,482
Water Storage and Flood Control			13,210,938,101	7,323,540,088	8,039,000,000	5,840,717,551	5,845,078,522
Water Harvesting			5,830,000,000	3,300,000,000	2,400,000,000	2,234,000,000	2,234,000,000
Water Storage and Flood Control	0	0	0	2,530,000,000	10,439,000,000	8,074,717,551	8,079,078,522
General Administration, Planning and Support Services			5,830,000,000	5,830,000,000	106,952,520	120,922,773	119,010,794
Total Expenditure for Irrigation	0	0	19,040,938,101	13,163,600,000	17,976,128,745	17,360,014,668	18,319,517,798



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	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21
				-30.9%	36.6%	-3.4%	5.5%
State Department for Agricultural Research (new in 2019/19)							
General Administration, Planning and Support Services				0	47,580,000	50,280,000	50,280,000
Crop Research & Development				0	359,532,824	378,532,824	378,532,824
Livestock Research & Development				0	3,994,159,330	4,310,278,961	4,416,170,014
Fisheries Research & Development				0	1,160,500,000	1,351,784,000	1,392,547,520
Agricultural Research & Development	0	0	0	0	5,561,772,154	6,090,875,785	6,237,530,358

3.2 Absorption Rates for State Departments in Agriculture and Food Security

The *absorption rates* for State Departments in agriculture and food security implementing FNS are set out in the table below. The combined *absorption rates* remain disappointing with 11% to 25% of the budgets returned to the Exchequer unspent in the midst of a dire need in Kenya for services and delivery of planned FNS programs. The Exchequer amounts returned un-spent range from KSh.10 billion to as much as KSh.15 billion.

Budget allocations and out turns: State Departments for agriculture and food	FY 2014/15 KSh. Bn	FY 2015/16 KSh. Bn	FY 2016/17 KSh. Bn
State Department for Livestock			
Total budget allocation	5.5	6.1	15.3
Total actual expenditure	5.3	5.2	9.6
Absorption Rates	96.4%	85.2%	62.7%
State Department for Crop Development			
Total budget allocation	39.1	22.1	23.1
Total actual expenditure	30.3	19.6	20.8
Absorption Rates	77.5%	88.7%	90.0%
State Department for Fisheries, Aquaculture & the Blue Economy			
Total budget allocation	3.2	3.7	4.6
Total actual expenditure	3.1	3.1	4.5
Absorption Rates	96.9%	83.8%	97.8%
State Department for Irrigation			
Total budget allocation	15.9	13.5	12.7
Total actual expenditure	9.1	8.2	8.8
Absorption Rates	57.2%	60.7%	69.3%
TOTAL for Agriculture and Food			
Total budget allocation	63.7	45.4	55.7
Total actual expenditure	47.8	36.1	43.7
Absorption Rates	75.0%	79.5%	78.5%

Source: Treasury Program Based Budgets (PBB) FY 2014/15, FY 2015/15, FY2016/17

3.3 Funds utilization in the latest fiscal year

The State Departments in agriculture and food security implementing FNS utilised KSh 43.7 Billion in FY 2016/17, the latest completed fiscal year or 78.5% *absorption rate* of budget allocations.

3.4 Justification for requesting greater budget allocations based on utilization

The State Departments in agriculture and food security **cannot justify greater budgetary allocations based solely on their low absorption rates** for budget allocations.

4 Impact on food security from funds provided in the budget allocations

4.1 Funded areas do not appear to have made a difference positively to FNS

The impact on food security from expenditure of the budgeted allocations by State Departments implementing FNS in the agriculture and food security MDAs appears minimal based on domestic reports and independent third party reports, predominantly from international organizations like FAO and WFP.

The primary measures and metrics supporting this finding are:

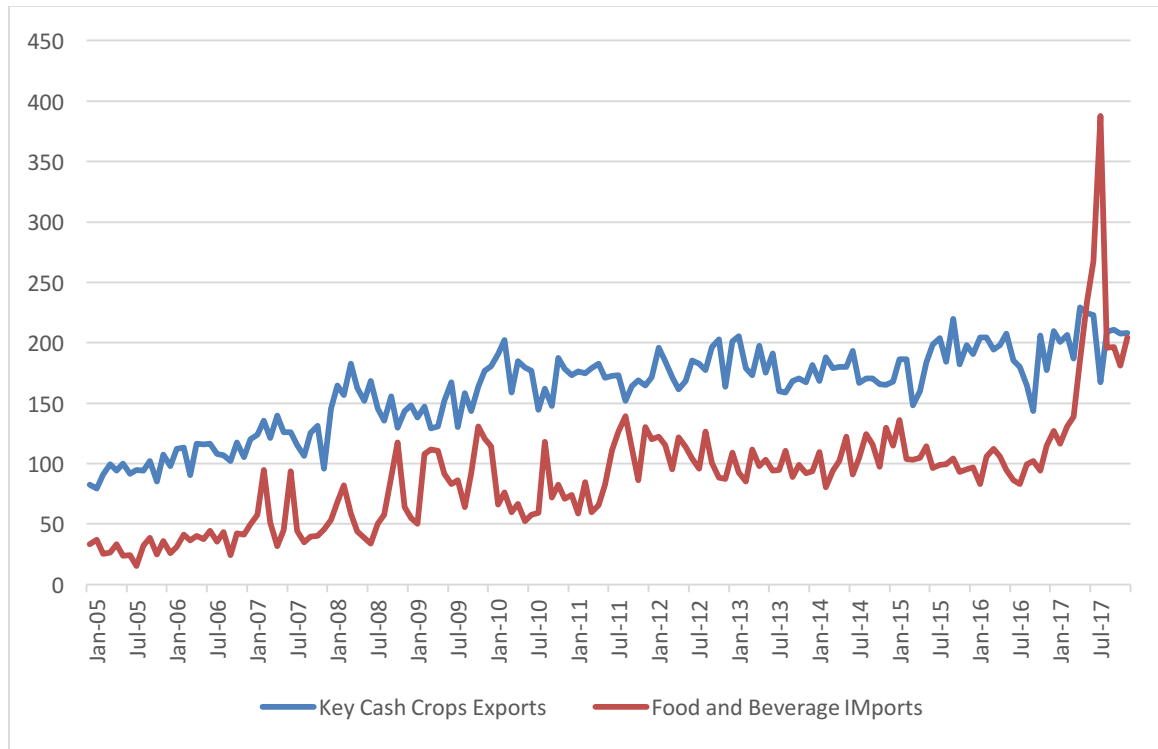
- **Record food imports in 2017** as indicated below that rose in 2017 to as much as 98% of food and cash crop exports
- **Minimal or stagnant growth in yields per hectare** for the nation's principal staple foods Cereals and Pulses that account for 38% and 35% of the nation's food intake
- **Minimal or Stagnant growth in Per Capita Food Productivity** that would indicate progress towards greater availability of food and nutrition; and positive movement on the need for continuous improvement in food security under-pinning the Constitutional Right to Food
- Kenya **continues for be rated as Food Insecure** and scores poorly when ranked across most indicators of Food and Nutritional Security (FNS) as in the sample extracts below:

"...18% of the Kenyan population is in dire need of food; a majority of Kenyans have no food to store, while those that practice subsistence farming do not produce enough to even feed themselves, let alone storing." (*Status report On the Kenya National Food Security* by KNBS and African Women's Studies Centre, University of Nairobi, 2014 (extract from Executive Summary)

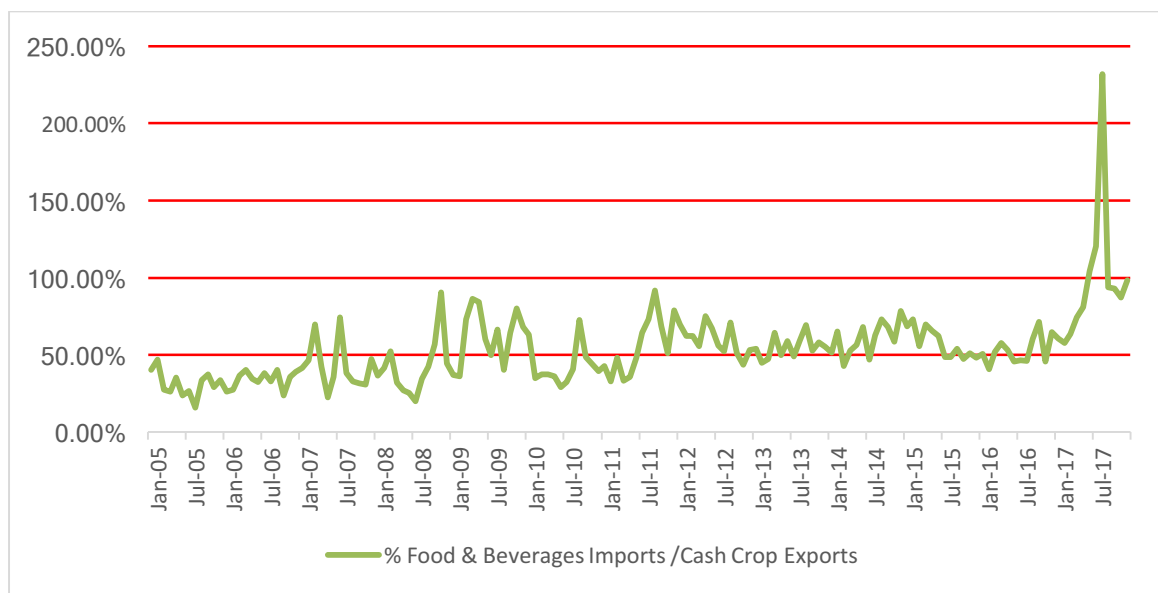
"Nutrition and Food Security Situation: **Kenya continues to face severe food insecurity with 3.4 million people in 2017 suffering from acute food insecurity** (USAID 2017a). Persistent droughts, high costs of domestic food production, high global food prices, low purchasing power, and displacement of farmers during election violence in 2007 all contribute to food insecurity in the nation (USAID 2017a)." (Extract from pg 1: USAID Report Kenya: Nutrition Profile from USAID 2017a "Country Profile: Kenya." Available at <http://www.feedthefuture.gov/country/kenya>)

4.2 Long term crop production and yields indicate rising food insecurity

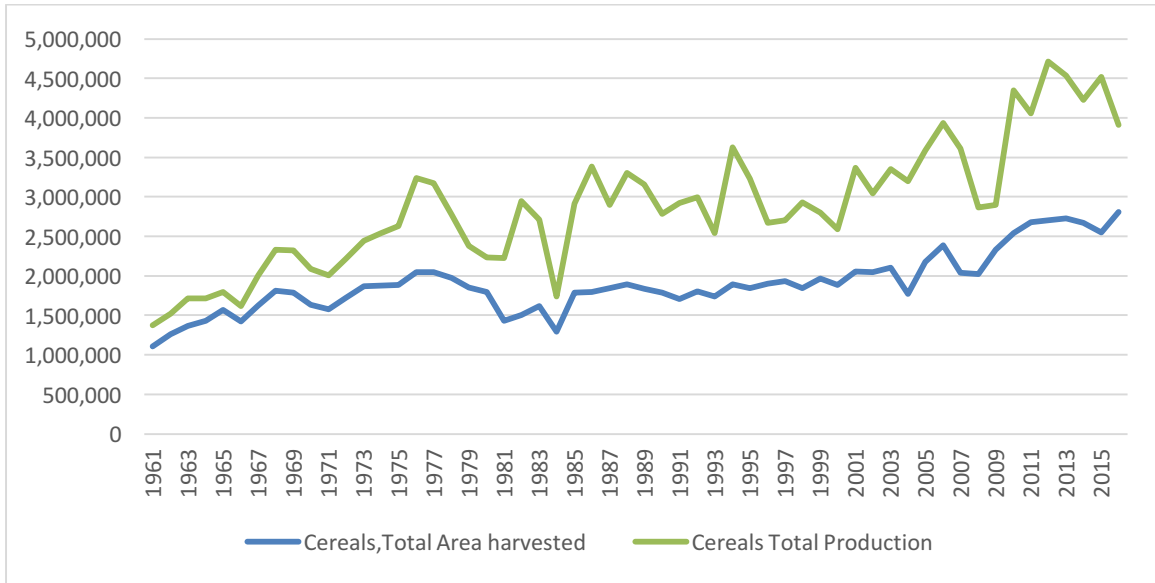
Food imports have risen steeply over time and now exceed exports from cash crops.



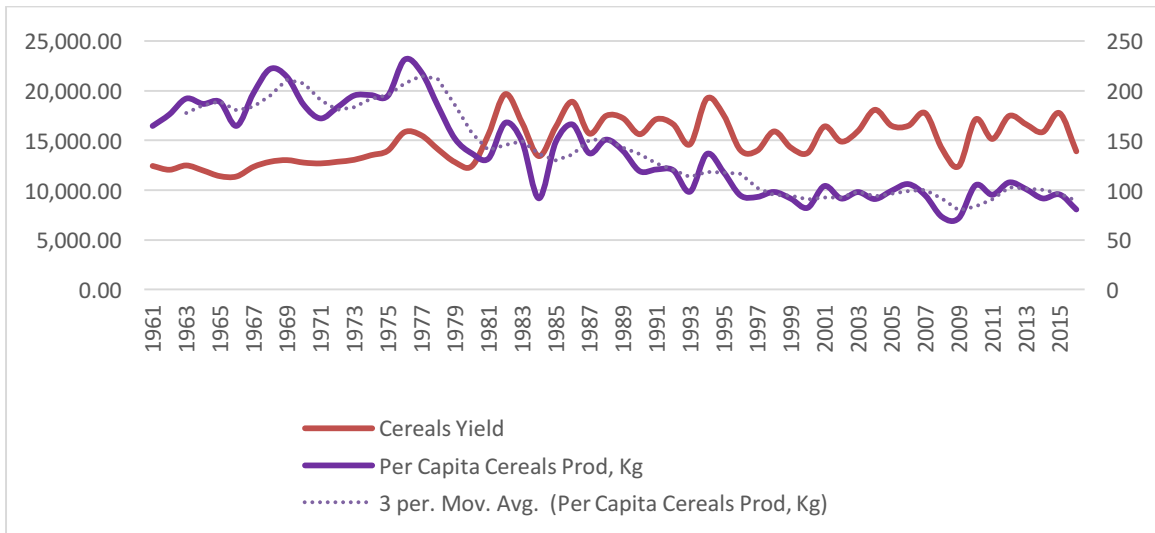
A spike in food imports in 2017 is evident from the CBK data on food imports



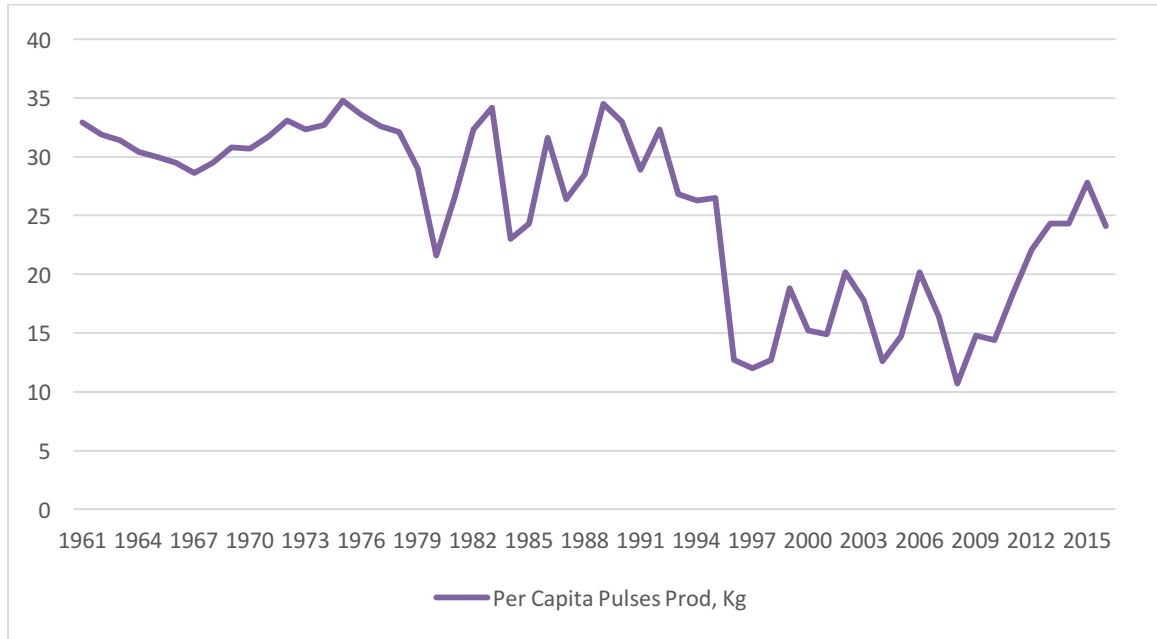
Cereals acreage and production have been rising but are not keeping pace with population growth.



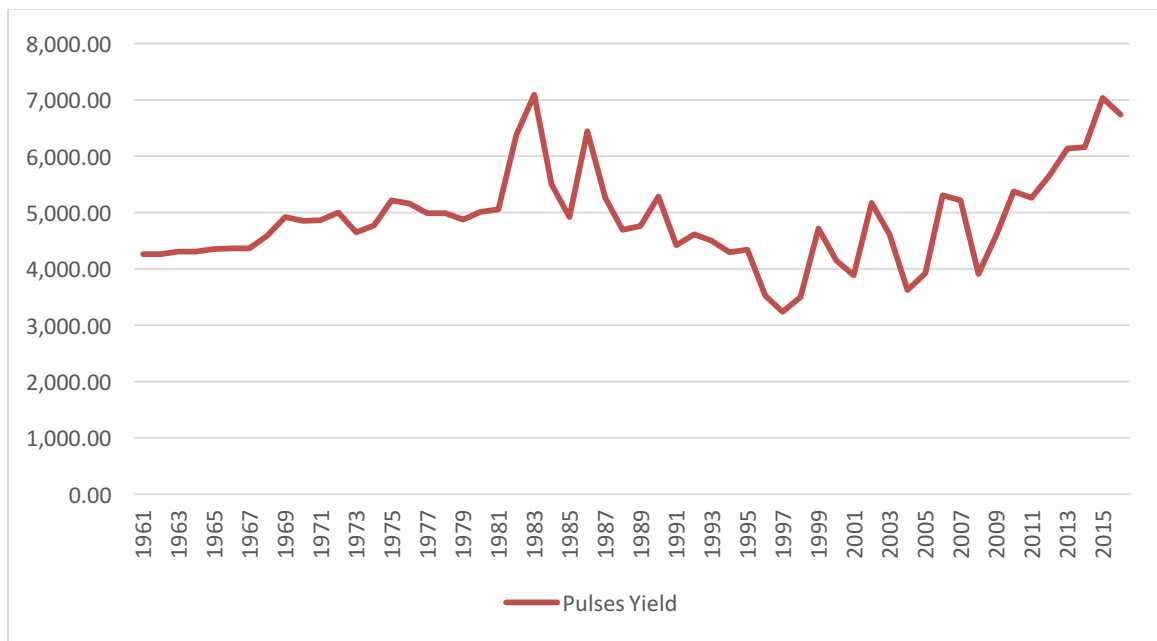
Cereals yields per acre and per capita cereals production are flat or falling, an ominous sign of present and continuing structural food insecurity. Per capita cereals yields are in particular about half the levels in the early 1960s



Per capita pulses production remains below levels attained in the 1980s.



Pulses yields per acre while rising are just matching levels of the early 1980s



5 Challenges faced by FNS Agencies (from a financing perspective)

The State Departments in agriculture and food security implementing FNS faced a range of challenges identified below per the **FY 2018/19 Program Based Budget (PBB)**:

State Department for Livestock	
<p>Challenges</p> <ul style="list-style-type: none"> • inadequate funding • delays in exchequer releases of funds 	<p>Actions to address challenges as identified by the State Departments</p> <ul style="list-style-type: none"> • prioritize projects and programs within available budgetary provision • Strengthen budget implementation, project, and monitoring and evaluation committees.
State Department for Crop Development	
<p>Challenges</p> <ul style="list-style-type: none"> • inadequate funding • delays in exchequer releases of funds • unreliable weather patterns and effects of climate change (Comment: not surprising given Kenya's reliance on rain-fed farming and inadequate response on irrigated agriculture at Galana Kulalu) • international barriers to trade • Inadequacy of quality data for planning. • Project management modalities between the National Government and the County Governments that led to delays in project implementation especially the issues of procurement 	<p>Actions to address challenges as identified by the State Departments</p> <ul style="list-style-type: none"> • prioritize projects and programs within available budgetary provision • promotion of Climate Smart Agriculture, • Enhance support to Statistics Unit.

State Department for Fisheries, Aquaculture & the Blue Economy	
<p>Challenges</p> <ul style="list-style-type: none"> • limited capacity for Monitoring, Control and Surveillance (MCS) of Exclusive Economic Zone (EEZ); • inadequate facilities for fish safety, quality assurance and research 	<p>Actions to address challenges as identified by the State Departments</p> <ul style="list-style-type: none"> • procured an Offshore Patrol Vessel; • installed Vessel Monitoring System (VMS)
State Department for Irrigation	
<p>Challenges</p> <ul style="list-style-type: none"> • inadequate legal, institutional framework; • insufficient programs & projects funding • inadequate staffing 	<p>Actions to address challenges as identified by the State Departments</p> <ul style="list-style-type: none"> • undertake a review of the legal and institutional framework; and • scale up staff recruitment

6 State of Food and Nutritional Security in Kenya

6.1 Assessments of Kenya's Food and Nutritional Security by the FAO

FAO in its report *Kenya Country Brief (Kenya Food Security Snapshot - Reference Date: 08-May-2018)* and *Global Information and Early Warning System (GIEWS)* concludes that:

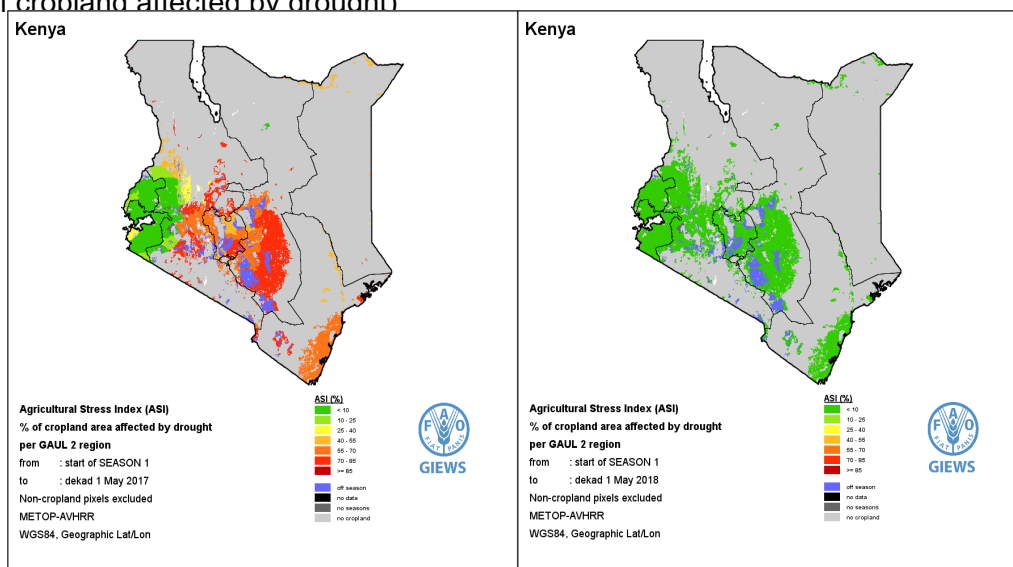
- **2.35 million people in Kenya are severely food insecure as of January 2018 (though 30 percent less than in October 2017)**
- **Reduced cereal output obtained in 2017 due to unfavourable weather conditions** attributed to late onset of “long-rains” and a prolonged dry spell in June 2017
- **Maize Prizes have declined to generally very low levels**, falling by 25%-40% between June to December 2017 mostly due to sustained imports
- **Crop and livestock losses from recent floods adversely impact on food security**

FAO notes improvements in Kenya's food security situation in 2018 due to abundant “long-rains” in March and April 2018 described as “exceptionally high precipitation amounts across the country” and improved pasture conditions, though accompanied by widespread flooding that displaced about 244,000 persons

Kenya's food security is highly dependent on climatic conditions and rain fed agriculture. The extent of this dependence can be seen from the **FAO – GIEWS Agricultural Stress Index (ASI)** for 1 May 2017 compared to 1 May 2018. The *ASI* is a composite index that measures the % of cropland affected by drought. The measure integrates a *Vegetation Health Index (VHI)* assessing the intensity and duration of dry periods during the crop cycle and measurements of the spatial extent of drought.

Volatility and variability in climate and weather to a large extent determines Kenya's *food and nutritional security*. The increasing incidences and occurrence of extreme weather events from climate change is likely to increase vulnerability to environmental and climatic conditions –and *increase food insecurity* over the long term.

Chart: FAO – GIEWS Agricultural Stress Index (ASI) - 1 May 2017 and 1 May 2018 (% of cropland affected by drought)



6.2 Assessments of Kenya's *Food and Nutritional Security* by the WFP

The WFP Issued a detailed report on Kenya's Food and Nutritional Security compiled with survey data from the *Kenya Demographic and Health Survey (KDHS)*. The *Comprehensive Food Security and Vulnerability Analysis (CFSVA) Kenya 2016* includes the findings summarized and discussed below

Findings on the ability of Kenya to feed itself

- **While agriculture is the mainstay of Kenya's economy, contributing 30 percent to GDP, Kenya is a food deficit country** that is forced to meet the needs of its growing population through imports of maize, wheat and rice –that in run make the country vulnerable to volatile international prices and trade barriers
- **Food production in Kenya is dominated by smallholders farming small plots of less 0.5 hectares with only about 6–8 percent of land irrigated.** While they account for about 75 percent of the output of the country's main staple, maize they are highly vulnerable to poor rainfall and floods and face many constraints that erode their food production potential, including access to credit to acquire inputs.
- **Lack of adequate storage in Kenya leads to post harvest losses of 20–30 percent** of maize affecting food availability, household's incomes and ability to buy food.

Findings on Kenya's food security situation

- **4 million people (12% of households) have unacceptable food consumption** made up largely of a diet that consists chiefly of a staple, flavoured with green vegetables and oil ("*sukuma wiki*")
- **31% of households, on average reported facing food shortages in the week preceding the households Surveys** (36% of rural households and 23% of urban households) with the lack of food most extreme in *Turkana* (86%) followed by *Busia, Homa Bay, Baringo, Siaya and Wajir* where more than 60 percent experienced food shortages in the week before being interviewed

Findings on the location and characteristics of food insecure households

- **Nexus of food insecurity with poverty, education and rural areas: Food insecure households are likely to be poor, rural and with a household head with little or no education**
- **Nexus of food insecurity with urbanization: While prevalence of food insecurity is higher in rural Kenya, Nairobi has the highest number of food insecure households.** Thus the highest number of food insecure households is in the capital city Nairobi, where 96,356 households or 308,000 persons (average urban household size is 3.2 per KDHS) have poor or borderline food consumption. This finding shows that food insecurity is no longer limited to rural areas.
- **Nexus of food insecurity with gender:** survey data indicate that households headed by women were considerably more food insecure due to being poorer, with female household heads less educated than male counterparts,
- **Nexus of food insecurity with fertility (household size):** Household survey data indicated an association between food insecurity and higher fertility rates.
- **Nexus of food insecurity with type of employment (agricultural labour) and location (4 Counties around Lake Victoria:** survey findings indicated vulnerability of households in the four counties of Homa Bay, Migori, Siaya and Busia bordering Lake Victoria due **mainly to income poverty and type of occupation.** In the four counties particularly

high levels of Men are employed as agricultural labourers, *employment that is more closely associated with poverty and food insecurity than any other occupation.*

Findings on nutrition and under-nutrition

- **Under-5 child wasting nationally was estimated at 4.1 percent**, though at “critical” levels in the counties of Turkana, Marsabit, Mandera, West Pokot and Wajir; and at “serious” levels in Samburu and Garissa counties. The Counties with serious or critical prevalence of wasting were associated with *poverty, poor sanitation and drinking water quality, poor education* of household heads and *underweight women of childbearing age*.
- **Acute malnutrition levels in Kenya were measured at less than 5% which are “acceptable” based on WHO cut-offs**, a marked improvement from the 6.7% acute malnutrition level in the 2008 KDHS survey.
- **26 percent of Kenyan children under five years were either moderately or severely among stunted**. While considered ‘poor’ by WHO thresholds, these stunting levels represented marginal improvements from stunting levels of 35.3 percent in the KDHS 2008. The survey found a clear urban/rural differential in stunting levels at 29.1 percent in rural areas (**considered “serious” by WHO**) compared to 19.8 percent in urban areas (considered “acceptable” under WHO cut-off thresholds).

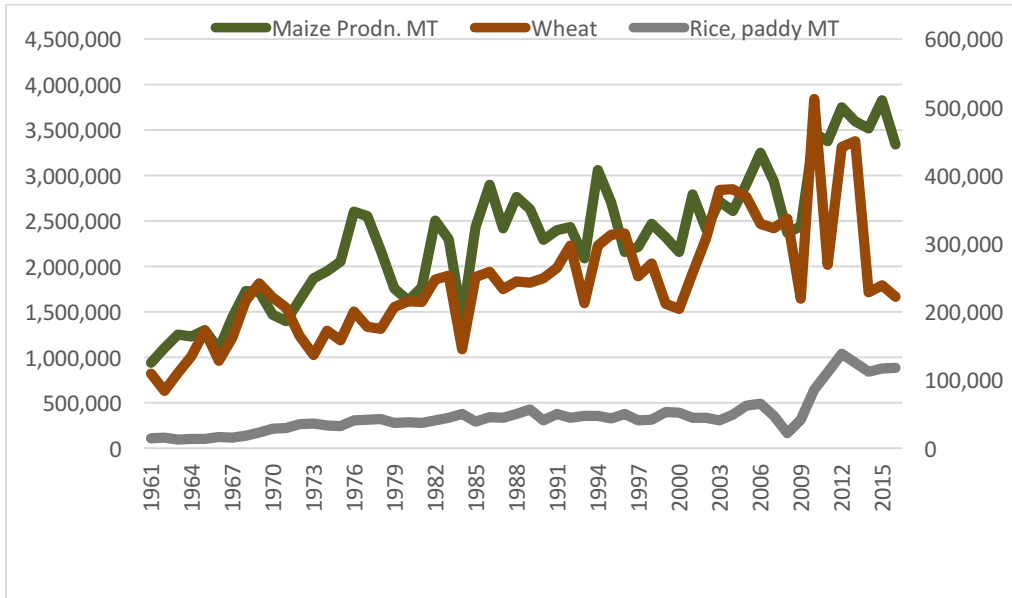
6.3 Statistics and analysis of the state of food security in the country

Statistical analysis of the state of food security in the country is presented graphically in the following pages for

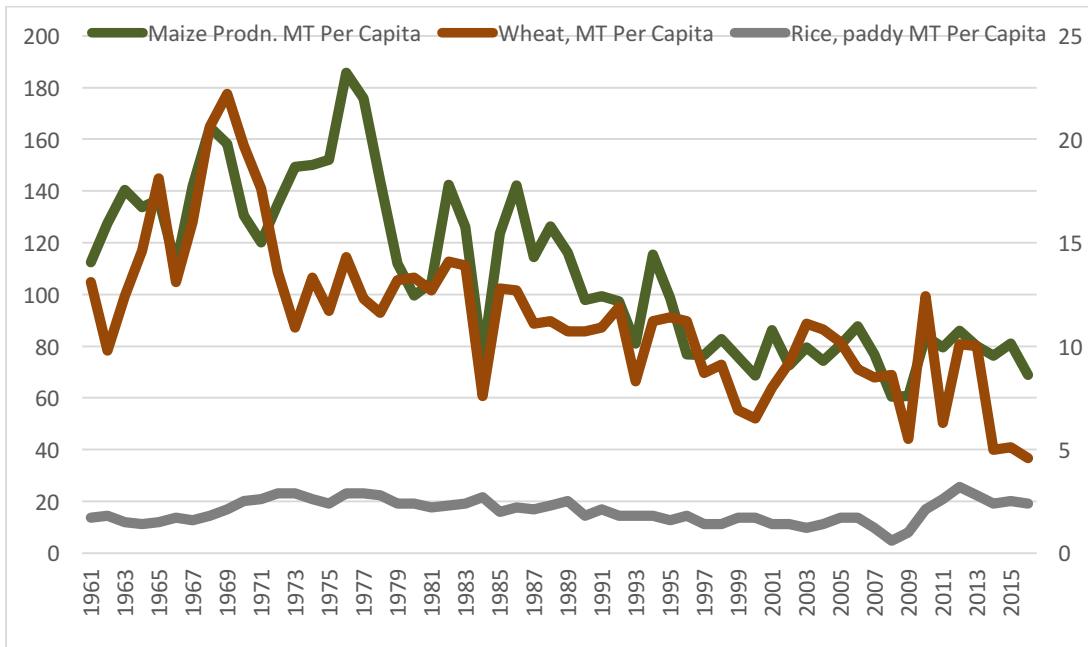
- **Food crops production statistics for main *staple foods*** (maize, vegetables, wheat, rice, milk, poultry products, beans, sorghum)
- **Staple food price movements and comparisons to movements in per capita Incomes** (changes in prices of foods against income provide a measure of affordability of food. In Kenya food prices for staples and other essential foods have increased by multiplies as high as 10 to 16 times in the last 3 decades while incomes have hardly grown , rising over the period by less than 1 percent annually..
- **trends in investment in food security:** food production, storage and transportation, reductions in food wasted) are estimated by two proxy measures namely Private Sector Credit to Agriculture, Forestry and Fishing and Gross Fixed Capita Formation as share of Value Added in Agriculture, Forestry and Fishing. The former measures financial resources (through credit, loans, capital) provided to the sector while the latter broadly measures how much value generated by agriculture, forestry and fishing is reinvested back in the sector.

(Data Source: All the data and metrics computed are drawn from FAOSTAT, the extensive database and statistics compiled by FAO and available online).

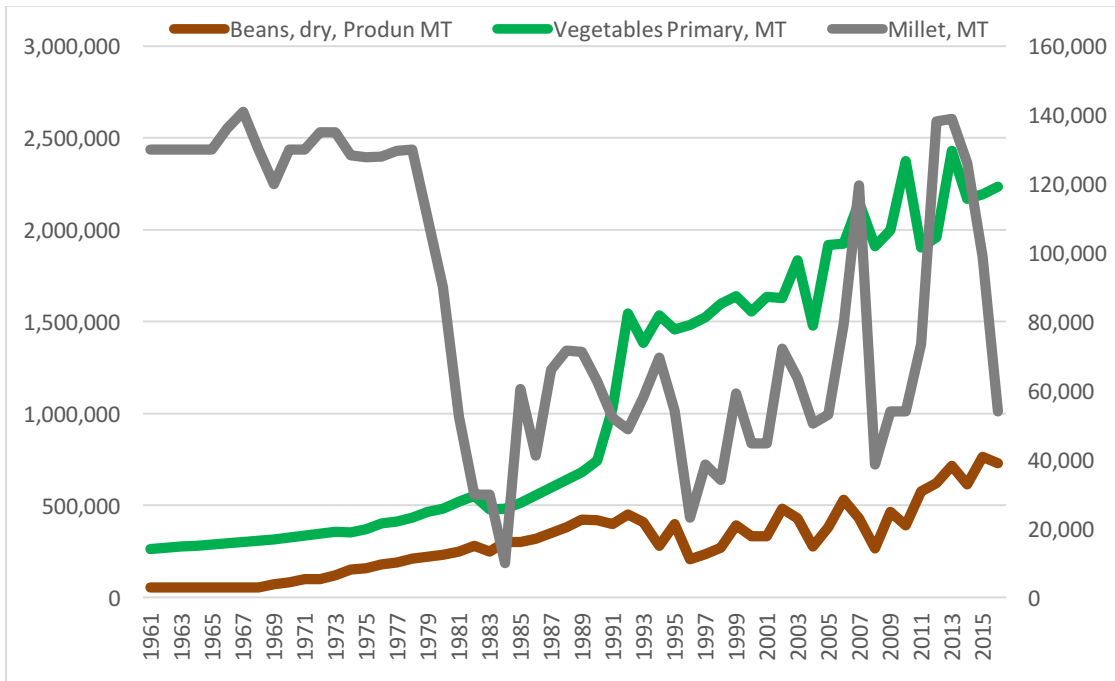
Staple food production overall for maize, wheat and rice has been rising since independence...



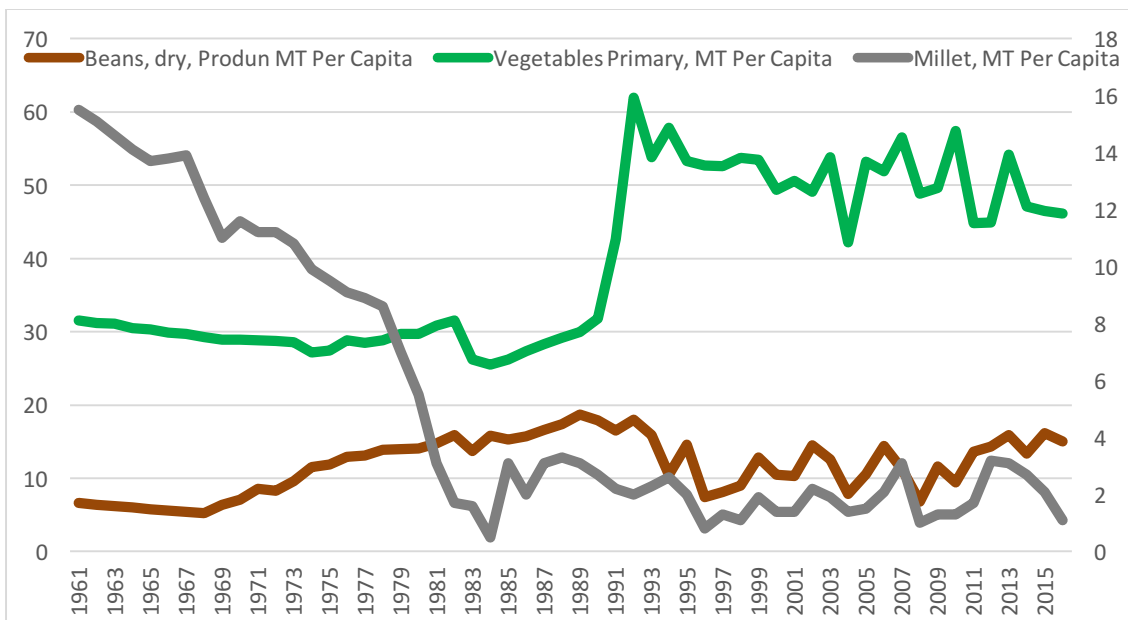
...but **Per Capita staple food production** has been falling steadily since the late 1970s, particularly for maize and wheat while rice production has only risen marginally.

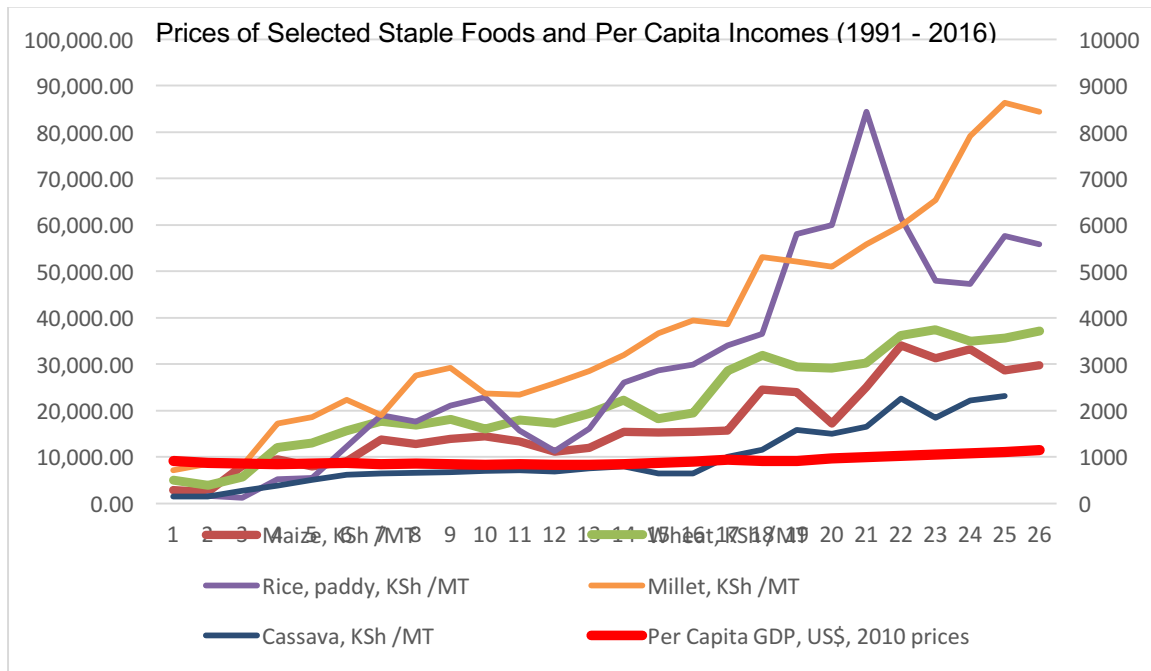


Production of many essential foods including beans, vegetables and millet have been volatile at best with wide annual variability. Millet productions is half the levels in the 1970s, though *beans and vegetables output rose significantly*.



Per Capita production of other essential foods has not kept pace with population growth except for vegetables and marginally risen for beans



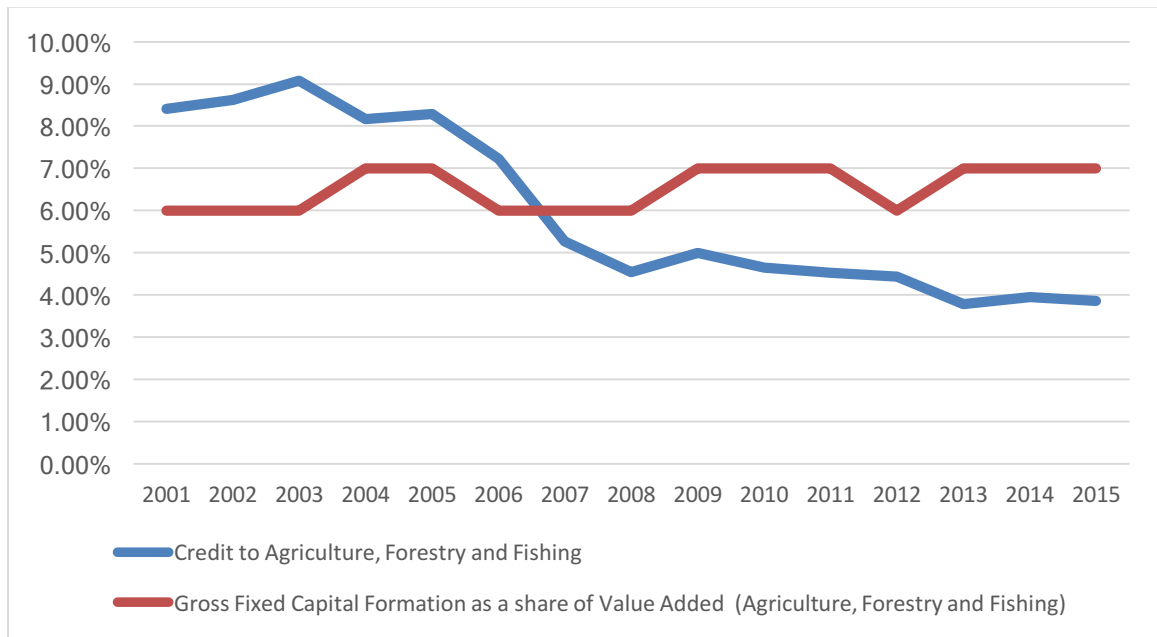


Every year since 1991 Prices of Staple Foods as well as other essential foods (maize, wheat, rice, millet, cassava, eggs, chicken, meat, beans and cabbages) have been outpacing increases in Incomes (average nominal measured by *Per Capita* incomes - 2010 base year). Based on increases in staple food prices exceeding changes in incomes the average household experienced **increasing food insecurity over the last 3 decades.**

Further rising food prices that are not accompanied by or compensated with corresponding increases in incomes would result in *rising income poverty* (itself a cause of food insecurity) as food budget of households would account for an *increasing share of average incomes*.

Increases in food prices compared to Increases in average incomes	Period	CAGR growth in Nominal Prices
Per Capita GDP, US\$, 2010 prices	1991 – 2016	0.9%
Maize, KSh. /MT	1991 – 2016	9.8%
Wheat, KSh /MT	1991 – 2016	8.4%
Rice, paddy, KSh /MT	1992 – 2016	16.0%
Cassava, KSh /MT	1991 – 2016	11.6%
Millet, KSh /MT	1991 – 2016	10.4%
Eggs, hen, in shell, KSh /MT	1997 – 2016	7.0%
Meat, chicken KSh /MT	1999 - 2016	6.1%
Beans, dry, KSh /MT	1997 - 2016	6.0%
Cabbages & Brassicas, KSh /MT	1993 - 2016	3.2%

CAGR = Compound Annual Growth Rate, the mean annual growth rate over the period



Investments in Agriculture and food production has fallen steadily since 2001, measured by a widely used metric of the share of private credit to the sector. This has **fallen below 4% of total credit to all sectors**, while the value generated by the sector is not sufficiently re-invested back into agriculture and food production.

Gross Fixed Capital Formation as a share of valued added by agriculture, forestry and fishing has remained essentially flat over the last 2 decades at between 6% to 7%.

7 Kenya's budgetary policy stance on *Food and Nutritional Security*

The country's overall policy focus is on **Agriculture and Rural Development (ARD)** and specifically cash crops and production for export markets, as distinct from production of food crops (for food and nutrition security) and local and domestic markets

There is no better illustration and evidence of Kenya's overarching **Agriculture and Rural Development (ARD)** policies that prioritize "*feed-the-market*" instead of "*feed-the-people-first*" than the extract below from the Budget Summary submitted by the National Treasury to the National Assembly on February 2017.

A section on *Food Security and Agriculture* explicitly admits the policy goal of "**transformation of agriculture from subsistence to productive commercial farming**" –which essentially priorities industrial agriculture and cash crops for exports (tea, coffee, flowers, sugar, pyrethrum) in preference to small scale subsistence food production.

It is concerning to note that from an FNS perspective the National Treasury in 2017/18 describes as a "key allocation" KSh 1 billion out of a total KSh.7.3 billion earmarked for a banned narcotics drug (*miraa or khat*) styled as "**Food Security & Crop Diversification Programme**".

7.1 Highlights of the FY 2017/18 budget on "*Food Security and Agriculture*"

Ksh 7.3 billion has been allocated for on-going irrigation projects countrywide and transformation of agriculture from subsistence to productive commercial farming. This includes Ksh 0.8 billion allocated to the Bura Irrigation Project, Ksh 2.1 billion for Mwea Irrigation Project, Ksh 0.6 billion for Galana-Kulalu and Ksh 2.2 billion for National Expanded Irrigation Programme.

Other key allocations are as follows:

- Ksh 5 billion for inputs subsidy (Fertilizer and Seed)
- Ksh 1.3 billion for Strategic Grain Reserves
- Ksh 0.4 billion for construction of jetty for RV Mtafiti (Marine Research)
- Ksh 0.3 billion for Aquaculture Technology Development and Innovation Transfers
- Ksh 0.1 billion for the revival of the Pyrethrum sector
- Ksh 0.7 billion for Livestock & Crop Insurance Scheme
- Ksh 0.1 billion for Mechanization of Agriculture
- Ksh 1 billion for Food Security & Crop Diversification Programme (Miraa Farmers)
- Ksh 0.1 billion for Disease Free Zones
- Ksh 1.6 billion for Issuance of Title Deeds
- Ksh 0.9 billion for Digitization of Land Registries..."

(Source: Treasury Budget Summary for FY 2017/18 and Supporting Information (February 2017.pg 13)

8 Best practice policies and actions on FNS that Kenya can emulate

8.1 Sovereign leaders *pledge to end hunger* (3 meals a day for all citizens)

"If at the end of my mandate all Brazilians have the possibility to eat breakfast, lunch and dinner, I will have fulfilled the mission of my life"- Luiz Inácio Lula da Silva Brazilian President and Head of the Workers Party. *Pledge to End Hunger* (January 2003 Inauguration).

Brazilian President Luiz Inacio Lula da Silva made "Zero Hunger" (Implemented through the "Zero Hunger" project) the priority goal for his Presidency. He successfully implemented many *Zero Hunger* and social policies that lifted around 20 million people out of poverty during his reign (2003 – 2010). Brazil under Lula uniquely combined social policies to achieve zero hunger with economic assistance including the flagship policies below:

- "Zero Hunger" Project
- *Conditional Cash Transfers* that have been widely copied across the emerging world and which have yielded in recent times growing consensus on the need for nations to guarantee and implement a *Universal Basic Income* (UBI) for all that is critical to fulfilling the Constitutional *Right to Food* and progress towards improving FNS in general in the context of Kenya
- Food coupons issued to 10 million of the poorest families
- *Bolsa Familia* package that offered \$25-125 monthly to needy families.
- Providing to 1 million Brazilian small-scale farmers better access to finance (small loans) access to better healthcare and education (hospitals, schools and child care).

Brazil reduced undernourishment by more than 80% in 10 years spanning Lula's Presidency and his successor. The *World Food Program (WFP)* in 2014 hailed Brazil as a champion and global leader in the fight against hunger (quantitative lack of food) and malnutrition (qualitative, insufficient nutrition) and removed it from the *World Hunger Map*

However, progress in the fight against hunger is dependent on, and can be reversed by, Government policies and action (or in-action). None other than former Brazilian President Luiz Inacio Lula da Silva warned as recently as December 2017 that "Hunger is returning to Brazil due to the irresponsibility of those who perpetrated the coup in the country."

The global *Sustainable Development Goal (SDG) 2 - Achieving Zero Hunger by 2030* adopted by 193 countries (September 2015) is essentially a global version of Brazilian President Lula's early 2003 policies.

8.2 Key considerations for Kenya as a Sovereign State on FNS equivalent to the *Pledge to End Hunger*

Best practices in leading emerging countries (like Brazil's experience under its leader Lula) can enrich Kenya's own policies and budget processes on FNS.

The budget allocations from the February 2018 *Budget Policy Statement (BPS)* and the *Program Based Budgets (PBB)* from FY2014/15 to FY2018/19 indicate that the key

questions below, on FNS that the Government is constitutionally obliged to answer during the budgeting process, have not been answered affirmatively.

Key questions for the country include:

Does Kenya suffer from,

- **Lack of Food** (quantitative shortage of food) at any stage in production, storage, distribution and in the pricing and affordability of Staple Foods, defined as cereals, pulses, vegetables and fruits? Kenya appears to suffer from a quantitative lack of food and indeed has been forced to import a substantial portion of its food needs in virtually all years as shown by the charts on food imports in this Report.
- **High levels of food wastage?** Kenya suffers from high levels of food wastage estimated at 20-40 % from Farm-Gate to Fork and the budget **does not have** adequate allocations to reduce food waste.
- **Lack of Nutrition** (ie *nutrition “hunger” amidst plenty?*) Kenya appears to suffer from high levels of lack of nutrition and the **does not have** adequate allocations specifically to improve nutrition.
- **Malnutrition through a combination of lack of food and lack of nutrition?** Kenya suffers from high levels of malnutrition and the Budget **does not have** adequate allocations specifically to reduce malnutrition.
- **“Surplus of hungry mouths” i.e does Kenya have too many mouths to feed with demographics outpacing food production and availability in a classic Malthusian Trap?** *Per capita food production* is approximately half of the levels in the early 1960s. *Average yields per hectare* have remained essentially flat with a ballooning population and food imports now take up about 98% of exports earnings from food and cash crops.

8.3 Key questions for the Government that follow from the foregoing

- **Is overcoming hunger a priority for the Government?** In our view and based on allocations to agriculture and food running at about 3% of annual revenues, overcoming hunger **does not seem to be a budget priority.**
- **Can Kenya feed itself and satisfy its hunger and produce a surplus for exports that help to feed the worlds growing population?** Again based on budget allocations, gaining the ability for the country to feed itself does not seem to be a budget priority. Annual budgetary allocations to FNS do not address a *“feed thyself”* objective when spending on agriculture and food is more or less stuck at an “insignificant” 3% of Total Government Revenues.
- **If Food and Nutritional security** attracts just 3% of Government Expenditures, where is the rest of tax revenue being spent? Government is not spending significantly meaningful money on areas that policy and planning documents assert are important like *Food and Nutritional Security*, healthcare and manufacturing. Indeed, spending on

manufacturing and industrialization is also tiny as just another 3% for a sector related to FNS through agro-processing, local and value addition and global value chains.

- **Neither is Government spending significantly meaningful money on Healthcare (6%)** even with the widely acknowledged link between good nutrition and food intake and health. The country makes minimal budgetary allocations towards FNS as a determinant of good health and a productive workforce.

The Budget Allocations at 3%, well below the 10% target under the Maputo Declaration of 2003 and the investments required to attain the 6% annual growth on agricultural and food output under the African Unions CAADP of 2010 demonstrate that Kenya's Government does not take FNS as a priority nor is *agriculture and food crops production* deemed significant to merit substantial allocations of financial resources.

The national budget allocations concentrate expenditure on the “urban elites” through allocations on “*public sector administration*”, “*defence*” and “*national security*”. **For example**, increases in National Treasury allocations to itself in just one fiscal year FY 2018/19 dwarf the entire spending on FNS.

The conclusions from the above indicate that the Country (at the *national and country* Government levels) needs to adopt a policy of “*feed thyself first*” and then “*feed others*” through the markets, in pursuit of being a net exporter of food in the context of agriculture being a devolved function.

Evidence of practices that show little support for farming food crops (*feed-thyself*) versus farming cash crops (*produce for the market*):

- **Tea, coffee and sugar farmers are regularly “bailed out” directly from budget funds or have farming and cooperative loans forgiven.** The same budget support has never been extended to small-scale farmers for food crops.
- **Budget allocations do not show commitment to farming food crops** in policy documents and vision statements
- **Policy incentives are lacking for farmers to fulfil their own food needs (*feed thyself first* –at home and neighboring markets) and to produce a surplus for urban and regional markets in 2nd tier distinct from external export markets.**
- **Kenya's commercial banks do not lend adequately to farmers for farming food crops.** For example, Kenya does not have *mandatory credit portfolio allocations* under the Banking Act to agriculture and food crops. Up to the early 1980s (pre- Breton Woods Institutions *Structural Adjustment Programs* – SAPs) Kenya had a **quantitative, regulatory guideline of 17% lending to agriculture**. Many emerging nations like India still have similar requirements. Under the so called *Washington Consensus* policies championed by the World Bank and IMF) Kenya seems to refrain from policies of *directed credit* to agriculture and food crops that have been used by all many emerging markets, including the East Asian *tiger economies*.

- **Kenyan farmers lack access to markets** e.g roads to nearest markets. Recently Laikipia farmers suffered massive losses as tomatoes rotted on the farms for lack of transport through feeder roads that were rendered impassable by the rains.
- **On farm and post-harvest losses, food waste remains high with an estimated 20-50% of fresh farm produce lost on the way to market** – a totally unacceptable figure.
- **Kenya’s Budget policy process do not seem to link industrialization and manufacturing with agriculture**, meaning it does not acknowledge that the choice is not a binary either/or but that the country needs to invest in both.
- **Experience from Asia’s Green Revolution indicates relatively minimal incremental investment and policy changes are needed to increase the productivity of small scale farmers farming food crops** and to boost food crop yields e.g limited drip, hand and foot pump operated irrigation, crop rotation and inter-cropping and organic cultivation.

8.4 Kenya's hunger crisis appears to be fueled by a history of rural neglect.

The nation’s Food and Nutritional Insecurity does not emanate from a lack of policy and legislation but rather from the apparent lack of will or lack of capacity to implement the policies it has developed and agreed on.

There is evidence that Kenya has an array of policy documents, strategic plans, vision statements, *medium term plans*, sectoral plans and “Agendas” like the most recent Big Four Plan in respect of agriculture, food and nutritional security. Below is a small sample of the yet- to- be- fully- implemented policy documents and legislative frameworks:

- Ministry of Agriculture, Livestock and Fisheries Strategic Plan 2013-2017
- National Food and Nutrition Security Policy Implementation Framework 2017-2022
- National Food and Nutrition Security Policy 2012
- National Agricultural Sector Extension 2012
- National Dairy Development Policy 2013
- National Horticulture Policy 2012
- National Animal Breeding Policy 2009
- Livestock Breeding Bill May 2015 Draft
- Kenya Meat Commission Act Cap 363
- Kenya Veterinary Policy – January 2015 Draft
- Meat Control Act 2012
- National Environment Policy Draft May 2012

Kenya’s policies and budgeting process **divorce Food and Nutrition Security (FNS) policies** - domiciled in the Agriculture and Rural Development (ARD) MDAs - **from social programs** - domiciled at Devolution and Planning Ministry (State Department of Planning has recently been shifted to the National Treasury) **and healthcare programs** - domiciled in Health Ministry and MDAs. For example, the 2018 BPS increased healthcare budgets while cutting ARD budgets relevant for Food and Nutrition Security.

Unlike Kenya, Brazil's successful *Zero Hunger* projects and social policies like *Conditional Cash Transfers*, *Bolsa Familia* were all-encompassing, integrated, cross-sector policy interventions cutting across the whole-of-Government and implemented (in Kenya's context) by equivalent Ministries responsible for Agriculture, Healthcare and Social Sector.

8.5 Crop production for global markets, not food for subsistence locally

Kenya's national budgets and FNS policy documents indicate a clear preference for *Agriculture and Rural Development* policies focused on cash crops ("produce for the market" e.g. sugar) and export crops ("produce for global and regional markets") that earn foreign exchange (e.g. tea, coffee, flowers). Thus Kenya's *agriculture and food* policies and programs offer very limited investments and incentives for subsistence food crops which would be the case if they were oriented to "feed thyself first" and "produce for local markets" including those adjacent to the small scale farmers. Examples include the following:

- The bulk of **Kenya's irrigation infrastructure, greenhouse infrastructure** (horticulture and flower farms in Naivasha) and **farm mechanization and automation** (e.g. tea picking machines in multinational plantations in Kericho) are based on **increasing non-food production for global markets, not subsistence food for local and national markets**. The significant investments that they represent are not deployed to help Kenya to reduce its reliance on rain-fed agriculture or increase food production and yields.
- **Kenya remains the largest exporter of cut flowers to the EU and has other significant** horticulture exports like French beans, pineapples (from Del Monte plantations in Thika).
- **Agricultural policies encourage cultivation of jatropha or use of sugar cane for biodiesel production** (under agricultural policies that aim to *feed the markets first before feeding the people*). Increasing FNS would require reversing agricultural policies to adopt *feed-the-people first* policies.
- **Sugar cane production in Nyanza, Western Kenya and at the Coast** (Mumias, Nzoia, Chemelil, Sony-Awendo, Butula, Muhoroni, Ramisi) represent examples of prime arable land devoted to *feeding-the-markets* while impoverishing small scale sugar farmers, reducing their ability to grow their own food and increasing rural income poverty.
- **Most small-scale sugar cane farmers in Kenya do not earn enough from the sugar they plant to buy food off the market to feed themselves**. They fail in the policy-driven mission of feeding national and global export markets and are forced increasingly to rely on remittances from relatives in urban areas to supplement their food budgets. **Sugar cane growing and production shows that the policy of protecting and promoting cash crops at the expense of food production can lead to further food insecurity** by reducing land, labour and resources available to subsistence food production, and *thereby being a cause of food and nutrition insecurity*.

8.6 Strengthening small-scale farmers

Kenya has failed to implement comprehensive agricultural reforms in line with the *National Food and Nutrition Policy (2017-2022)*. The budgets for agricultural sector reforms has been cut time and time again including in the 2018 BPS. Accordingly, there is a dire lack of funds for critical rural infrastructure like feeder roads.

The absence of extension services in most parts of the country means it's hard to develop and improve the productive capacity of small-scale farmers.

8.7 National preference for imported food versus locally grown food

Kenya's national food and agricultural policies show a clear preference for food imports over domestic production (a policy of "buy- instead- of- growing")

- **"Buy- instead- of- grow" agricultural and food policies do not prioritise small-scale farmers for support, investment and extension services** (which have virtually ceased across the Country). Accordingly, *feed-the-market*-policies are prioritized to FNS-friendly policies that prioritise *feed-thyself-first*.
- **Kenya places (or finds itself) in a position where it is forced to import cereals and food staples** (maize, wheat, rice, sugar). As a result, it exposes itself to volatile food prices in global markets which in turn can affect domestic production and destroy local markets.
- **Kenya is developing an SEZ in the livestock sector to produce and process hides and skins and pack meat for the export markets** leaving unresolved woes of domestic meat production and the state owned dairy and milk company.
- **Surplus milk production in Central Kenya during peak seasons is regularly lost or spoiled** (e.g. some is poured into the ground) for lack of milk powder processing plants - which can reconstitute the milk back to liquid form during the dry seasons.

8.8 FNS link to health and environmental degradation

- **Food security is linked to health** through nutrition or the lack of nutrition (Malnutrition). It is also linked to sustainable economic development, environment, and trade.
- **Small-scale farmers who dominate Kenya's agricultural food production depend on rain-fed agriculture for their livelihoods.** But they face challenges of land and environmental degradation, poor soil fertility, lack of inputs like organic fertilizers and diminishing land acreage per farmer. The agricultural sector is thus highly exposed to climate change (long-term trends) and rainfall variability and volatility (short term trends). The onset, timing and adequacy or severity of rain determines food production and "shocks" like droughts and floods regularly devastate food production e.g. current flooding being experienced across the country and frequent droughts like early 2017.

- Kenya's food production remains highly dependent on rainfall and climatic conditions which harms FNS and environmental sustainability in the country. A population that is food insecure and poorly equipped concerning agricultural production is desperate to survive - often at the expense of environmental sustainability by engaging in unsustainable agricultural practices. Accordingly, resolving the FNS problem is integral to successfully achieving environmental security and sustainability in Kenya.
- Globally, WHO estimates 795 million people in the world do not get enough food to lead a normal, active life. *That makes hunger and nutritional deficiency the biggest single risk to global health. Ill-health (in a feedback loop) then becomes both a cause of and a consequence of food and nutritional insecurity.* Hence, **Kenya needs to link and integrate Healthcare and FNS into one integrated whole and consolidate for policy and planning purposes the respective MDAs in Healthcare and FNS.**

9 Budget projections of FNS as part of *Big Four Agenda*

9.1 Overview of National Treasury's view of *Big 4 Pillars* (2018 BPS)

- **Food Security and Nutrition: Focus on initiatives that guarantee *Food Security and Nutrition* to all Kenyans by 2022** under the Stated Goal of expanding food production and supply, reducing food prices; supporting value addition in food processing value chain; and ensuring food affordability.
- **Healthcare: Provide *Universal Health Coverage*** under the Stated Goal of Guaranteeing Quality and Affordable Healthcare to all Kenyans.
- **Manufacturing: Support value addition, raise sector share to 15% GDP by 2022.** Under the Stated Goal of accelerating economic growth, creating jobs and reducing poverty.
- **Affordable Housing: Provide at least 500,000 *Affordable New Houses* by 2022** under the Stated Goal of improving living conditions for all Kenyans.

9.2 Budget Allocations to the Big 4 Plan in the February 2018 BPS

Total budget allocations on relevant budget line items to MDAs implementing *the Big 4 Plan* including FNS as a percentage of total budget expenditure by program fell **by 0.03% from 8.74% (February BPS 2017) to 8.71% (under BPS 2018)**.

Allocations to *Food Security and Nutrition* under the Agriculture Pillar in particular have been reduced drastically by KSh.11,0 billion comprising reductions in capital expenditures of KSh.12,3 billion and marginal increases in recurrent expenditure of KSh.1,2 billion.

Changes in budget allocations by relevant Votes/Line items related to *the Big 4 Plan* are summarized below:

- **Food Security and Nutrition Pillar:** Allocations reduced by a net KES -11,0 billion, with increases in recurrent expenditure of KES 1,2 billion vastly offset by reductions in capital expenditure allocations of KES -12,3 billion
- **Housing and Affordable Shelter Pillar:** Allocations reduced by KES -1,0 billion, with increases in recurrent expenditure of KES 1,4 billion offset by reductions in capital expenditure allocations of KES 2,4 billion
- **Healthcare & Universal Health Coverage Pillar:** Allocations increased by KES 9,7 billion, comprising increases in recurrent expenditure of KES 5,8 billion increases in capital expenditure allocations of KES 3,8 billion
- **Manufacturing Pillar:** Allocations increased by KES 2,1 billion, with increases in capital expenditure of KES 2,4 billion and reductions in recurrent expenditure of KES 0.2 billion.

February BPS 2018	2017/18 Increase /Decrease over previous fiscal year		
Pillar & Sector/ Vote/Programme (KSh Mn)	Recurrent Exp.	Capital Exp.	Total
Food Security And Nutrition			
1161. State Dept. for Agriculture	-2,904.3	-1,876.3	-4,780.6
1162 State Dept. for Livestock	3,822.9	-6,452.8	-2,629.9
1164 State Dept. for Fisheries & Blue Econ	250.2	-516.0	-265.8
1104 State Dept. for Irrigation	38.5	-3,454.9	-3,416.4
Sub-total: Food Security And Nutrition	1,207.3	-12,300.0	-11,092.7
Housing and Affordable Shelter			
1094 State Dept. for Housing, Urban Dev.t	1,436.8	-2,450.0	-1,013.2
Healthcare & Universal Health Coverage			
1081 Ministry of Health	5,817.2	3,899.2	9,716.4
Manufacturing			
1172 State Dept. for Investment & Industry	-260.2	2,429.2	2,169.0
Total Allocations Big 4 Pillars	8,201.1	-8,421.6	-220.5
Big 4 Pillars allocations, % grand total	-0.20%	2.41%	-0.03%
Grand total Recurrent and Capital Exp.	194,753.4	-191,468.5	3,284.9

- By comparison, the National Treasury & Economic Planning Ministry's budget allocations under the February 2018 BPS exceed the entire allocations to Ministries implementing the Big 4 Plan (Source: 2018 February BPS Expenditure by Program –Annex Table 4):
- National Treasury (NT) increased its own recurrent allocations by a whopping KES 43,0 billion comprising increased allocations to recurrent expenditure of KES 46,1 billion and minor reductions in capital expenditure of KES 3,1 billion. while cutting the combined allocations to MDAs Implementing the Big 4 Plan by KES (220.5 Mn) on relevant budget votes/line Items.
- Budget allocations under February 2018 BPS accordingly do not support the Big 4 Plan including Food and Nutritional Security billed as a priority (and legacy) program of the Jubilee Administration.

February 2018 BPS vs January BPS and 2016/2017 Estimates to Big 4 Pillar Relevant Budget Vote/ Line Items (Amounts in KSh Mn)	Total recurrent and capital expenditures		
	Budget 2016/17 Estimates	January BPS 2018	February BPS 2018
Food Security And Nutrition			
1161. State Dept. Agriculture	21,264.4	16,891.0	16,483.8
1162 State Dept. Livestock	13,632.0	10,550.0	11,002.1
1164 State Dept. Fisheries & Blue Econ.	4,183.2	2,970.0	3,917.4
1104 State Dept. for Irrigation	19,040.9	13,213.0	15,624.5
Sub-Total: Food Security And Nutrition	58,120.5	43,624.0	47,027.8
Housing and Affordable Shelter			
1094 State Dept. Housing & Urban Dev.t	20,151.3	15,998.0	19,138.1
Healthcare & Universal Health Coverage			
1081 Ministry of Health	60,269.9	61,700.0	69,986.3
Manufacturing			
1172 State Dept. for Investment & Industry	8,048.6	5,381.0	10,217.6
Total Allocations BIG 4 PILLARS	146,590.3	126,703.0	146,369.8
Big 4 Pillars Allocations, % of Grand Total	8.74%	7.76%	8.71%
Grand Total Recurrent and Capital Exp.	1,677,687.4	1,633,352.0	1,680,972.3

10 Impact of devolving agriculture on the country's food security

There are clear opportunities for County Governments to increase FNS spending by allocating more of their budgets to FNS, lobbying for increased overall spending on FNS to follow devolved function and co-managing the well-funded *Regional Development Agencies* (RDAs) with National Government to provide substantial new funding to FNS

There are also **Risks** inherent in the ability to absorb budget funds from Treasury which remains a challenge as well as delays in release of Exchequer Funds from the Centre.

11 Policy changes and interventions under a *feed-thyself-first* policy

11.1 Elevate food security to the highest national security priority level

Major policy changes under adopting a *feed- thyself-first policy* would include

- **Creating awareness that food security starts at the household level**
- Promoting policies and programs targeting small holder farmers who produce 70% of food output
- **Promoting sustainable food production practices** including promoting agro-ecology, minimizing or rejecting use of pesticides, fertilizers and GMO Seeds (for example through *integrated pest management* (IPM), use of organic manure, and increasing farmers' reliance on their own seed banks.
- Encouraging **sustainable, ecological and socially inclusive family farming systems** and practices that increase climate resilience, protect farmers' health, incomes, and biodiversity.
- Facilitate sharing and exchange of **agro-ecological farming practices**.

11.2 Increase food production and reduce post-harvest losses and inputs costs

Other key policy changes would include

- Policy focus on **increasing food production**
- **Encouraging growth and consumption of locally produced foods** (circular, green economy)
- **Reducing post-harvest losses** (e.g. by building grain storage/elevators, drying, cooling plants)
- **Reducing costs of inputs** for example by scaling up local organic fertilisers factories and manufacturers, issuing vouchers to farmers to enable them shop for the best quality inputs.
- **Rebuilding extension services** and scaling these up to reach 90% of small scale farmers -the reach levels attained in the early 1980s.

12 Ideal budgetary allocation for the country to be food secure

12.1 Determining how much more to spend

Globally Agricultural public spending per person rose from \$1,900 (1980s) to \$2,450 in the 2000s, though overall agriculture spending has not kept pace with total increases in budgets. Global growth in agricultural budgets over the period **1980 to 2010** has been mainly driven by spending growth in East Asia and Pacific region which increased *Real Per capita Agricultural Expenditures* seven-fold from (implying a **6.70%** CAGR) and South Asia which raised agricultural expenditures nearly **four-fold** (7 times growth implies **4.73%** compound average annual growth rates CAGR). Sub Saharan Africa on aggregate experienced a decline in aggregate agricultural expenditures of 25% or an average decline of 0.95% CAGR. Over the period 1908-2010 African countries south of the Sahara On average spent only 3% of total expenditures on agriculture, and all of Africa - only 3.9%.

(Source: *Public spending on agriculture. European Journal of Development Research Special Issue* (ed. Tewodaj Mogues -IFPRI; Shenggen Fan - Director General, IFPRI; Samuel Benin - IFPRI)

To reverse recent trends and the low budget allocations Kenya clearly needs to spend more on agriculture and food towards the commitments agreed below:

- **10% of Government expenditure allocated to agriculture** as agreed in the *Maputo Declaration of 2003* and adopted by African countries in the Comprehensive African Agricultural Program (CAADP) of 2010
- **6% minimum growth in agricultural output** adopted as the target under CAADP

Kenya will need to exceed the goals above by more speeding on agriculture, food and nutritional security by functions (e.g. irrigation, extension, and research) and well as by the subsectors of crops, livestock, fisheries and aquaculture, irrigation and research. However, given current **absorption rates** it's more effective in the short and medium term to target more effective sending rarer than more spending.

12.2 Balance justification for spending more with more effective spending

From a study of public spending in developing countries, **Government spending on agriculture and health in Africa was found to be particularly strong in promoting economic growth.**

Growth in agricultural production is thus crucial for poverty alleviation in rural areas. While agricultural spending, irrigation, education, and roads all contribute strongly to economic growth, spending on research has been determined to have a much **larger impact on productivity than non-research spending** – mainly due to its public goods nature (for example innovations in improved seeds permeate through the whole population).

(Source: *Public Spending In Developing Countries: Trends, Determination, and Impact.* Shenggen Fan and Neetha Rao. International Food Policy Research Institute (IFPRI). 2003)

12.3 Achieving more effective spending

Spending on agriculture and food to get more from existing resources requires knowledge of the types of public expenditure on agriculture that are more effective and productive in promoting greater food production –and which are sustainable

Public expenditure on agricultural research and development (R&D) generates very high returns in increasing agricultural productivity that in turn helps to achieve other positive outcomes like reducing poverty and improving household's nutrition security.

12.4 Targets for ideal spending on agriculture and food security

Kenya should increase agriculture and food security spending to a minimum of 15% of Government expenditures over an MTEF cycle – which would amount to five times current levels.

The core objectives for this massive effort would be to

- **Increase food production and productivity**, taking food and nutritional security (FNS) as a matter of national importance
- **Manage impacts of climate change and adverse impacts of extreme weather events (EWEs)** which impair the ability for the nation to feed itself
- **Reduce post-harvest losses** (and manage farm to fork value chain)
- **Re-start extension services** across the country for small holder farmers
- Link food production more closely to agro-processing and manufacturing under the nations industrialization plans.
- Reduce food imports while aiming to achieve food surpluses for exports
- Utilize better the nations scarce water resources including one of the world's largest fresh water lakes and considerable underground water aquifers like the *Merti* Aquifer
- Build resilience to rain-fed agriculture and food production

In conclusion, the **first goal** is for Kenya to aim at more effective and efficient spending of budgetary allocations on food and nutritional security with the **secondary goal** being to progressively increase the budgets to departments that support FNS, over time.

13 Appendix: WHO summary of Kenya's FNS

The critical finding is that Kenya's FNS qualifies the *Right to Food* and makes its fulfilment "subject to availability of requisite resources", When bureaucrats in Kenya use language like "*when funds became available*", it effectively means opting out of achieving or implementing policy and program goals.

WHO assesses Kenya's policy as "*Comprehensive national nutrition policy, strategy or plan*" with goals, objectives or targets related to nutrition being:

- To achieve good nutrition for optimum health of all Kenyans
- To increase quantity and quality of food available, accessible and affordable to all Kenyans at all times
- To protect vulnerable populations using innovative and cost-effective safety nets linked to long-term development

WHO summarizes Kenya's strategies and activities related to nutrition as set out below.

Food availability and access:

- Policy Statement: **Subject to availability of requisite resources, the Government will ensure that every Kenyan is free from hunger**, has adequate supply of food of acceptable quality, has an interrupted supply of clean and safe water in adequate quantities, at all times.

Domestic production:

- Policy Statement: **The Government will continue to advance appropriate measures to increase quality food production to meet the needs of the citizens at all times.**

Storage and agro-processing:

- Policy Statement: **The Government will initiate appropriate measures, including research, aimed at addressing post-harvest losses, food quality and safety** including aflatoxin infestation (Comment: Nothing said on granaries, grain elevators, SGR, etc.)

Food safety, standards and quality control:

- Policy statement: **The Government will ensure that safe and high quality food is available to all Kenyans, at all times**, by creating public awareness on relevant issues, and by setting, promoting and enforcing appropriate guidelines, codes of practice, standards and a regulatory framework.

Nutrition improvement / nutrition security:

- Policy statement: **The Government will ensure achievement of adequate nutrition for optimum health of all Kenyans.** Enhancing food access, supporting all Kenyans to adopt effective nutrition interventions, creating awareness to ensure all Kenyans have equitable access to nutritious diets and promoting healthy lifestyles throughout the life cycle are among major government objectives.

School nutrition and nutrition awareness:

- Policy Statement: **The Government will ensure that all Kenyans are well informed about proper basic nutrition** required to live a healthy and active life.

Food and nutrition security information:

- Policy statement: **The Government will build capacity and ensure the availability of quality and timely food security and nutrition data, information and analysis** for better formulation and management of integrated food security and nutrition policies, programs and action.

Early warning and emergency management:

- Policy statement: **The Government will protect vulnerable populations and address food insecurity concerns in developing capacity for purposes of early warning and emergency management** using innovative and cost-effective safety nets and emergency relief programs linked to long-term development.

Institutional and legal framework and financing:

- Policy statement: **The Government will ensure that efficient and effective institutional and legal frameworks are established** for the implementation of the *Food and Nutrition Security Policy (FNSP)*

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