



Local food store, Mukuru informal settlement, Nairobi 2014. Photo: Oxfam / Sam Tarling

KENYA

Food prices and how people are eating, 2013

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This case study is one of several produced to accompany *Help Yourself!*, the second year synthesis report from the *Life in a Time of Food Price Volatility* research project. Other case studies, country reports, synthesis reports, and further information about the project can be found at www.oxfam.org.uk/foodprices

On food prices

The case studies on food prices and how people are eating in Bangladesh, Kenya, and Pakistan confirm that price changes, and the impacts of such changes on households, are far more varied in space and time than national average data reveal. In turn, national price movements can clearly diverge from global prices due to a variety of country-specific factors. The case studies also demonstrate that politics and policies have a significant impact on prices: governments can directly (for good or ill) influence the wellbeing of the poor through decisions on policy instruments such as taxation and levels of subsidies. Finally, there is some evidence that prices in rural agricultural areas are more influenced by seasonal supply and demand factors than are prices in urban areas. In principle, rural producers may benefit from higher prices, but that is not usually the case for small producers, who are still net consumers of basic food commodities.

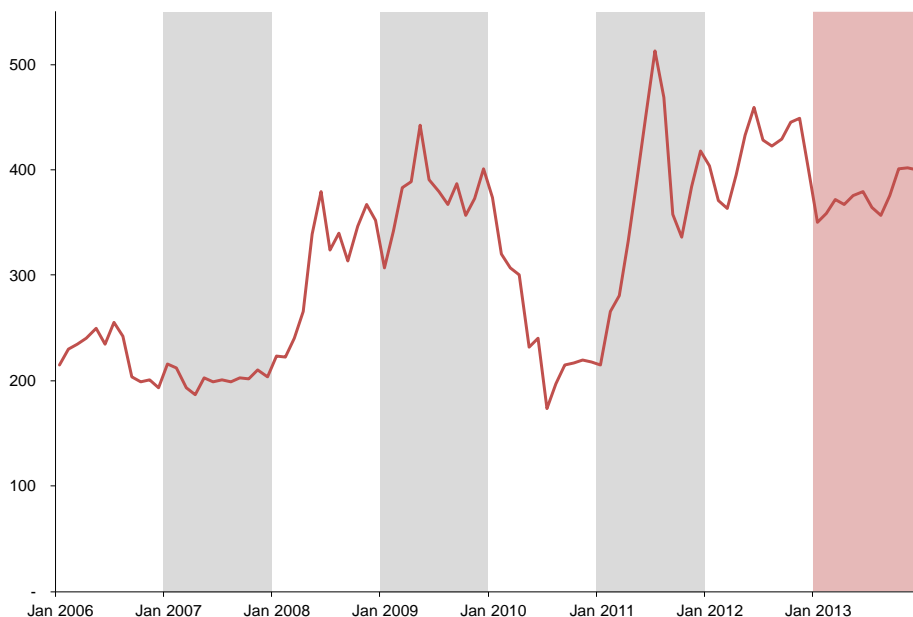
On how people are eating

The case studies portray an overall picture of households struggling to cope with increased prices, and, in most cases, having to adjust their food consumption downwards, both in quantity and quality. The fact that most other prices of essential goods and services – fuel, transport, education and health costs etc. – are increasing at the same time makes the situation worse. Households are particularly worried about the health and nutritional status of their children, which is put under severe threat from these multiple price increases. Mothers' health and nutritional status is also a major concern, not least because they are prepared to put their own consumption needs below those of their children (and often their husbands). Households with a number of family members in jobs or with a few different sources of income are better able to cope with increased prices, but the possibilities of having such sources of income vary widely. What these interviews indicate is that, despite a relatively stable international price environment, at national and local levels price increases are still occurring and are having significant negative impacts on nutrition and overall wellbeing.

NATIONAL AND LOCAL PRICES

Data in Table 1 of the global synthesis report *Help Yourself!*¹ suggest that prices of basic commodities in Kenya fell during 2013. Yet, that does not wholly accord with the experience of our research communities, who, particularly in Mukuru, faced significant price increases at certain times of the year, including as a result of the imposition of VAT on basic food items in September, as discussed below. The more varied experience of the communities surveyed highlights the fact that national averages can also conceal significant temporal and spatial variation within the country. Figure 1, for example, shows trends in wholesale prices of maize in Nairobi, the location of one of the research sites, during 2013.

Figure 1: Wholesale price of maize, Nairobi, Jan 2006–Dec2013 (\$/tonne)

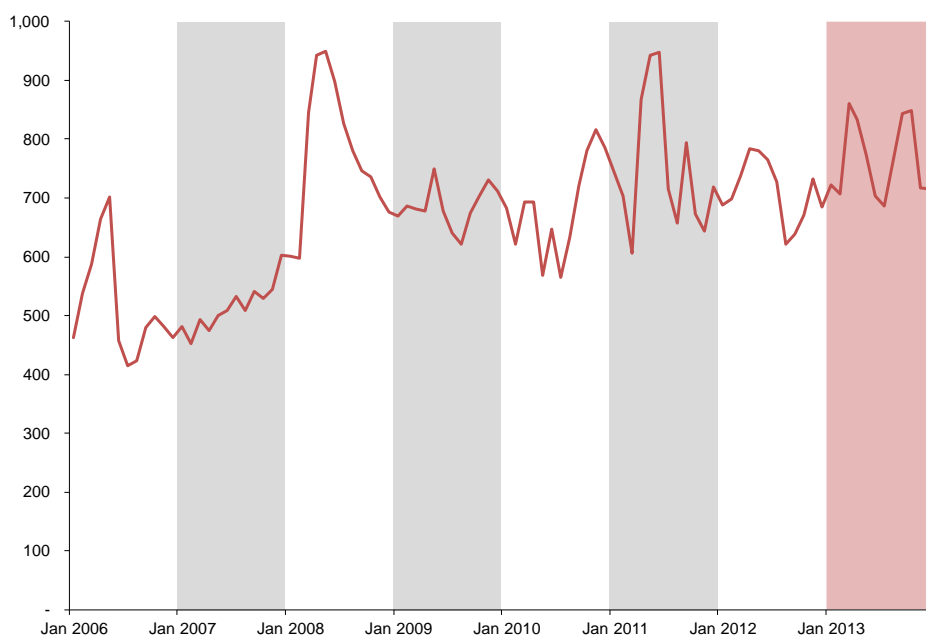


Source: FAO GIEWS, 2014

Prices started at \$350/tonne in January and reached \$400/tonne in December (a 14 per cent increase), although they fluctuated throughout the period. Although these prices were mostly below prevailing prices in 2012, they are considerably above the five-year average. KFSSG (2013) stated in early 2013 that national average wholesale maize prices were 60–80 per cent above the five-year average.

Figure 2 shows wholesale prices of beans (an important source of protein) in Nairobi over the year: prices fluctuated with no clear trend, but were almost 5 per cent higher at the end of the year.

Figure 2: Wholesale price of beans, Nairobi, Jan 2006–Dec 2013 (\$/tonne)



Source: FAO GIEWS, 2014

Price changes varied in different locations in Kenya over the year: for example, wholesale maize prices increased by about 9 per cent in Eldoret and Kisumu, and wholesale bean prices increased by about 10 per cent in both locations, again with fluctuations during the year.

A major factor contributing to increased food prices during 2013 was the introduction of the VAT Act which was implemented from early September at a rate of 16 per cent. Initially basic commodities including maize flour and milk were included and prices rose immediately. After civil society protests, these and other staple items were exempted from VAT, but our field research found that not all shop owners re-adjusted prices downwards after the exemption decision. Other important basic items on which VAT was introduced, including electricity, cooking gas, textbooks, animal feed and fertilizer, were not exempted, and therefore their prices rose significantly; rents in urban areas also increased (Gatimu 2014). The overall CPI for Kenya in the third quarter, when field research was conducted, was 8.3 per cent above 2012 levels, and the food CPI was 12.5 per cent higher, largely due to the impact of the VAT Act (WFP 2013). WFP surveys show that food prices in the third quarter were 17 per cent above the third quarter average for 2008–12 (WFP 2013). It is difficult to compare these data with changes in incomes, since the majority of those not working in small-scale agriculture work in the informal sector where reliable income data are sparse. Provisional data from the Kenya National Bureau of Statistics (KNBS 2014) show that average nominal earnings in the formal sector increased by 13 per cent over the period June 2012–June 2013. However KNBS data also show that the CPI for low-income Nairobi has increased more than for middle-income and high-income Nairobi since 2009 (KNBS 2014).² Therefore low-income households, including those living in slum areas such as Mukuru, have faced price increases greater than national average data suggest.

Another factor influencing prices was levels of maize production during 2013. Although there is considerable regional and temporal variability in production, and precise production data incorporating the long rains harvest are not yet available, estimates suggest 2013 maize production of between 3–3.5 million tonnes compared with 3.6 million tonnes in 2012 (Kamau et al 2013, Kenya Food Security Steering Group (KFSSG) 2013). The estimate of annual maize consumption demand is about 4 million tonnes (KFSSG, *ibid.*). The resulting gap between supply and consumption demand – which is partially filled by imports from neighbouring countries – is likely to have contributed to increasing prices over the year.

Domestic supply and demand factors, and Government policy, clearly have a substantial impact on domestic food prices. The new “Jubilee” Government in Kenya, elected in March 2013, had a strong focus in its manifesto on improving food security and strengthening social protection, and during 2013 and 2014 started to implement policies to increase food availability (through enhanced development of irrigation and other measures). In February 2014 Government also introduced an expanded

cash transfer programme which is aimed at increasing the number of beneficiaries to about 450,000 (Gatimu, 2014). These measures should have a positive impact on household food security in the medium-long term; whereas the introduction of VAT had a negative impact in the short term (which was recognised and at least partially reversed by Government in the wake of the civil society protests).

There are considerable regional variations in food security status in Kenya. One of the research sites, Lango Baya, is close to Malindi on the south-east coast of Kenya, and falls within the coastal marginal agricultural livelihood zone. This area is characterized by regular droughts and low agricultural productivity, resulting in a relatively high dependence on market purchases to meet food needs,³ and therefore the area is vulnerable to price movements. FEWS NET (2013) notes that maize prices were continuing to rise in October 2013 where in previous years they would be reduced, both by market sales of surplus produce from the North Rift Valley, and by imports from Tanzania. At the same time, given lower than average maize production, household stocks in the coastal marginal zone were used up: the result was increased exposure to price increases and high levels of food insecurity in the zone. Households in the area attempt to generate income through livestock sales and off-farm activities including migrating to high potential areas to work as agricultural labourers. A characteristic of the marginal agricultural areas is that farmers often have to sell maize immediately after harvest to meet other financial obligations, and then have to buy maize from the market a few months later at higher prices than those at which they sold (KFSSG 2008). Transport costs associated with moving maize from surplus areas into the deficit areas, and the control exerted over the food trade by powerful traders, were cited by respondents in Lango Baya as reasons for high maize prices, particularly a few months after harvest when local stocks have generally been used up.

Whereas published price data focus largely on the main staple crop (maize), the field research provides more detailed insights into price trends at local level for a wider range of essential commodities. There appears to be considerable spatial and temporal variation in price trends. In Mukuru, when individual respondents, key informants and focus groups were asked about changes in prices in September 2013 compared to one year earlier, in almost all cases they stated that prices had increased, in many cases significantly. Most respondents stated that maize flour had increased in price by 25–33 per cent. For almost all other essential commodities and expenditures, respondents reported significant price increases. These include milk (increases reported of 40–120 per cent), sugar (17–40 per cent), cooking oil (30–117 per cent), kerosene (33–100 per cent), water (20–150 per cent), electricity (33–50 per cent), rent (33–186 per cent), and school fees (43–200 per cent). The burden of price increases across a range of essential expenditures for low income households is very clear.

Respondents in Lango Baya had more varied responses: while a number of respondents stated that the price of maize flour had decreased by about 30 per cent, others stated it had increased by the same proportion. There was a similar variation in observations regarding the price of

cooking oil. There was general agreement that prices of some essential commodities and services had increased, including milk (by on average about 25 per cent), small fish (by 25–100 per cent), water (by on average about 33 per cent), transport (by on average about 25 per cent), and school fees (varying between 0 and over 100 per cent). The quantity of vegetables purchased at the same price declined (the equivalent of a price increase). Some respondents indicated that prices of sugar, rice and beans had declined, while others said they had increased.

It therefore appears that prices in Lango Baya are more subject to fluctuations based on local supply and demand factors, whereas in Mukuru there appears to be greater propensity to general price inflation. There may be a relatively greater influence of traders/wholesalers and of transmission of international prices affecting prices in Mukuru/Nairobi compared with Lango Baya, while both areas would have been affected by the introduction of VAT. It is evident from both the national data and the local respondents that low income households in Mukuru are facing a range of price increases across almost all essential commodities and services, and this will clearly result in a decline in wellbeing and increased income and food poverty. Further evidence is provided in the study by Kamau et al (2011) which analyzes the food security status of households in Nairobi, classifying households by expenditure quintile: given the prevailing living conditions, it is highly likely the majority of households in Mukuru fall within the bottom quintile. Their analysis indicates that the bottom quintile spend 49 per cent of expenditure on food, and of this expenditure 32 per cent is on staples. Despite this high expenditure on staples, these households were found to have a 24 per cent deficit in basic energy intake (based on the daily recommended minimum of 2,200 kcal per adult equivalent⁴).

HOW PEOPLE ARE EATING

As already noted, price data for Kenya show prices of basic food items fluctuated during 2013, although the overall trend was upwards. Field research indicates that prices were generally on the rise in Mukuru, whereas there was a more varied situation in Lango Baya. How are these trends reflected in first-hand accounts of what people are eating in 2013?

In Mukuru it is clear that residents are under pressure from price increases on almost all basic commodities and services. Respondents refer to increased fuel prices, the impact of the introduction of VAT, and other government revenue-raising measures, as some of the causes of these price increases.

One key informant, Mr M., a 54-year-old businessman, discussed the impacts of increased prices: *‘The local economy here has been tough for people. Life has become too hard for even us who do business. Food prices have gone up, water prices have also gone up, the cost of transport is high and houses have also risen. The costs of using bathrooms and toilets have also gone up. I can give you the example of transport. Last year, we used to pay KSH 40 to go to town at peak hour. Currently, it is KSH 50. That is just one of the things that have gone up.*

Others are unimaginable ... The VAT that the government introduced on most items has made things very expensive.'

A number of respondents stated that at least 50 per cent of their budget is spent on food. With rising prices, they are forced to adapt in various ways, including eating less and poorer quality food. There are many examples of this.

Mrs K., a 40-year-old fish vendor, stated: *'My budget allocation on food consumes almost half of what I earn from my income. Even now I do not know what my children are coming to eat tonight ... Personally, I rarely have lunch, I would rather set whatever remained from supper, which is rare, and have my youngest child eat it when she comes from school ... right now my main concern is not what quality of food we are eating, rather is the stomach full?'*

Mrs O., a 44-year-old businesswoman, stated: *'These days we do not have lunch. We used to have tea in the morning that had milk but to balance the equation we are now having tea without milk. I even consider myself to be lucky because I can sell water to someone right now then rush and buy some food. There is someone who do not have any source of money and I don't know what they do.'*

Mrs M., a 48-year-old unemployed woman, formerly a vegetable seller, said: *'I used to save between KSH 100 and 200 last year. This year, things have been so expensive that I cannot manage to save even a single shilling. I spend most of my money on food... This year, I cannot decide what to eat. I eat whatever is available. I can only imagine and feel like eating some different food, but cannot because I cannot afford it.'*

Mr C., a 65-year-old clothes seller participating in a focus group with men asserted that: *'it is crazy to think of eating a balanced diet. Eating meat is suicidal, because you cannot afford it and even when you have some good money, the first thought is to pay rent even if in advance, that is better than eating meat and not having a roof over your head.'*

As well as reduced quantities, many households worry about having to eat lower quality food. Participating in a female youth focus group, Mrs A., a 25-year-old community health worker, referred to contaminated food: *'Now there is malnutrition because people are not eating a balanced diet. The food that we are taking is also contaminated. You know the transport has also gone high. Now the people who sell vegetables will find it easier to just go near the river and buy the vegetables which are grown using contaminated water because it is cheaper to get them... the packed milk is now expensive and we cannot afford so we go for the unprocessed milk. The unprocessed milk is contaminated.'*

Respondents worry about the effect of the reduced amounts and quality of food they are eating on health, particularly that of their children. Many respondents talked about the necessity to constantly eat the same food, which is cheap but of poor nutritional quality. Mr N., a 54-year-old scrap metal dealer, stated that: *'The high prices of commodities have meant that we live on the same meals. We cannot change... It really affects*

health, and more so that of young children. You may look at a child and see that there is something wrong with their health. They may have elongated necks and curly hair, which they did not have before. You will just know that the cause is lack of nutrients or some types of food, yet you cannot get them that food.'

In Lango Baya the picture is more varied. Price changes appear to be more influenced by local production conditions, and the vulnerability of households to price increases varies, partly depending on their own capacity to produce food. Mr C., a 23-year-old key informant working as a motorbike rider described the general food security situation of the area: *'People here depend on agriculture or relief food. When there is enough rain, people harvest well and they have enough food ... The harvests thus change with the availability of rainfall. When the rain is insufficient then people are left to depend on the relief food which is not readily available.'*

Another key informant, Mrs L., a 49-year-old businesswoman, said that: *'Food prices have been a major issue this year. We had floods at the beginning of the year. The floods swept away all the food crops that had been planted late last year. When retailers saw that many people were buying maize ... they increased prices, but right now we are experiencing the short rains and some farmers who farm by the River Galana are now selling maize, so the retailers have no choice but to reduce the prices. During the months of May up to June, the areas of Lango Baya, Bao lala and Malanga were hard hit by hunger and soaring food prices.'*

A third key informant, Mr B., a 46-year-old assistant chief, noted that: *'The food security situation here is fifty-fifty. Not everyone can afford three meals a day, but at least most homesteads can afford two meals a day. Last year was not good at all as it was dry and crops did not do well.'*

Mrs C., a 31-year-old restaurant owner, said that conditions had become worse in the area since 2011 (there were successive drought years in 2011 and 2012) but that they had learnt to adapt: *'The food that we eat is good. It has not made us sick or unhealthy. We have also adapted to the high food prices. We complain but still find ways to survive.'*

Other respondents had a different view. Participating in a focus group with elders, Mr C. said: *'I need 8kg of maize flour for a day which I do not get most of the times. I may get today, lack tomorrow or when I lack we sleep hungry. I cannot afford to buy beans because my job will not give me enough money to buy all what I need.'* Another elder said: *'there are health problems in Lango Baya. Only those who are employed can afford to have three meals. The others do not have lunch and even in the other meals they do not get satisfied.'* In a focus group with farmers, respondents explained that: *'most people eat ugali and vegetables from the shambas and nothing else. They rarely eat rice or chapattis, food that they like but is not affordable to them.'*

Mrs N., a 54-year-old unemployed woman, said that: *'If we had money, and food was affordable to us, we would change diets. Having the same*

food items for longer periods mean that we do not have balanced diets, and that renders us vulnerable to illnesses. One cannot be in good health. Even if one wanted to change their diets, they would not afford to because of the prices of the food items at the shops. In the morning, we prepare cassavas without tea. That is our breakfast. Sometimes, we prepare porridge without milk or sugar for our children and the rest of us go without breakfast. If children keep having that meal for several days as the situation is here, they become vulnerable to diseases.'

Mrs B., a farmer in her fifties, also refers to the problem of children's under-nutrition: *'Sometimes, children go to school without breakfast and they persevere until lunchtime because they take lunch at school. The children are used to this and they only afford to have three meals a day when there is a good harvest. Therefore for this household, it is just about finding something to fill the stomach.'* In terms of health impacts, the respondent feels that her health and that of her family is poor because of the kind of food they eat. She points to the fact that skipping meals and especially breakfast is not good for the children.

NOTES

¹ King, R., A. Kelbert, N. Chisholm and N Hossain., 'Help Yourself! Food Rights and Responsibilities: Year 2 findings from Life in a Time of Food Price Volatility', Oxfam International: Oxford, <http://www.oxfam.org.uk/helpyourself> (last accessed 22 July 2014).

² Taking February 2009=100, the low-income CPI in December 2013 was 146.93, middle-income CPI was 130.88, and high-income CPI was 129.01.

³ KFSSG (2008) estimated that in the marginal agricultural zone on average 59 per cent of household food consumption is purchased on the market, compared with 37 per cent from own production.

⁴ A measure used to capture differences in need by age, and economies of scale in consumption.

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This case study was written by Nick Chisholm, drawing on original research led by Carolyne Gatimu. It does not necessarily reflect Oxfam or IDS policy positions. The views expressed are those of the author and not necessarily those of Oxfam or IDS or those of the funding organizations.

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The information in this publication is correct at the time of going to press.

Published by Oxfam GB for Oxfam International under ISBN 978-1-78077-674-3 in August 2014.

Oxfam GB, Oxfam House, John Smith Drive, Cowley, Oxford, OX4 2JY, UK.

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