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AGRA Impact Series

Kenya: Largest market for Tanzania & Uganda smallholder maize farmers - What about Kenya's small-scale farmers?

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The pulse of the East African Community (EAC) economy is agriculture for the majority population. There is a huge race moving away from subsistence agriculture to agribusiness, with increased yield, quality and pricing being at the centre stage of who wins the battle. The intra and inter EAC states trade in agri-commodities gained new momentum in 2021, with Kenya swallowing up most grain exports from Tanzania and Uganda. Ms Linnet Nyambura Muchoki of Strathmore University, in this article, looks at the new dynamics in the light of the implementation of AGRA backed Partnership for Inclusive Agricultural Transformation in Africa (PIATA) initiatives in EAC nations.

"Namanga swallows a lot of Tanzania maize and other grains into the stomach of Kenya, and it is like it never gets full." It is Mr Idrisa Abeid, a long-distance cargo driver, making a joke out of grains cross border trade at Namanga town. The town nestles between Longido District, Tanzania and Kajiado County, Kenya, and is one of the busiest inland border points for the two nations.

Despite many challenges at the border point for traders, Kenya's demand for maize in 2021 seemingly has been insatiable," he notes. He wishes the border could be 'truly' open for traders as envisioned in the EAC Common Market. "We face considerable constraints, but because the Kenyan market is lucrative compared to the domestic market, we soldier on," he says.

Mr Abeid said: "Many of us deliver maize to Kenyan factories at about Ksh 3,000 shillings per bag, and in turn, the factories sell our produce to Sudan, Eritrea and Somalia in foreign currency. i.e., for dollars." His story is collaborated by multiple drivers from Tanzania taking produce to Nairobi. Mr Abeid sources the maize at Th 45, 000 - 50, 000 mainly from Iringa and Njombe. One of his suppliers is Mr Deodat Jerenias Mloe, a farmer and a businessman based in Njombe Region, Tanzania, a beneficiary of PIATA TIJA funded capacity building. Witness stories indicate the leading destination for agriculture commodity exports (major crop being maize) from Tanzania and Uganda is Kenya, which is partly collaborated by reports of the Central Bank of Kenya (CBK) and Bank of Tanzania (BoT).

According to CBK, the trade balance between Kenya and Tanzania has favoured the latter, thanks to the agriculture commodities trade. In the first six months of 2021, CBK indicates that the value of goods imported from Tanzania (to Kenya) stood about 167.5 million U.S. dollars. Kenya's export to Tanzania stood at 158 million dollars in the same period. The chief driver of Kenyan imports was agricultural commodities, especially maize and rice. But Kenya also notes strong agricultural exports, where some of the imports from Tanzania, some indicators, show they are destined for re-export, which collaborates Mr Abeid observation. In the last quarter of 2021, BOT noted that Tanzania's economy grew by 4.3 per cent, one of the drivers being agriculture, which registered strong exports.

Trucks on way to Nairobi from Tanzania, at Namanga Border, most of them carrying maize.

While considerable smallholder farmers in Kenya are stuck with maize, they cannot compete with their counterparts in Uganda and Tanzania, where the commodity is sold at a lower price due to the lower cost of production, as compared to Kenya. Kenya is a maize flour processing powerhouse with the most developed market niche compared to other nations in EAC. The author of this feature found out that the significant Kenyan maize processors buy maize from Tanzania and Uganda. However, they are not willing to disclose that information, as it would cost market backlash in Kenya. Among 20 processors and exporters of maize or maize flour, who are also domestic sellers, only Twiga Foods Limited, has a public association with Tanzania sellers.

"For maize, processors buying imported maize from Uganda and Tanzania are cheaper. It is not about patriotism but business decisions," notes business analyst and Laikipia University lecturer, Dr Eve Mahero. The stakeholders in agriculture in both the private and public sectors should work harder to lower the cost of agriculture production to be as competitive as the counterparts in the community, Dr Mahero notes. "In the current regional business environment to save smallholder maize farmers in Kenya, lowering the cost of production is the way forward so as to even out competition with the rest of the East African players in agriculture," she noted.

Mrs Wanjiru Munge, a beneficiary of (smallholder farmer) Partnership for Inclusive Agricultural Transformation In Africa (PIATA), through REACTS II project (between the Egerton University seed unit and bean producers), notes that despite marked increased maize and beans production, assured market was still a challenge. The initiative has catalysed local production and trade, notes Mrs Munge. "Regional trade dynamics need to be considered. Maize and beans from Tanzania are cheaper even in places like Nakuru, how can we compete?

"As a result of increased productivity, after training from their village-based advisors (VBAs), farmers were able to sell more grain (3250 kg/ha), compared to 1322 kg/ha before training," noted Mr Vianey Rweyendela Country Manager at AGRA, Tanzania. This partly explains the increased production in Tanzania, coupled with increased and organised farmers organisations, from simple SACCOs to cooperatives.

United States Department of Agriculture assessment of Kenya's commodity and trade notes the East Africa Community largest economy is most likely going to remain a net importer for corn, wheat, and rice in the foreseeable future. Food imports have become a common factor. About 30% of maize, 75% of wheat, 45% of sugar and 80% of rice needs are imported every year, available estimates indicate with annual maize production at around 40 million bags per year and the demand topping over 52 million, Tanzania and Uganda are vital markets.

Mr John Macharia, AGRA's country manager for Kenya, notes Tanzania was getting it right in taking the government subsidies to the correct people, with inputs delivered on a timely basis. Kenya's maize business sector operations from subsidies to marketing, with the government as the leading buyer, is not sustainable in the long run, he notes. However, he said it was necessary because of the high cost of production.