Kenya Budget Policy Statement (BPS) 2020 Review: What the BPS means for Food and Nutrition Security FY2020/2021

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Prepared by Dr. Stephen Njaramba

Mr. Gachoki Munene

Public Policy Specialists

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List of Acronyms

AIA	Appropriation in Aid
ARUD	Agriculture Rural and Urban Development
ASALs	Arid and Semi-Arid Lands
ASDS	Agricultural Sector Development Strategy
ATFFND	African Task Force on Food and Nutrition Development
AU	African Union
AUC	African Union Commission
BPS	Budget Policy Statement
CAADP	Comprehensive African Agriculture Development Program
COHA	Cost of Hunger in Africa
DC	Domestic Consumption’
DP	Domestic Production
EEZ	Exclusive Economic Zone
FAO	Food and Agricultural Organization
FNS	Food and Nutrition Security
FY	Financial Year
GDP	Gross Domestic Product
GFSI	Global Food Security Index
GHI	Global Hunger Index
GoK	Government of Kenya
GRFC	Global Report on Food Crisis
IPC	Integrated Food Security Phase Classification
KNBS	Kenya National Bureau of Statistics
Ksh	Kenya Shilling
MoLPP	Ministry of Lands and Physical Planning
MSMEs	Micro Small and Medium Enterprises
MTEF	Medium Term Expenditure Framework
MTP	Medium Term Plan
NEPAD	New Partnership for African Development
NFNSP	National Food and Nutrition Security Policy Sessional Paper
NLC	National land Commission
PPP	Purchasing Power Parity
RTFI	Route to Food Initiative
SDCDAR	State Department for Crop Development and Agricultural Research
SDFA&BE	State Department for Fisheries, Aquaculture and the Blue Economy
SDG	Sustainable Development Goals
SDL	State Department of Livestock
TVB	Total Voted Budget
UHC	Universal Health Coverage
UN	United Nations
UNICEF	United Nations Children's Fund
USD	US Dollar
VAS	Vitamin A Supplement
VAT	Value Added Tax
WFP	World Food Programme
WFS	World Food Summit

WHO	World Health Organization

1.0 Introduction

Like many other African nations, Kenya is looking at its agricultural sector as a base from which to grow the economy and boost foreign exchange earnings while attempting to reduce food insecurity. As one of the key pillars of its development plan, known as the "Big Four Agenda", the government proposes to "modernize" the agricultural sector by supporting the growth of large-scale industrial food production. The country is therefore at an agricultural crossroads, where decisions taken now will impact the country's food security and socio-ecological transformation for decades to come.

For the past two years, the Route to Food Initiative (RTFI) has analyzed Kenya's national budget from a food security perspective. RTFI recognizes that the government has a constitutional and civic duty to achieve the right to food for all Kenyans as required under Article 43 of the Constitution. The aim of carrying out these analyses is to monitor whether progressive steps are taken to achieve this fundamental human right.

Recognizing that the proper implementation of the right to food is not possible without interdisciplinary collaboration across sectors, institutions and actors, the scope of this report includes the Agricultural Rural and Urban Development (ARUD) sector, the Health sector and the Water, Sanitation and Irrigation sub-sector.

The 2020/2021 fiscal year, brings with it some unique and some familiar challenges. The desert locust invasion, COVID-19 pandemic and widespread flooding have disrupted an already imperfect food system. The invasion of desert locusts in December 2019 affected crops and pasture in Marsabit, Mandera, Wajir, Isiolo, Garissa, Kitui, Tana River, Kajiado, Makueni, Baringo, Turkana, Embu, Tharaka Nithi, Samburu, Makueni, and Meru. Although the impact of the damage of desert locusts on livelihoods was minimal and localized as most of the cultivated crops were at maturity stage or harvested, the effects of the second-generation wave might lead to more signficant destruction of crops and pasture. In parallel, the COVID-19 pandemic has, through the effects of movement restrictions and job losses, pushed the price of food out of reach for many – particularly individuals living in informal urban settlements. Thus far, the most acute food insecurity conditions have been observed in the flood-affected counties that led to widespread damage and loss of livelihoods. Flooding was reported in 36 out of 47 counties with some of the worst affected being Kisumu, Siaya, Busia, Migori, Nyanza, West Pokot, Elgeyo Marakwet, Tana River, Garrisa, Nyeri and Murang'a. There were reported loss of lives and population displacement resulting from heavy the storms and landslides.

Therefore, the food and nutrition security status of Kenyans is increasingly under threat and the government's political commitment to respond accordingly, would be evident in budget allocations and fiscal policies. However, in the Budget Policy Statement (BPS) 2020/21 the proposed allocation is 4% less than 2019/20. In the BPS 2020/21, the allocation to food and nutrition security (FNS) is 1.8% of the total voted budget. Additionally, the budgetary requirement of the ARUD sector has been reduced by 50.6%. The 2020/21 BPS has not altered adverse trends of low and declining

allocations to the agriculture and food sector. As a proportion of total voted budget[1], the 2019/20 national

budget allocation was 1.6%, down from 3.4% in 2013/14. The public allocation of finance to the sector has seen little significant improvement with the budget allocated averaging below 5% of the total budget since 2013/14. Kenya therefore, continues to default on the commitment made in the Maputo Declaration to spend at least 10% of its budget on agriculture.

Any truly transformative agenda that aims to provide a holistic and sustainable solution to food insecurity in Kenya in the context of climate change and biodiversity challenges needs to be reflected in the current allocations to the ARUD, Health and Water sectors.

1.1 Background

Food insecurity refers to the lack of access to sufficient amounts of safe and nutritious food that meets dietary needs and food preferences for an active and healthy life (FAO, 1996). For people to be food secure, food must be both consistently available and accessible in sufficient quantities and diversity, and households must be able to utilize the food in a way that has a positive nutritional impact (Global Report on Food Crisis (GRFC), 2020). Food insecurity may be acute where its manifestation is at a specific point in time, or it may be chronic if it is long-term or persists via continuous inability to meet dietary energy requirements.

Malnutrition exists in different forms which include undernutrition and over nutrition. Undernutrition is more than a lack of food – it is a combination of factors: insufficient energy, protein and micronutrients exacerbated by frequent infections or disease (GRFC, 2020). Malnutrition leads to stunting, wasting in children and is often associated with weak immunity and higher susceptibility to diseases. Recent research shows that malnutrition could result in slowed mental development and have lasting effects on the growth and productivity of individuals. Over nutrition on the other hand is a situation where certain food types are oversupplied and therefore the intake of these foods/nutrients exceeds the amount required for healthy living, growth, development, and metabolism.

The immediate cause of acute malnutrition is a severe nutritional restriction as a result of inadequate food intake or illness, such as diarrhea, and allergic reactions to food that affects the intake and utilization of certain nutrients. Inadequate access to healthcare, water and sanitation services are also contributing factors to lower food hygiene, safety and utilization therefore contributing to malnutrition.

Malnutrition stunts children's growth, deprives them of essential vitamins and minerals, and makes them more susceptible to frequent and severe disease and infections. Over nutrition on the other hand is a situation where the intake of some nutrients is oversupplied such that the nutrients exceeds the amount required for normal growth, development, and metabolism. The immediate cause of acute malnutrition is a severe nutritional restriction either as a result of inadequate food intake, or a recent bout of illness, such as diarrhea, that hinders appropriate intake and absorption of nutrients. Malnutrition may also come as a result of inadequate access to healthcare, water and sanitation

[1] Total voted budget is the sum of national voted government budget, consolidated fund and county government sharable revenue.

services. Globally, at least one in three children under 5 years of age are not receiving adequate nutrition for optimum growth and development. At least 340 million children under 5 years — around one in two children – suffer from 'hidden' hunger due to micronutrient deficiencies (UNICEF, 2019). Approximately 13.5 million children under 5 years of age (almost 1 in 3 children) are stunted across Africa, with high numbers in Ethiopia, Sudan and Uganda (GRFC, 2020).

According to the GRFC, 2020, the number of people battling acute hunger and malnutrition in the world is on the rise. In 2019, around 182.6 million people were classified to be in food stressed conditions across 47 countries, with 71% of them concentrated in 32 countries in Africa. Around 40% of them were in just four countries – the Democratic Republic of the Congo, Nigeria, Venezuela and Sudan — and another 19% were in Ethiopia, Afghanistan, Yemen and Kenya. The six East African countries accounted for 27.5 million people in food crisis in the year 2019. The situation is attributed to weather-related shocks in Kenya, conflict and persistent economic challenges in South Sudan and the refugee influx and weather extremes in Uganda. According to the World Health Organization (WHO) 1.9 billion adults are overweight or obese, while 38.3 million of children under 5 years are overweight or obese.

1.2 Cost of Food Insecurity

Food insecurity and malnutrition have severe consequences on a country's economic growth and development. Countries with very high levels of poverty and chronic malnutrition face limitations in human capital development, which increases dependency in an economy. The results of Kenya's Cost of Hunger in Africa (COHA, 2019) study, shows that the country lost Ksh. 373.9 Billion in 2014 as a result of child malnutrition. This was equivalent to 6.9% of the GDP in 2014. This amount is equivalent to the revenue allocated to 47 county governments in the 2019/20 financial year. The social and economic costs of malnutrition are a result of reduced productivity amongst the working-age population, increased health care costs and compromised education performance.

In a food insecure economy, the population is vulnerable to economic shocks such as the current desert locust invasion, COVID-19 pandemic and floods. These episodes shift people from a situation where they might be minimally able to meet their food needs without engaging in stress-coping strategies (IPC Phase 2[2]; GRFC, 2020), to a situation that requires urgent state action to protect livelihoods and reduce food consumption gaps (IPC Phase 3 or worse). In Kenya for example, the locust invasion has had significant, localized impacts on household food supply (official statistics not yet quantified) and the job losses and movement restrictions during COVID-19 has crippled the purchasing power of many. Flash floods, landslides and sinkholes have left thousands displaced, livestock dead and crops destroyed.

These episodes have disrupted the food system requiring fiscal and monetary measures to cushion the population against imminent hunger. In response to the COVID-19 pandemic, the president of the Republic of Kenya has implemented the following fiscal measures:

- 100% PAYE tax relief for persons earning a gross monthly salary of up to Ksh. 24,000;
- Reduction of the income tax rate (pay-as-you-earn) from 30% to 25%;
- Reduction of resident income tax (corporation tax) from 30% to 25%;

[2] The Integrated Food Security Phase Classification (IPC) is a common global system for classifying the severity and magnitude of the food insecurity and malnutrition situation and identifying its key drivers. See http://www.ipcinfo.org/

- Reduction of the turnover tax rate from the current 3% to 1% for all micro, small and medium enterprises (MSMEs); and
- Appropriation of an additional Ksh. 10 Billion to the elderly, orphans and other vulnerable members of the society through cash-transfers to cushion the public from loss of livelihoods and price increases.

In addition, the government has started sending out a weekly COVID-19 stipend to vulnerable residents of Nairobi as a pilot to a more significant cash transfer program. Each of the beneficiaries receives Ksh. 2,000 per week through the program. The Ministry of Agriculture launched a national kitchen garden campaign, targeting a million households to boost its efforts for reliable food supply, lifestyle change and adoption of healthy diets in the wake of the pandemic. Various county governments have also initiated food distribution schemes to help those who cannot afford food.

Kenya depends on imports to supplement domestic production (demonstrated in Tables 4 and 5). Food availability therefore is a combination of local supply, foreign produce and commodities, and relief food. This is an unstable position especially in situations where the food exporting/donating country or organizations hold on to their exports/donations due to economic shocks in their economies. Kenya's food self-sufficiency and food sovereignty is a prerequisite for achieving food and nutrition security.

2.0 Acute Food Security in Kenya

The number of acutely food-insecure people in need of emergency food assistance increased to 2.6 million in the year 2019 (GoK, 2020). In July 2019, most of those in IPC Phase 3 or worse were pastoralist households in Turkana, Mandera, Baringo, Wajir, Garissa, Marsabit and Tana River or marginal agricultural and agro-pastoral households in Kitui, Makueni, Kilifi and Meru North. From August to October, these remained the main areas of concern, but with additional acutely food-insecure populations in Isiolo, Tharaka and Samburu (GRFC, 2019). Despite political commitment towards prioritizing food and nutrition at national and county levels, the number of acutely food-insecure people has increased in Kenya since 2013 as depicted in Table 1.

Table 1: Kenya Food Security Situation (Millions)

Year	2013	2014	2015	2016	2017	2018	2019
Population Experiencing Acute Food Insecurity	0.9	1.5	1.1	1.7	3.4	2.55	2.6

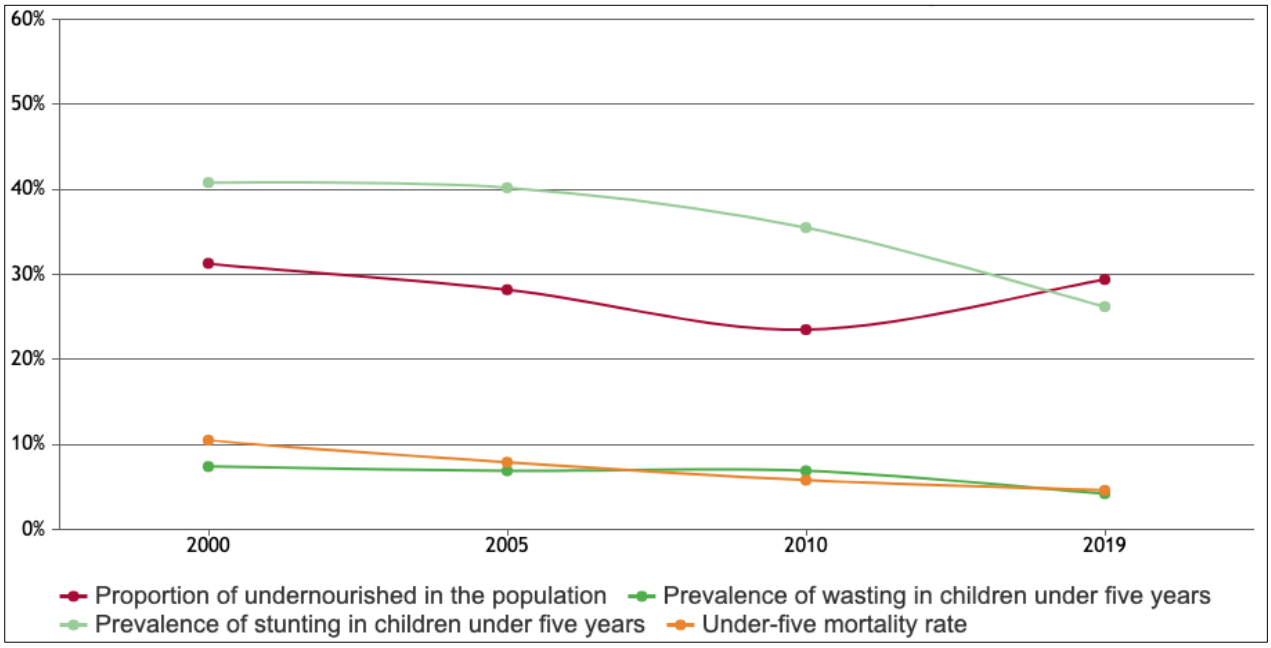
Source: FAO, 2020

2.1 Nutrition in Kenya

Kenya is experiencing the triple burden of malnutrition – co-existence of under-nutrition (stunting, wasting or underweight), over-nutrition (overweight/obesity) and micronutrient deficiencies. Out of 7.22 million children under five years, nearly 1.8 million are stunted (26%); 290,000 are wasted (4%); 794,200 are underweight (11%). Eleven counties have a prevalence of stunting above 30%, a level categorized as 'very high' in public health significance. These counties are Turkana, Marsabit, Mandera, Baringo, Pokot, Wajir, Kitui, Isiolo, Tana River, Kilifi and Kwale. Slightly over a quarter (28%) of adults aged 18–69 years are either overweight or obese, with the prevalence in women at 38.5% and men 17.5% (MTEF, Health Sector Report, 2020). Malnutrition stunts children's growth, deprives them of essential vitamins and minerals, and makes them more susceptible to frequent and severe disease and infections (UNICEF). Utilization of food through

adequate diet, clean water, sanitation and health care to reach a state of nutritional well-being where all physiological needs are met gives the quality measure of food security. In the 2019 Global Hunger Index (GHI), Kenya ranked 86 out of 117 food insecure countries.[3] The indicators for Kenya are shown in Figure 1.

Figure 1: Trends for Indicator Values



Source: Global Hunger Index, 2019

Prevalence of wasting, stunting and mortality rate for children under five years is declining in the country as indicated in Figure 1. However, the proportion of undernourished in the population is on the rise. Limited access to health and nutrition services especially in the Arid and Semi-Arid Lands (ASAL) counties and urban informal settlements exacerbates the problem of malnutrition (IPC, July 2019). Table 2 shows the nutrition standards in Kenya for the period 2013 to 2019.

Table 2: Nutrition Standards in Kenya, 2013-2019

Nutritional standards	2013	2014	2015	2016	2017	2018	2019
Dietary diversity %	45.0	45.0	44.0	44.0	44.0	43.0	42.0
Dietary availability of vitamin A (Qualitative assessment (0-2))	n/a	n/a	n/a	n/a	n/a	2.0	2.0
Dietary availability of iron (mg/person/day)	n/a	n/a	n/a	n/a	n/a	16.2	16.2
Dietary availability of zinc (mg/person/day)	n/a	n/a	n/a	n/a	n/a	9.9	9.9
Protein quality (Grams)	41.9	41.2	42.6	42.6	42.6	43.3	43.3
Agency to ensure the safety and health of food (Qualitative assessment (0-1))	1.0	1.0	1.0	1.0	1.0	0.0	0.0

[3] The GHI has a 100-point severity scale, where zero is the best score (no hunger) and 100 is the worst. See https://www.globalhungerindex.org/results.html

Percentage of population with access to potable water (% of population using at least basic drinking water services)	56.2	56.9	57.7	58.5	58.5	58.5	58.9
Ability to store food safely (% of population with access to electricity in all areas)	n/a	n/a	n/a	n/a	n/a	65.4	63.8

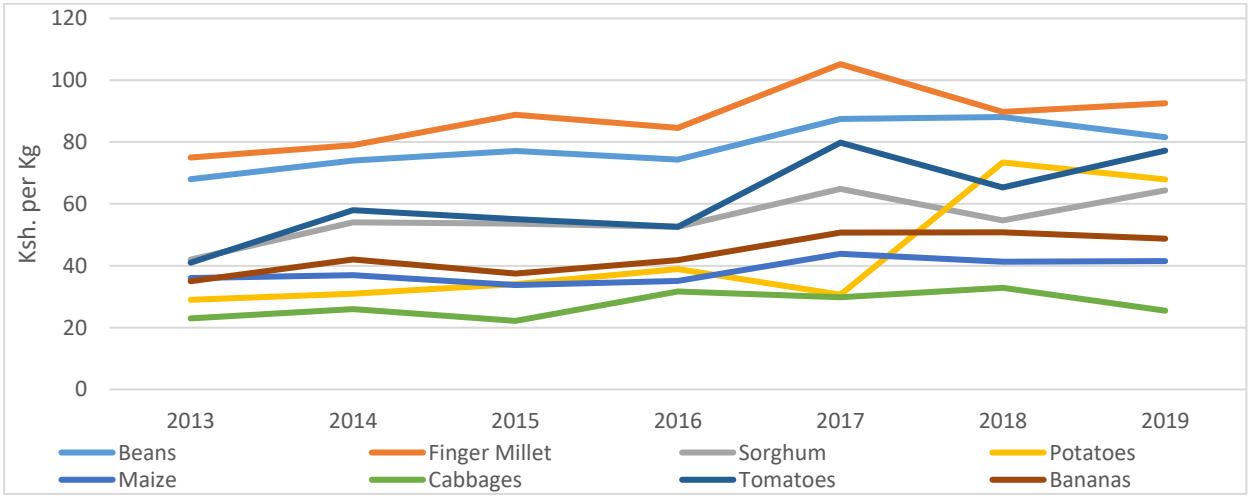
Source: Global Food Security Index, 2020

Dietary diversity has declined from 45% in the year 2013, to 42% in the year 2019. Availability of Vitamin A has been on the highest level of qualitative assessment for the two years the data was available. There is limited and deteriorating access to water, health and some nutritional foods like protein, iron and zinc.

2.2 Food Prices and Affordability

An average of 30% of Kenyans are living below the international poverty line of USD 3.20 per day (GFSI, 2020). The most severe conditions exist in the arid and semi-arid drought-prone north, which accounts for 80% of the country's landmass and is often affected by community conflicts. Increasing food prices is a significant contributor to hunger and malnutrition in Kenya. Figure 2 gives the average retail market prices of selected food crops for the period 2013- 2019.

Figure 2: Average Retail Market Prices of Selected Food Crops, 2013- 2019



Source of Data: Economic Survey, 2020

Other than the price of cabbages, the real prices of other food produce increased between 2015 and 2019. The increase in prices is attributed mostly to adverse weather conditions. Prices are expected to rise in 2020 due to ongoing economic shocks. This is worrying especially where a number of households' income will be lost or reduced. Diverse diets and nutrition is also critical in supporting health and strong immune systems against COVID-19. Table 3 gives the affordability index in the country.

Table 3: Food Affordability Trend, 2013-2019

Affordability	2013	2014	2015	2016	2017	2018	2019
Change in average food costs (Consumer Prices, Food Indices (2010 = 100))	n/a	n/a	158.7	179.7	199.9	209.2	214.5
Proportion of population under global poverty line (% of population living under $3.20/day 2011 PPP)	32.7	32.7	32.7	32.7	32.7	32.7	28.4
Gross domestic product per capita (US$ PPP) (US$ at PPP / capita)	2,654.6	2,776.6	2,900.2	3,020.0	3,156.1	3,258.2	3,460.0
Consumer price index (2010 = 100)	131.8	140.9	150.2	159.6	172.4	180.5	191.8

Source: Global Food Security Index, 2020

There has been an increase in food prices as shown in Figure 2, as well as in Table 3 by the change in average costs on food indices. The proportion of the population below the global poverty line has remained constant at 32.7%, apart from the year 2019 where it slightly dropped to 28.4%. The per capita increase over the same period has averaged 4% increment. The consumer price index (which shows the variation in prices for retail goods and other items) has increased from 131.8 in 2013 to 191.8 in 2019. The above data suggest a significant strain in terms of how affordable food is in Kenya.

2.3 Food Production and Availability

The availability of food is equally a driver to food insecurity and malnutrition. Table 4 gives the food deficit of the main food items in Kenya for the period 2015 to 2019.

Table 4: Food Deficit (000 Metric Tons)

	2019		2018		2017		2016		2015	
Products	**DP**	**DC**	**DP**	**DC**	**DP**	**DC**	**DP**	**DC**	**DP**	**DC**
Cereals	4933	7474	4800	7638	3708	7688	3941	6575	4470	7487
Starchy Roots	3900	3899	3749	3757	3792	3780	3592	3591	4252	4257
Sugar & Sweeteners	525	845	576	823	1105	733	676	691	572	712
Pulses (e.g. Beans, Peas)	1150	1433	1181	1360	1110	1546	987	1426	1023	1463
Vegetables	2785	2683	2592	2001	1555	1539	1483	1370	2214	2101
Vegetable Oils	223	815	192	260	193	656	35	491	35	491
Fruits	2882	2734	3702	3724	3023	2830	2730	2583	4002	3817
Meat	733	721	961	954	839	838	612	605	568	561
Milk	5090	5347	4885	5053	4668	4747	4410	4438	5289	5303
Eggs	98	99	91	92	84	84	84	84	98	98
Fish & Sea Food	134	170	148	192	152	185	0	28	152	164

DC is Domestic Consumption & DP is Domestic Production

Sources: Economic Surveys, 2020, 2019, 2018, 2017

The production of selected items fall below the domestic consumption in most years (highlighted in color). Vegetables are the only self-sufficient produce. Starchy food, which includes potatoes, cassava, sweet potatoes, yams and other roots production, is below the domestic production apart from years 2016 and 2017. Food items like fish and sea foods, pulses and vegetable oil are heavily under-produced despite potential to produce sufficient quantities for domestic consumption and

exports. The gaps shown in Table 4 have resulted in the dependence on imports and donations – including for cereals, such as maize.

Restriction of movement and disrupted food supply chains during COVID-19, coupled with floods that have disrupted livelihoods, destroyed crops and swept away livestock, irrigation systems, roads and houses, presents a significant challenge to food production this year. Conversely, the availability of sufficient quantities of food of appropriate quality, supplied through domestic production would be an indicator of self-sufficiency and a contribution to food security and nutrition.

3.0 Policy Responses to the Food Insecurity in Kenya, 2010-2019

Food and nutrition security has been a central development agenda for Kenya since independence. Several policies have been developed to address chronic food insecurity and systemic hunger. Notable of these include:

i. The Constitution of Kenya, 2010, Article 43: The country made it law that every person has the right to be free from hunger and to have adequate food of acceptable quality, and in Article 53, that every child has the right to basic nutrition. *Table 1 shows this is a mirage;*
ii. The National Food and Nutrition Security Policy Sessional Paper Number 1 of 2012 (NFNSP), recognizes food security as a basic human right. The overall goal of the policy is to ensure that all Kenyans throughout their lifecycle enjoy at all times safe food, in sufficient quantity and quality to satisfy their nutritional needs for optimal health. The NFNSP was formulated within the context of the international conventions such as the declaration of the World Food Summit (WFS) of 1996; the United Nations (UN) Sustainable Development Goals (SDGs); the African Union Commission (AUC) and the African Task Force on Food and Nutrition Development (ATFFND); the New Partnership for African Development (NEPAD) of 2002; the Comprehensive African Agriculture Development Program (CAADP); and the Malabo Declaration of 2014. The policy was also aligned to relevant national strategic planning documents including the Constitution of Kenya 2010 Articles 21, 27, 43 (1) (c), and Article 53 (l) (c). *The policy did not get expenditure backing;*
iii. The Food Security and Nutrition Policy (2011) whose objectives are to achieve good nutrition for optimum health of all Kenyans; increase the quantity and quality of food available, accessible and affordable to all Kenyans at all times; and protect vulnerable populations using innovative and cost-effective safety nets linked to long-term development. *The fiscal commitment to this is not depicted through public expenditures;*
iv. The National Food and Nutrition Security Policy Implementation Framework 2017-2022, which provides an overarching framework covering the multiple dimensions of food security and nutrition, and was purposefully developed to create synergy to existing sectoral and other initiatives of government and partners, including with county governments;
v. Kenya Vision 2030 including the Agricultural Sector Development Strategy (ASDS) 2010-2020 and recently updated for 2019-2029;
vi. The Food Security Bill, 2017 that proposed the establishment of a food security authority to among other things formulate strategies, plans and programs to facilitate the realization of the right to food. *The progress of making this Bill into law suggests it is a low priority;*
vii. The Big Four Agenda, which encompasses 100% food security and nutrition; and

viii. Goal number two of the Sustainable Development Goals (SDGs), of which Kenya is a signatory, that emphasizes the need to end hunger, achieve food security and improved nutrition by the year 2030. *The trend on food hunger proves otherwise.*

Notwithstanding the above policy initiatives, food and nutrition insecurity in the country remains a persistent threat to the realization of the right to food for millions of Kenyans. The main factors that hinder the effective implementation of food policies and law, is political commitment to long-term solutions, inadequate budgetary allocations to critical sectors and inconsistent linkages from one regime to another. The historical lack of policy coherence in effectively addressing food insecurity due to differing priorities among successive government administrations has been a major weakness in attaining food security. Unless there is a shift in thinking and commitment to significantly reducing food insecurity, the scourge is unlikely to end soon. People do not eat policies; they eat food and should be enabled to do so, not by intentions but by actions.

4.0 Food Production and Food Security Budgeting in Kenya

Recognizing that the full realization of the right to food takes time, the government's constitutional obligation requires it take steps *progressively*. This means that some measures taken should be immediate, while others should improve in the long term. One objective way of assessing the government´s commitment to food security over time, is through the annual budgetary allocation. In absence of adequate financing, policies and projects cannot be effectively implemented. Similarly, the concept of food security is crosscutting and multi-sectoral and cannot be analyzed by looking at allocations to the agriculture sector alone. The health and water sectors, as well as allocations to enabling and necessary infrastructure and the protection of natural resources are some of the most important in the food security context. This analysis focuses on the Agriculture Rural and Urban Development (ARUD) sector, the Health sector and the Water, Sanitation & Irrigation sub-sector.

4.1 Agriculture Rural and Urban Development (ARUD)

Agriculture in Kenya is predominantly characterized by small-scale farming. Of the estimated 4.5 million farmers who cultivate approximately 90% of the country's agricultural land, about 3 million work in smallholdings, that is, roughly 75% of all farms. Small-scale farmers use a mix of conventional and organic farming practices to produce over 70% of the gross value of marketed agricultural produce (KNBS, 2019). Maize – which dominates the diet of Kenyans – makes up more than half of smallholders' household production in Kenya. Smallholders also cultivate sorghum, millet, cassava, potatoes, beans and vegetables (ARUD MTEF-Sector Report 2020).

Eighty percent of the rural population relies on small-scale farming for their livelihood, where labour is provided disproportionately by women, although they have little ownership and control of the farms they work. Women provide 80% of Kenya's farm labour and manage 40% of the country's small-scale farms, yet only own roughly 1% of agricultural land and receive just 10 % of the available credit (KNBS, 2017).

The ARUD sector comprises five sub-sectors: Ministry of Lands and Physical Planning (MoLPP), State Department for Livestock (SDL), State Department for Crop Development and Agricultural Research (SDCDAR), State Department for Fisheries, Aquaculture and the Blue Economy

(SDFA&BE), and National Land Commission (NLC). The main objective of the sector is to enhance national food and nutrition security through food production. The sector provides employment for over 40% of the population, either directly or indirectly. As demonstrated in Table 4, Kenya does not produce enough food to meet the food needs of the population, the consequence of this level of food production, is that Kenya depends on other economies to bridge the gap. The dependence on food imports is shown in Table 5.

Table 5: Amount of Imports of Selected Food Item (Tonnes)

Items	2014	2015	2016	2017	2018	2019
Wheat (unmilled)	1,225,690.3	1,421,784.9	1,362,309.1	1,854,953.8	1,736,691.7	1,998,852.1
Rice	449,165.2	442,736.1	507,998.7	625,142.7	599,338.8	608,601.9
Maize	458,940.1	490,023.7	148,558.1	1,327,971.7	529,558.3	228,783.5
Wheat flour	33,178.0	16,306.1	15,925.1	13,951.2	22,641.7	987.8
Sugars & Associated Products	228,833.9	286,731.6	377,333.7	1,119,609.4	408,383.0	627,167.6
Edible products	54,264.1	93,869.0	93,952.1	104,972.5	92,864.5	102,742.1
Animal & Vegetable Products	622,343.3	683,489.6	750,512.0	850,497.4	867,296.9	1 ,006,481.3

Source: Economic Survey, 2019

Despite Kenya being an agricultural economy, Table 5 shows the extent to which popular food items increasingly need to be imported. The reason for this is hinged on the lack of strategic investments by the national and county governments to support farmers, specifically small-scale producers and women. This condition can be reversed by reducing expenditures on non-strategic sectors like public administration and international relations, which consumes an average of 14.2% of the national government expenditure. The growth in expenditure on defense and the National Intelligence Service of about 44.5% can be redirected to FNS sectors. Enhanced allocation to FNS sectors therefore, could be invested into projects that bridge the gap between domestic production and domestic consumption hence reduced food imports.

Table 6 gives the allocations vs the requirements of the public departments dealing directly with the ARUD sector in the country.

Table 6: Resource Allocation for ARUD sector (Kshs. Million)

Economic Classification	2015/16	2016/17	2017/18	2018/19	2019/20**	2020/21 (Requirement)	2020/2021 (Allocation)
Recurrent Actual Expenditure							
Gross	**13,510**	**20,968**	**28,395**	**24,110**	**17,977**	**33,519**	**17,521.9**
AIA	370	41	32	33	1,055	1,161	1,052.0
Net	13,140	20,927	28,363	24,076	16,922	32,358	16,469.9
Development Actual Expenditure							
Gross	40,653	**20,146**	**14,231**	**19,981**	**32,184**	**64,220**	**30,763.3**
GoK	31,660	13,030	8,222	13,968	16,201	28,538	14,782.3
Loans	3,680	4,040	4,308	4,722	12,888	32,260	12,885.6
Grants	4,799	3,076	1,701	1,292	3,095	3,422	3,095.4
Local AIA	514	1	0	0	0	0	0

** Indicates allocation for the financial year rather than the actual expenditure
Sources: ARUD Sector MTEF Reports, 2019/20-2021/22, 2020/21-2022/23

From Table 6, recurrent expenditures come from allocation by the exchequer (net) and appropriation in aid (AIA) which is the revenue collected by the ministry. Development expenditure comes from the Government of Kenya (GoK), loans, grants from donors and AIA. Indeed, it is hard for Kenya's policy-makers to justify inclusion of the ARUD sector as a contributor to the attainment of the Big Four Agenda and the larger Jubilee manifesto when the level of public financial resources allocated to the sector simply continue to dwindle as observed from Table 6. Despite agriculture being a devolved function, the progressive realization of the right to food and nutrition as enshrined in the Constitutions of Kenya, 2010 is a joint responsibility of the national and county governments. Efforts need to be seen through financial commitment to the sector at national level, because it follows that county governments mirror the national-level trends in budgeting and fiscal policies. Table 7 shows the percentage allocation to the ARUD sector of total voted budget, and county budget allocations to agriculture.

Table 7: Trend of Resource Allocation for FNS Program at both National and County Level

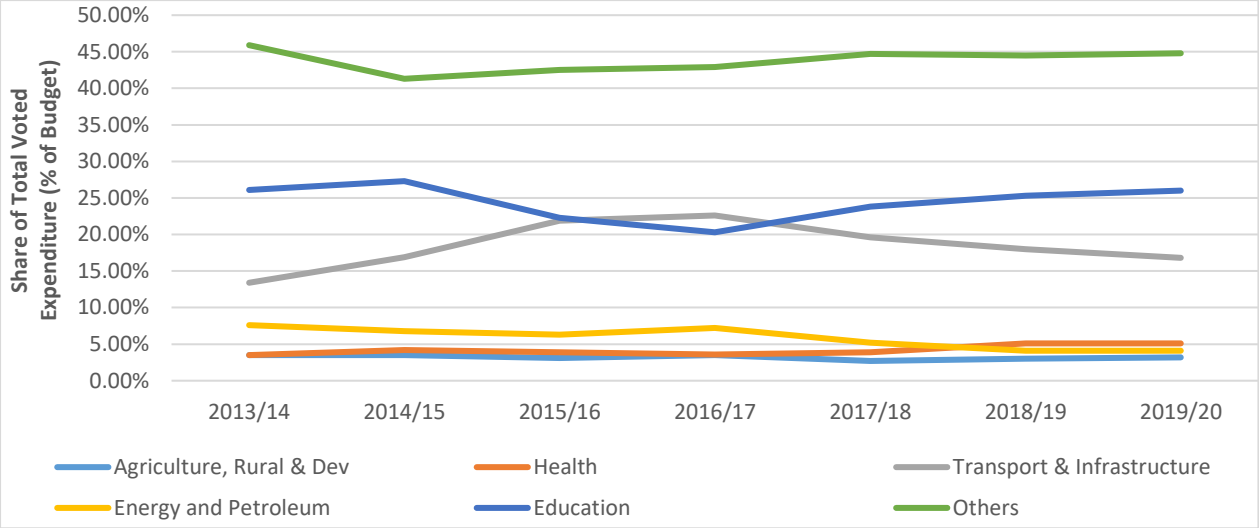
Program	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**
Crops Development	11,683	9,311	10,030	17,554	18,158	18,138	28,586	27,832
Livestock	4,212	4,307	4,575	9,609	11,451	6,520	6,994	6,464.6
Fisheries & Dev of Blue Economy	1,183	1,262	2,959	4,573	3,827	2,219	6,666	6,488
Irrigation	13,509	16,611	19,959	14,178	15,794	7,367	7,614	8,214
Agricultural Research	4,425	4,932	5,000	0	0	6,561	28,586	27,832
Agriculture, Rural & Urban Development	**52,846**	**62,782**	**55,088**	**41,114**	**42,626**	**44,090**	**51,679**	**48,094**
Total Voted Budget (TVB)	**1,532,993**	**1,953,509**	**2,047,252**	**2,282,996**	**2,576,065**	**2,944,798**	**3,256,081**	**2,723,556**
FNS Expenditure as % of TVB	**3.4%**	**3.2%**	**2.7%**	**1.8%**	**1.7%**	**1.5%**	**1.6%**	**1.8%**
County Government Allocation to Agriculture								
Agriculture	2,876.5	14,199.6	11,169.4	12,963.4	11,783.8	14,738.9	-	-
Total County Allocation	**161,397.5**	**271,309.9**	**317,005.7**	**350,446.6**	**336,397.5**	**405,531.7**	-	-
% Allocation	**1.8**	**5.2**	**3.6**	**3.6**	**3.5**	**3.6**	-	-

- *Indicates that data was unavailable; TVB represents Total Voted Budget which is the sum of national voted government budget, consolidated fund and county government sharable revenue*

Source: Economic Surveys

Out of the total expenditure by the national government, since FY2013/14 less than 4% of the total voted budget has been allocated to the ARUD sector. A similar pattern of low allocations to agriculture is observed in the county budgets. Out of the county budgets between the FY2013/14 and FY2018/19, less than 4% is allocated to FNS except for the FY2014/15. Figure 3 shows comparison in allocation of budgetary expenditure to selected sectors of the economy.

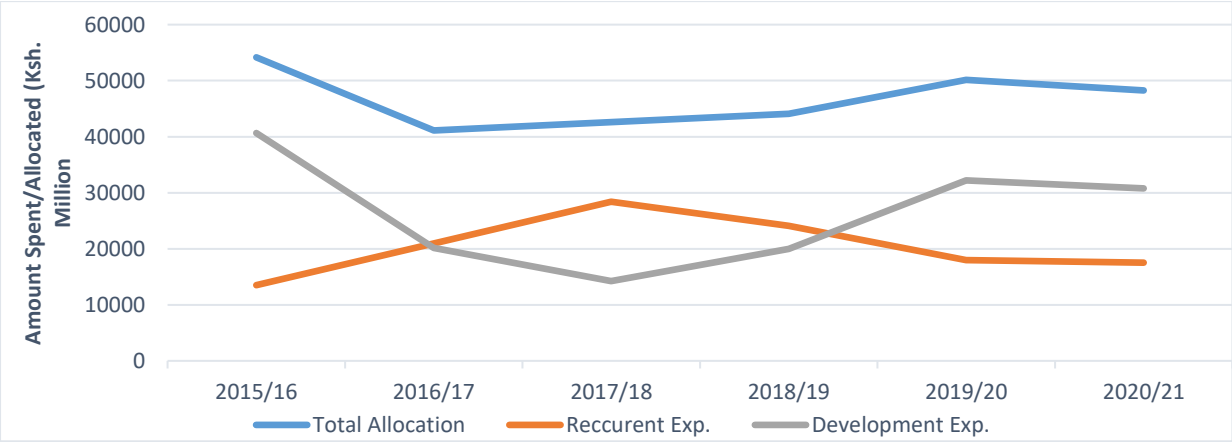
Figure 3: Allocation in Budgetary Expenditure to FNS vs Other Sectors



Source of the Data: Economic Survey, 2020

Allocation in budgetary expenditure on agriculture and food remains consistently low compared to other sectors. This is so despite the sector making the highest contribution in the country's GDP (Economic Survey, 2020). The amount allocated to the sector on the other hand is increasingly devoted to recurrent expenditure as demonstrated in Figure 4.

Figure 4: Comparison of Development, Recurrent and Total Budget Allocation in the ARUD sector



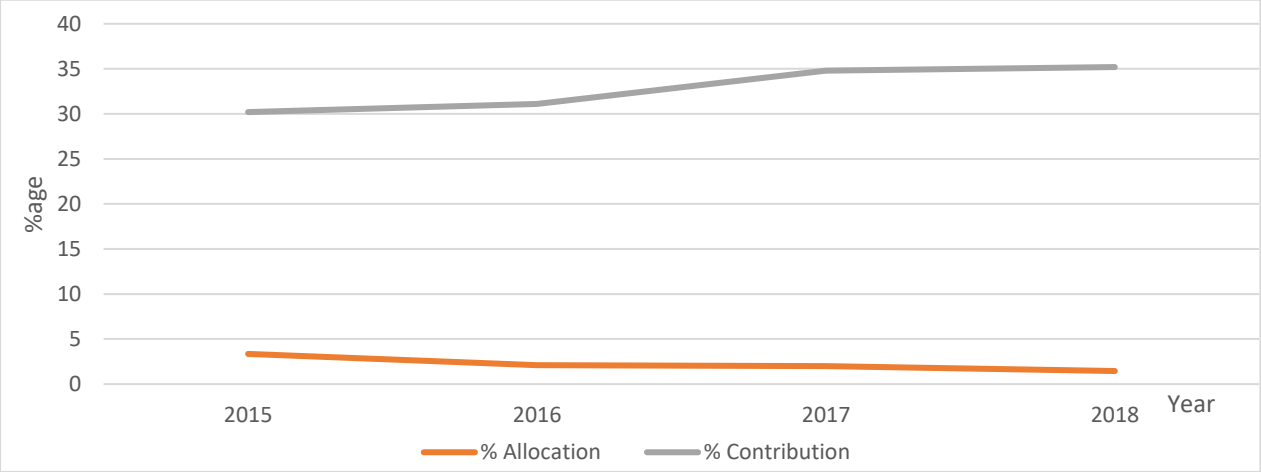
Source of the Data: Economic Survey

The figure shows unstable and fluctuating allocation of finance to the "food security" (ARUD) sector. The amount allocated continues to be committed to recurrent expenditure thereby denying real investment into the production of food and improvement in the nutrition status of Kenyans.

The share of spending on FNS has been declining while the contribution of agriculture to the nation's economic development has been increasing. This is a fundamental mismatch of resources to the sector in Kenya's economy that is responsible for producing food, contributing to nutrition

and providing employment. Figure 5 gives the percentage contribution to GDP by the ARUD sector compared to percentage financial commitment to the sector.

Figure 5: Contribution of ARUD to GDP vs Budget Allocation



Source: Author generated Using Economic Survey Data

Figure 5 shows an increasing contribution of the ARUD sector to the growth of GDP over the years but a declining financial commitment to the sector. The sector accounts for 35% of Kenya's GDP, employs over 40% of its population and has generated 80% of its merchandise exports since the year 2013 (Economic Survey, 2020). However, the public allocation of finance to the sector continues to decline with the budget allocated averaging below 5% of the total budget as demonstrated in Figure 5. This can be termed as under-investment in food security over consecutive years. This, consequently, has led to an inadequate public sector response to food and nutrition security. The poor investment is also in disregard of the importance of the sector to the leading role of contributing to the growth of GDP.

Kenya is lagging behind in terms of budgetary allocation and critical nutrition objectives. In 2003, at the African Union (AU) summit in Maputo, countries committed to allocate at least 10% of national budgets to agriculture, which would enable achievement of at least 6% annual agricultural growth. Countries also committed to reducing the prevalence of stunting to 10%, and reducing underweight children of less than five years of age to 5%, by 2025. These targets set out in the Maputo Declaration are far from being achieved.

If, for example, Kenya was to achieve the child nutrition goals set out above, the projected potential savings per annum would be Ksh. 57.4 Billion (COHA, 2019). The economic impact associated with underweight and stunting in children is quite significant, with far-reaching effects on economic productivity, health and education.

4.2 Health and Water Sectors

The goal of the Health sector is to provide affordable and quality health care to all citizens, and reduce mortality rates and disease incidences. The sector contributes to food and nutrition security

by tackling malnutrition that deprives children of essential vitamins and minerals, and vulnerability to frequent and severe disease and infections, as well as offer treatment to frequent infections and illness such as diarrhea. Utilization of food through adequate diet, clean water, sanitation and health care to reach a state of nutritional well-being are needs that are met through the Health and Water sectors. Table 8 shows the resource allocation to these sectors for FY2015/16 to FY2020/21.

Table 8: Resource Allocation for Health and Water & Sanitation Sub-Sectors (Ksh. Million)

Economic Classification	2015/16	2016/17	2017/18	2018/19	2019/20**	2020/21 (Requirement)	2020/2021 (Allocation)
Recurrent Actual Expenditure (Health Sector)							
Gross	41,069	47,225	51,358	48,752	58,083	105,984	62,744
AIA	16,026	16,596	17,580	9,708	14,971	19,152	15,243
Net	25,043	30,629	30,629	33,778	43,112	86,832	47,501
Recurrent Actual Expenditure (Water and Sanitation Sub-sector)							
Gross	3,731	3,713	3,269	4,143	6,510	9,437	6,292
AIA	1,582	1,387	514	571	1,909	2,217	2,217
Net	2,149	2,326	2,755	3,572	4,601	7,220	4,075
Development Actual Expenditure (Health Sector)							
Gross	16,496	26,837	20,837	25,782	34,641	103,394	50,180
GoK	10,879	17,220	13,120	15,527	19,992	88,146	34,931
Loans	2,820	3,820	3,560	3,142	6,878	6,878	6,879
Grants	2,797	5,797	4,157	7,113	7,771	8,370	8,370
Local AIA	-	-	-	-	-	-	-
Development Actual Expenditure (Water and Sanitation Sub-sector)							
Gross	29,222	36,534	29,573	48,771	65,472	98,298	64,972
GoK	9,300	13,933	8,197	12,963	26,676	37,783	26,177
Loans	17,504	21,581	19,780	33,161	34,748	56,042	34,748
Grants	2,418	1,020	1,596	2,647	4,048	4,473	4,047
Local AIA	-	-	-	-	-	-	-

** Indicates allocation for the financial year rather than the actual expenditure
Source: Sectors MTEF Reports

Some of the programs financed under the Health sector to address food and nutrition needs include Provision of Vitamin A Supplement (VAS), Breast Milk Substitute, Prevention and Health Promotion. The financial allocation to the Ministry of Health increased from Ksh. 41 Billion for recurrent expenditure and Ksh. 16.5 Billion for development in the FY2015/16, to Ksh. 58.1 Billion for recurrent and Ksh. 34.6 Billion for development in the FY2019/20. However, the allocation for FY2020/21 is less than the sector requirement by Ksh. 43 Billion in recurrent and Ksh. 53 Billion in development. The significant reduction on the allocation in relation to the requirement before attainment of universal health coverage is highly unlikely to guarantee a healthy society as envisioned in the Big Four Agenda.

The Water and Sanitation sub-sector provides programs such as water resource conservation, water storage, flood control and implementation of water infrastructure. These programs enable crop production and good livestock body condition, and are essential for good nutrition, the prevention of infectious disease and hygienic food preparation standards. The Water and Sanitation sub-sector received allocation increases for both recurrent and development expenditures from Ksh. 3.7 Billion and Ksh. 29.2 Billion in the FY2015/16, to Ksh. 6.5 Billion and Ksh. 65 Billion for recurrent and development respectively in the FY2019/20. Expenditure on development in the water sector is notably higher than that of recurrent expenditure. The FY2020/21 allocation is below the sub-sector

requirements by Ksh. 36.5 Billion and lower than the FY2019/20 by Ksh. 0.7 Billion. Efficiency in the absorption of this allocation as well as strategic choice of projects to implement will determine the sector's success in contributing to the country's food security status.

5.0 Budget Policy Statement - 2020, Conclusion and Recommendations

The BPS is a policy document that sets out the broad strategic priorities and policy goals that will guide the national and county governments in preparing their budgets for a given financial year and over the medium term. The strategic direction of the BPS 2020 is informed by the policies outlined in the various government policy documents that include the Constitution 2010, Vision 2030, Medium Term Plans, Ministerial and Sectoral Strategic plans as well as the Big Four Agenda. The growth strategy, revenue and expenditure proposals in a particular financial year takes into account the current state of the domestic economy including the food and nutrition status.

Under the second pillar of the Big Four Agenda, the government targets to ensure food and nutrition security. The overall strategy involves reducing the number of food insecure Kenyans by expanding irrigation schemes, supporting small and large-scale production of staples, increasing access to agricultural inputs, implementing programs that support smallholder farmers and promoting the use of appropriate farming techniques.

Table 9: Expected Food and Nutrition Outcomes by the Year 2022

Indicators	2018	2022
Average Daily Income (Ksh)	406	625
Job Created (000)	500	1,150
Agriculture Contribution to GDP (Ksh Million)	2,700	4000
Cost of Food (% of Income)	47	25
Food Insecure Kenyan (Million)	10	5
Under 5 Malnutrition (% of Population)	26	19

Source of Data: 2020 Budget Policy Statement

Table 9 shows the expected outcomes following investments in the FNS sectors for the medium term period of 2020-2022. It is expected that income will be increased by 34%, 130% increase in jobs creation and increase the agriculture sector contribution to GDP by 48%. Cost of food as a percentage of income will be reduced by more than half from 47% to 25%, the number of food insecure Kenyans will be reduced by 50%, while chronic malnutrition among children under 5 years will be reduced by 7%, from 26% of the population to 19%. To achieve these targets, appropriate projects and programs need to be financed.

Table 10 shows the analysis of financial commitment to critical food security sectors as derived from the BPS, 2020. Highlighted in yellow are the activities dealt with in this report. Activities that received less than 70% of the FY 2020/21 requirements are indicated in red.

Table 10: Analysis of Program and Sub-Program Resource Requirements and Allocations (Millions)

Program	2019/20 (Allocation)	% of Total (Allocation)	2020/21 (Requirement)	2020/21 (Allocation)	Allocation as percentage of requirement
Ministry of Lands and Physical Planning					
1	Program 1 Land Policy and Planning				
Development Planning and Land Reforms	2,612	5.21%	2,835	2,572	90.7%
Land Information Management	1,819	3.63%	2,196	1,656	75.4%
Land Survey	1,103	2.20%	1,600	1,045	65.3%
Land Use	260	0.52%	353	238	67.4%
Land Settlement	820	1.63%	938	714	76.1%
2	Livestock Resources Management and Development				
Livestock Policy Development and Capacity Building Program	2,057	4.10%	2,305	1,917.30	83.2%
Livestock Production and Management	1,710	3.41%	7,098	1,496.30	**21.1%**
Livestock Products Value Addition and Marketing	2,038	4.06%	3,097	2,000.60	**64.6%**
Food Safety and Animal Products Development	369	0.74%	375	362.30	96.6%
Livestock Disease Management and Control	819	1.63%	912	688.10	75.4%
State Department for Crop Development and Agricultural Research					
1	General, Administration, Planning and Support Services				
Agricultural Policy, Legal and Regulatory Frameworks	3,743	7.46%	4,784	3,318	69.4%
Agricultural Planning and Financial Management	55	0.11%	59	53	89.8%
2	Crop Development and Management				
Land And Crops Development	7,484	14.92%	24,879	7,612	**30.6%**
Food Security Initiatives	7,280	14.51%	20,397	7,312	**35.8%**
Quality Assurance and Monitoring of outreach services	2,080	4.15%	1,861	1,403	75.4%
3	Agribusiness and Information Management				
Agribusiness and Market Development	1,546	3.08%	1,765	1,553	88.0%
Agricultural Information Management	42	0.08%	92	37	40.2%
4	Agricultural Research and Development				
Crop Research and Development	577	1.15%	776	556	71.6%
Livestock Research and Development	5,779	11.52%	6,500	5,988	92.1%
State Department for Fisheries, Aquaculture and the Blue Economy					
1	General Administration, Planning and Support Services				
General Administration, Planning and Support Services	157	0.31%	326	145	44.5%
2	Fisheries Development and Management				
Fisheries policy, strategy and capacity building	41	0.08%	872	60	6.9%
Aquaculture Development	1,044	2.08%	2,586	1,376	53.2%
Management and Development of Capture Fisheries	1,005	2.00%	478	398	83.3%
Assurance of Fish Safety, Value addition and Marketing	348	0.69%	205	152	74.1%

Program	2019/20 (Allocation)	% of Total (Allocation)	2020/21 (Requirement)	2020/21 (Allocation)	Allocation as percentage of requirement
Marine and Fisheries Research	1,498	2.99%	2,703	2,125	78.6%
3	Development and Coordination of the Blue Economy				
Maritime spatial planning and coastal zone Management	56	0.11%	75	40	53.3%
Protection and regulation of marine ecosystem and Exclusive Economic Zone(EEZ)	29	0.06%	39	13	33.3%
Development and management of fishing ports and associated Infrastructure	874	1.74%	618	613	99.2%
Blue economy policy, strategy and Coordination	41	0.08%	181	10	5.5%
Promotion of Kenya as a center for agro based blue economy	1,573	3.14%	2,210	1,557	70.5%
National Land Commission					
1	Land Administration and Management Services				
General Administration, Planning & Support Services	1,164	2.32%	2,263	971	42.9%
Land Administration	89	0.18%	1,415	196	13.9%
Public Land Information System	7	0.01%	594.8	36.6	6.2%
Land Disputes and Conflict Resolutions	48	0.10%	322	70.4	21.9%
Total	**51,679**	**100.00%**	**97,739**	**48,283.60**	49.4%
% of National Budget	**1.6%**			**1.8%**	
Health, Water & Sanitation					
Communicable Disease Control	9,435	10%	27,975	7,870	**28.1%**
Social Protection in Health (UHC)	11,420	12%	72,143	42,796	**59.3%**
	0.64%			1.9%	
Water and Sanitation & Irrigation	6,510	6.5%	9,437	6,292	**66.6%**
	0.2%			0.2	
National Budget	**3,256,081**			**2,723,556**	

Source: 2020 Budget Policy Statement

The proposed allocation to the ARUD sector in the coming financial year 2020/21 is less than FY 2019/20 by Ksh. 3,396 Million. This amounts to a 6.6% reduction from FY2019/20. However, of the total voted budget, the percentage allocation to the sector is proposed to increase by 0.2% (from 1.6% in FY2019/20 to 1.8% in FY2020/21) (see Table 7). This is because there is an overall reduction in the total voted budget from Ksh. 3.3 Billion in FY2019/20 to Ksh. 2.7 Billion in the FY 2020/21.

With reference to the programs highlighted in yellow, they received 15% or less of the FY2019/20 budget allocation. For example Livestock Management and Production, received 12.5% less than the program allocation in FY2019/20. The allocation is reduced in the BPS from Ksh. 1,710 Million (FY2019/20) to Ksh. 1,496.30 Million (FY2020/21). This is only 21.1% of the sector requirement.

Another example is Land and Crops Development. The allocation in the FY2019/20 was Ksh. 7,484 Million, which is 14.92% of the total sector budget allocation in that fiscal year. The proposed allocation in the FY2020/21 is increased by 1.71% to Ksh. 7,612 Million. The allocation in the BPS

2020 is only 30.6% of the sector requirement. If the allocation remains as proposed in the BPS, then it will amount to 15.8% of the sector's proposed total allocation.

Food Security Initiatives was allocated 14.51% of the sector allocation in the FY2019/20 and 35.8% of the sector requirement in FY2020/21. The proposed allocation in the BPS 2020 is Ksh.7,312 Million which amounts to 15.14% of the sector proposed total budget allocation. In addition, it is observed that the total budgetary requirement of the ARUD sector has been slashed by 50.6% in the proposed budget FY2020/21.

For the Communicable Disease Control, the proposed allocation is reduced by Ksh. 343 Million from that allocated in the FY2019/20. However, Social Protection in Health, which houses the Universal Health Coverage (UHC), has an increased proposed allocation of Ksh. 31.4 Billion in FY2020/21. The two nutrition-related items amount to 10% and 12% of the total health sector budget respectively in the FY2019/20. In FY 2020/21 the two programs are proposed in the BPS 2020 to be allocated 6.9% and 37.4% respectively of the health sector proposed budget allocation. This amounts to 28.1% and 59.3% respectively of the sub-sector requirements. The sub-sectors allocation was merely 0.64% of the total voted budget (TVB) in the FY2019/20 and is allocated 1.9% of TVB in FY2020/21.

For the Water, Sanitation and Irrigation, the proposed allocation for FY2020/21 is reduced by Ksh. 218 Million, from Ksh. 6,510 Billion in FY2019/20 to Ksh. 6,292 Billion in FY2020/21. The sub-sector allocation in FY2019/20 was 6.5% of the total budget, which is the same percentage allocation in the FY 2020/21. However, in absolute terms there is a reduction of Ksh 218 million for the proposed budget FY2020/21 BPS allocation. The sub-sector allocation represents 0.2% of TVB in the FY 2019/20 with same percentage in FY2020/21. This is because there is a reduction of TVB in FY 2020/21 compared to that of FY2019/20. In the FY2020/21, the sub-sector proposed allocation is 66.6% of the sub-sector's requirement.

5.1 Observations and Recommendations

The BPS prioritizes the policy goals of government spending plans. The policy goals are set out in the Big Four Agenda, and are anchored on the Third Medium Term Plan (MTP III) (2018-2022) as extracted from the Kenya Vision 2030. Based on the assessment of the BPS from a food security perspective, the following observations and recommendations are made:

A. Increased Food and Nutrition Security and Incomes

The aim of the program is to increase production and productivity in small and large farms. The sub-sectors dealing with food security are under this program. They include Land and Crops Development and Food Security Initiatives. This does not only entail growing enough food, but also diverse foods to support nutrition needs. Both sub-sectors received 15% of the sector allocation in the FY2019/20. The amount allocated in the BPS 2020 are 31% and 36% respectively of the sub program requirements. Additionally, Table 10 illustrates that there is significant under allocation in Water, Sanitation & Irrigation. Only 36% of the sector requirements was allocated for FY2020/21 for all water and irrigation projects. Considering that 83% of Kenya's land area is arid and semi-arid, the arable land under irrigation is only 2%. This low allocation and therefore low application of irrigation implies that the agricultural sector is rain dependent making it susceptible to weather-related shocks (drought or floods).

Recommendation
Due to the importance of the two sub-programs (Land and Crops Development and Food Security Initiatives) in promoting food security in the country, it is recommended that 100% of the sector requirement be financed. This will enable realization of the planned sub-sector targets as detailed in the ARUD sector MTEF. They include increasing productivity of selected value chains in 24 counties; drought resilience (increased access to water for small-scale irrigation, domestic use and livestock as well as improved livestock health management and market access); and construction of water resources and boreholes. Investments in the sub-sectors would enhance food availability and incomes especially to small-scale farmers. The full implementation of the planned programs could address possible food supply challenges emanating from the locust invasion, COVID-19 and floods. Investing in decentralized, smallholder irrigation should be prioritized. The importance of smallholder irrigation is documented in the sector MTEF, which include adaptable technologies, water pans, small-scale green houses, and water saving technologies such as drip irrigation kits.

Policy targets in Kenya should support a transition from conventional agriculture to agro-ecological farming systems. This entails adopting an agro-ecological model as a system for increasing food production substantially and sustainably by integrating social, biological and agricultural sciences with indigenous technical knowledge, thus shaping an agro-ecosystem that mirrors local ecosystems. Agro-ecology has the potential to ensure food security in the country by adopting principles and practices that increase farm productivity, are environmentally friendly, and reduce their reliance on external farm inputs. The model requires a landscape approach on how agricultural production and environmental conservation can best be integrated to ensure that the farmers are exploiting the full potential of agro-ecological farming systems.

B. Food Affordability

Eighty percent of Kenyans either are income poor or near the poverty line. Poor households' main expenditure is food, which accounts for more than 50% of their total expenditure (Vidya and Andrew, 2018). Food insecure households are mainly in ASAL counties and urban informal settlements, and do not produce their own food and therefore, purchase their food from markets. Chronic food insecurity and malnutrition witnessed in different parts of the country is not only about production, but is also related to food access, poverty and inequality. Farmers are affected by the high costs of production in conventional agricultural systems, due to the ever-rising prices of farm inputs such as seed, animal feeds, pesticides and fertilizers. This translates into rising costs of food, especially maize flour, despite government assurance that the country has enough grain reserves.

Recommendation
Millions of people in Kenya who are currently facing worse levels of acute food insecurity will need humanitarian assistance and food aid. Relief programs are usually financed under the Social Protection, Culture and Recreation Sector under the Special Program sub-sector. The sub-sector was allocated Ksh. 6.3 Billion out of the required Ksh. 7.3 Billion in the FY2020/21. The allocation amounted to 86.8% of the requirement. These resources will be utilized in meeting humanitarian assistance. Given the rising need for assistance, it is recommended that 100% allocation is made to the sub-sector and to use this funding to expand the cash transfer project currently being piloted in Nairobi, to reach more vulnerable households. Funding in this docket could also be used to ensure effective implementation of the national kitchen garden campaign launched by the Ministry of

Agriculture, to boost efforts for reliable food supply, lifestyle change and adoption of healthy diets in the wake of the COVID-19 pandemic.

Tax Implications on the Cost of Food

As mentioned earlier in this report, the Tax Laws (Amendment) Act, 2020 has introduced a number of tax measures aimed at cushioning Kenyans against potential losses occasioned by the COVID-19 pandemic. While on the surface these measures seem to provide some respite, they could potentially be undercut by proposals in the Finance Bill 2020. Specifically, the Bill has proposed to introduce a VAT rate of 14% on cooking gas and on clean cooking stoves. The National Treasury has explained this move by claiming that the existing incentives for manufacture of gas and clean stoves has only benefited individual companies and not the common *mwananchi*. However, by introducing VAT, savings that would have been made under the COVID-19 tax measures will very likely be eroded as the cost of gas will inevitably go up, as will that of clean cooking stoves used by a majority of Kenyans. Moreover, this is likely to seriously undermine environmental conservation gains made by reducing dependence on wood fuel. Furthermore, it is arguable that the COVID-19 tax measures are predominantly applicable to Kenyans in formal employment and yet a significant number of those who are now struggling with rising costs of food, are in the informal sector. For this latter group, the required interventions will not come from tax measures but from direct cash support for the most vulnerable in the immediate term (as was most recently announced by President Kenyatta on 23rd May 2020), to addressing the flow and distribution of produce from farms to markets without harassment by unscrupulous security officers manning road-blocks.

C. Enhanced Livestock Resource Management and Development

The program was allocated about 14% of the total sector allocation in the FY2019/20. In FY2020/21, the Livestock Production and Management sub-program and Livestock Products Value Addition and Marketing program has been allocated 21% and 65% respectively of the required resources. The low proposed allocation to the sub-programs will undermine the production of quality breeds, dairy commercialization and dairy infrastructural improvement. Livestock rearing and trade is a core business to ASAL areas where food and nutrition insecurity is rampant. Proper livestock production and management as well as livestock products value addition, will go a long way to improving livelihoods and of pastoral communities incomes, food accessibility and nutrition in this region.

Recommendation

It is recommended that key targets such as increasing Livestock Products Value Addition and associated marketing; be increased to at least 70% of the sector requirement, from Ksh. 2 Billion to at least Ksh. 2.5 Billion. This will make the implementation of the program effective. In responding to the increasing demand for livestock products as shown in Table 4 and Table 5, enhancing livestock production will be key to food security. Financing the program will also cushion the region and the country at large against the potential losses due to the locust invasion and floods and build on the current good body condition of livestock in pastoral communities, off the back of above-normal rains in 2019 and current favorable pasture.

D. Food Self-sufficiency in Kenya

Food self-sufficiency in Kenya would mean the country seeks to produce all or most of its own food for domestic consumption. In the wake of the desert locust invasion and the COVID-19 pandemic that are likely to bring higher and more volatile food prices, it is economically and politically beneficial to pursue policies that bolster levels of food self-sufficiency. To this end, agricultural and livestock research become important budget lines to consider. For example, locust control is based on a strategy of forecast and ongoing surveillance to discover breeding populations as well as monitoring their migration patterns. In addition, to have the right control strategy in place – whether it be mechanical methods, biocontrol, bio pesticides or insecticides – at the right time requires considerable organization and planning.

Although funded to 71.6% of the program's proposed budget requirement, Crop Research and Development makes up only 1.2% of the total budget for the ARUD sector (Ksh. 556 million). There is also a significant difference in the amount allocated to Livestock Research and Development (Ksh. 5,988 million) and Crop Research and Development (Ksh. 556 million).

Recommendation

Recognizing the new situation that the East Africa region is facing with the desert locusts, it is suggested that the budget lines for Crop Research and Livestock Research be more equitably distributed, or that at least a greater amount is apportioned to Crop Research. Maximum support should be given to research leading to the availability of locally manufactured biocontrol and biopesticide products, as well as of safer synthetic insecticides that have been fully tested with associated training in their safe and economical use. A farming system that depends on pesticide imports to meet the food needs of the country, deviates from the ultimate goal of food self-sufficiency and undermines the right of the people to define their own food and agriculture systems.

E. Food Safety and Animal Products Development

Concerns have been raised about the safety of food in Kenya along the entire food value chain – from production practices, transport, handling, to storing and preparation. Farming and storage of farm products in the country depend heavily on chemical inputs (pesticides, herbicides, fungicides and fertilizers). As a result, chemical residues examined in locally available foods have been found to exceed maximum residue levels acceptable for human consumption. Research has shown that 33% of the pesticide active ingredients registered for use in Kenya, are withdrawn from the European market as a result of their chronic health or negative environmental impacts (RTFI, 2019). There are products on the market that are classified as causing cancer (45 products) and many that affect male reproductive systems (360 products).

Food safety and the government institutions that are responsible for ensuring the quality of agricultural inputs and produce to prevent adverse impact on the economy, the environment and human health, are far more important than the proposed budget allocation would suggest. The Food Safety program in the ARUD sector comprises of Food Safety and Animal Products Development program, Quality Assurance and Maintaining of Outreach Services program and Assurance of Fish Safety program. The three programs are allocated Ksh. 362.6 Million (96.6 of sector requirement), Ksh. 1,403 Million (75.4% of sector requirement) and Ksh. 152 Million (74.1% of sector

requirement), respectively. This paltry 4% of the total ARUD sector budget depicts minimal attention to food safety. Yet a lack of access to safe food is a contributor to chronic diseases, the treatment of which burdens the budgets of families and the Health sector alike. The health sector acknowledges rising non-communicable diseases like cancer, hypertension, heart diseases and diabetes due to diet and lifestyle changes. For this reason, the related health expenditure on treatment consumes an average of 10% of the Health sector budget. The government has had to, partly as a result, increase budget allocations to the Health sector from Ksh. 38,197 Million in FY2013/2014 to the current proposed Ksh. 112,924 Million in FY 2020/2021.

Recommendation
Given the evidence showing the relationship between pesticides and chronic illnesses such as cancer, it is suggested to levy environmental taxes on chemical pesticides on the basis of their toxicity to human health, animal health and the environmental health (land, water, air). Pesticide taxes mobilize fiscal revenues while mitigating the adverse effects associated with pesticide application and encourage a shift towards environmentally and ecologically friendly farming practices.

5.2 Conclusion

The ARUD, Health and Water sectors play a key role on the economic and social development of the country through enhancing food and nutrition security, employment and wealth creation. The sectors are major contributors to the "100% food and nutrition security" goal of the Big Four Agenda, and Kenya's resilience against the impact of economic shocks including the desert locust invasion, COVID-19 pandemic and climate change. Despite this, resource allocations to the ARUD sector is low and declining in absolute terms from Ksh. 51.6 Billion in the FY2019/20 to Ksh. 48.1 Billion in the FY2020/21.

In the BPS 2020/21, the ARUD sector requirement against the allocation depicts a huge financing gap. The resource requirement for effective implementation of its programs are forecasted at Ksh. 97.7 Billion against an allocation of Ksh. 48.3 Billion (50% difference). The 'food security sector' has the highest number of stalled projects with 307 projects, representing 56% of the total stalled projects in public sector, due to no allocation of funds for the completion of the projects (Economic survey, 2019). The utilization of budget funds is also not implemented to support small-scale farmers who consistently produce the bulk of Kenya's food accounting for over 70% of the value of gross marketed production. Infrastructure projects, for example, focus on the expansion of highways and railways, instead of improving the conditions of rural road networks, which would improve market access.

Social Protection in Health, which houses the Universal Health Coverage (UHC), has an increased allocation of Ksh 31.4 Billion in the proposed budget. The Health sector allocation indicates a disproportionate emphasis on the treatment of chronic health issues and illness, rather than on prevention of illness that would come with better food systems and improved food and nutrition security in the country. Kenya's COHA study (2019) highlights that undernutrition among children is not only a social issue, but also affects the whole economy. The country loses significant sums of money and output as a result of current and past cases of child undernutrition. The study goes further to quantify a cost decrease to the economy of up to 40.7% by 2030, if the prevalence of

stunting in children is reduced to 14.7% and underweight children of less than five years of age to 8.4% (Kenya Vision 2030 goals).

Based on the observations documented in this report, the challenge of realizing Kenya's food security agenda becomes quite clear. For Kenya to improve its food security situation, there must be more deliberate efforts to match policy actions and resource allocation to stated political goals. Without budget allocation and spending on programs that are intelligently designed to address our unique circumstances, sustainable food and nutrition security will remain a mirage.

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