

## 2. Foreign Exchange Situation

Kenya's foreign exchange reserves made a major recovery in 1983. This improvement reflects higher export prices for coffee and tea, combined with a continued restraint on imports. However, the likelihood of widespread crop failure, and the necessity of importing large quantities of food will once again place a heavy burden on the already strained economy.

## 3. Fertilizer Situation

Kenya consumes about 40-50,000 tonnes TSP MAP and DAP, of this about 16-20,000 tonnes is supplied through US aid. The whole fertilizer marketing and transportation structure combined with the unfavourable relationship between cost and value of production seems to discourage the wider usage of fertilizers.

## 4. Import Mechanism

All grain imports are officially through the NCPB, a parastatal body of Government, answerable to the Ministry of Agriculture. Imports on concessional terms are secured through activity at political levels.

## 5. Grain Industry Infrastructure

In addition to bulk handling facilities in the major towns the NCPB has numerous conventional stores in producing and consuming areas. Most NCPB stores are served by railway. Many private warehouses are also available to the Board for leasing if required. The Government has been re-examining its storage strategies since the previous food shortage in 1980, and a World Bank financed study of existing and future storage needs was released in 1982.

## 6. Government Policies Affecting Grain and Agriculture

Producer price increases acted as an incentive to increase production. The National Food Policy launched in 1980 which aims at self-sufficiency in food production will be revised to guide future requirements through more effective land utilization, input and extension services, and initiatives to increase district level participation and responsibilities through decentralization of financial management and planning.

Shortfalls in production of maize and wheat will continue to be met by imports mainly on concessional terms, but in times of severe shortage there will be imports on a commercial basis, through Government tender.