

# COST OF PRODUCTION

BY

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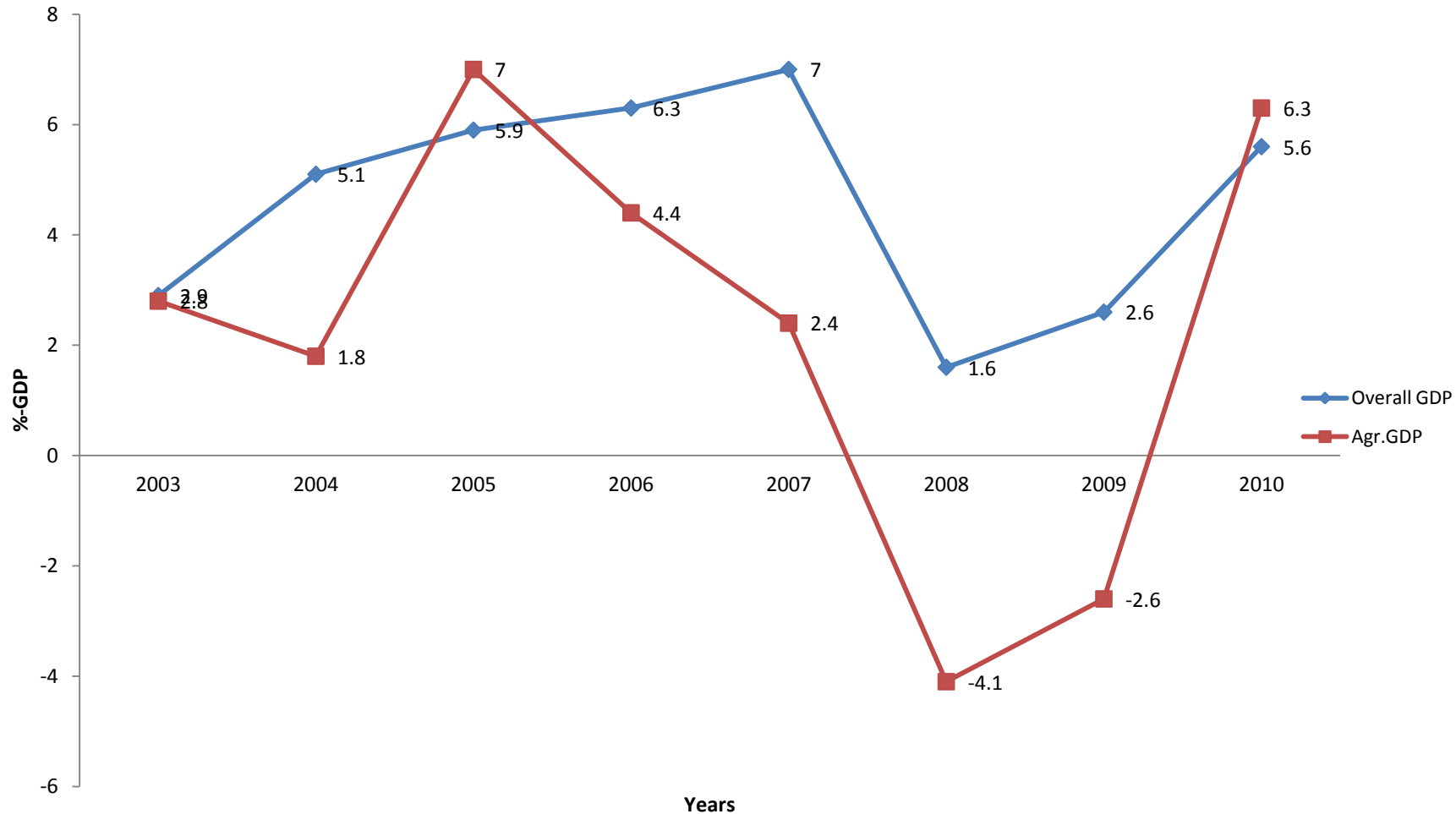
NATIONAL CO-ORDINATOR

COUNTRYSTAT - KENYA

# INTRODUCTION

- The Importance of the Agriculture in Kenya as a source of livelihoods cannot be over-emphasized, since it supports about 75% of the population through food production, employment and agricultural related statistics,
- The Agriculture sector contributes about 24% of the National GDP and about 65% of the total Export.
- The Sector is characterized by diverse production systems all of which fall under different Agro-Ecological Zones (AEZs).

# National GDP vs. agr.GDP growth rates



Source:KNBS

# GDP Contribution

Sub-Sector									
Year	Units	2003	2004	2005	2006	2007	2008	2009	2010
Overall Growth	per cent	2.9	5.1	5.9	6.3	7	1.6	2.6	5.6
Agricultural Contribution	per cent	2.8	1.8	7	4.4	2.4	-4.1	-2.6	6.3
Agriculture & Forestry	per cent	24.6	24.4	23.5	23.4	21.7	22.3	23.5	21.5
Growing of Crops and Hort.	per cent	17.3	17.4	17.1	16.9	15.8	16.4	16.9	15.8
Farming of Animals	per cent	5.8	5.6	5.2	5	4.5	4.8	5.6	4.4
Agri.& Animal Husb. Services	per cent	0.3	0.3	0.4	0.5	0.5	0.4	0.4	0.4
Forestry & Logging	per cent	1.1	1.1	1.1	1	0.9	0.8	0.8	0.8
Fishing	per cent	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.6

Source: KNBS

# INTRODUCTION, ...,

- Kenya has varying climatic and ecological conditions, with altitude varying from sea level (0) to over 5,000 m in the highlands.
- The average annual rainfall ranges from < 250mm in ASAL to 2,000 mm in high potential areas,
- Only 17 per cent of the country is considered as high and medium potential.

# The AEZs

- The country is Dividend into seven agro-climate zones using the moisture index based on the annual rainfall. The include,
- UH, LH, UM, LM, CL, L
- These AEZs greatly dictate the Agricultural Activities to be carried out in these regions.

# Cost of Production

- Overtime, production costs have increased.
- This was driven by the high input prices compared to farm gate prices,
- This has affected enterprise profitability,
- The cost of production in different agro-ecological zones has also been exacerbated by poor infrastructure hence access to markets
- Different variations in agro-ecological conditions, costs of production and market prices, which are not integrated have had effects on production costs.
- The Sector consists of smallholders and largely mixed farming.
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# Cost of Production

- The cost of Production exists for Individual districts and for major enterprises
- A sample of this is presented below per AEZ.



# Upper Highlands-Keiyo North District

Crop/Livestock	Cost (Kshs.)/90 kg bag(head)
Maize	Cost of Production 1,051 – 1,081 Gross Margin 614 - 649
Wheat	Cost of Production 1,240 – 1,331 Gross Margin 1,069 - 1,160

# Low Highlands

Crop/Livestock	Cost (Kshs.)/90 kg bag(head)
Maize	Cost of Production 1,051 – 1,121 Gross Margin 679 - 747
Wheat	Cost of Production 1,214 – 1,404 Gross Margin 799 - 986

# Upper Midland

Crop/Livestock	Cost (Kshs.)/90 kg bag(head)
Maize	Cost of Production 1,022 - 1,163 Gross Margin 837 - 978
Wheat	----

# Methodology adopted in the CoP

- The data is collected per District and AEZs
- Collected on Snapshot surveys
- Not regular

# Challenges

- Mixed farming is dominant
- No record keeping by farms
- High cost of production

# Recommendations

- Need for a comprehensive survey for a countrywide Farm budgets covering ALL commodities.

END OF PRESENTATION

THANKS