

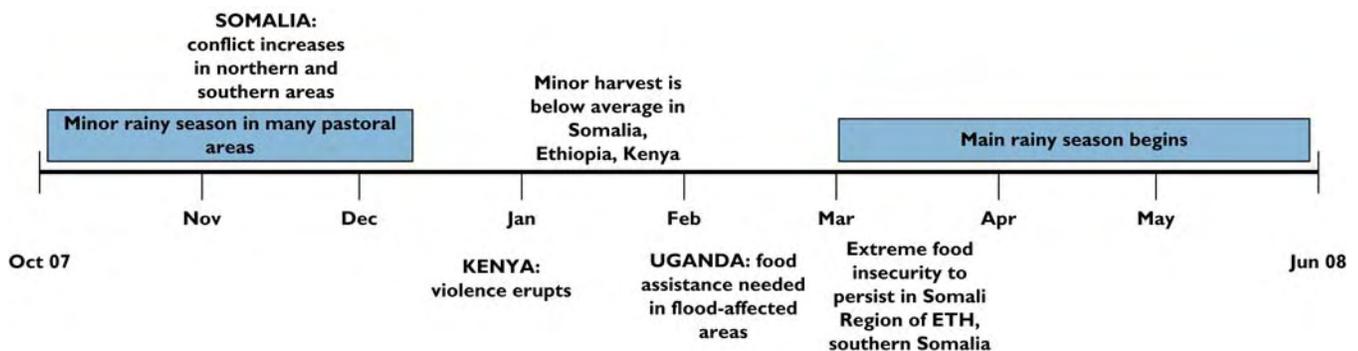
EAST AFRICA Food Security Update

Special focus: Political unrest in Kenya and regional implications

January 2008

- Civil insecurity precipitated by the political crisis in Kenya since the end of December has displaced more than 300,000 people, killed at least 1,000, and disrupted production, transportation, and markets, increasing food insecurity in 2008. The conflict is also having food security impacts throughout the East Africa region by reducing the supply of essential commodities like fuel and increasing the cost of living. This is mainly because many of these countries rely on the regional port in Mombasa in Kenya for their imports, and transit routes were disrupted.
- Despite near-normal *deyr* production in January in Somalia, civil insecurity in Mogadishu and its environs has displaced up to 700,000 people and is limiting trade, causing inflation and reducing access to food. In the adjacent Shabelle Valley regions, insecurity, poor rains and crop performance and high concentration of the displaced populations are causing food shortages and high malnutrition. In the central regions, poor October to December rains have led to serious water and pasture scarcity for pastoralists and crop failure among agropastoralists. In Somalia, more than 2 million people require emergency assistance, including 1.1 million internally displaced people.
- In Ethiopia, despite record production, cereal prices remain at record high levels. In the more marginal production areas, including Somali Region and Borena Zone of Oromiya, estimates indicate that the number of acutely food insecure people requiring humanitarian assistance could be similar to or more than that of last year (1.3 million). Most of these are in Somali Region, due to the security restrictions that largely remain in place, inflation, and localized poor rains. About 8 million chronically food insecure people continue to be supported through non-emergency means. Food security for pastoralists in Somali, Afar, and Oromiya regions heavily depends on the March to May rains, whose performance is uncertain especially given that a La Niña event is unfolding.
- In Djibouti, national global and severe acute malnutrition rates exceed international emergency thresholds at 16.8 percent and 2.4 percent respectively. The situation has been worsened in part by poor milk access due to poor coastal rains and high staple food prices, especially in urban areas and the northwest pastoral zone. Malnutrition is likely to increase until at least April 2008, when the next main rains and improvements in livestock production are expected.
- In eastern Uganda, floods have damaged crops from the first- and second-season harvests of 2007, increasing localized food insecurity and causing 200,000 people to require food assistance.

Seasonal calendar and critical events timeline



Special Focus: Political unrest in Kenya and regional implications

On December 30, 2008, immediately after the announcement of the disputed presidential election results, violence erupted in five of the eight provinces of Kenya, namely Rift Valley, Nyanza, Western, Nairobi and Coast, and later spread to Central province. The violence caused human deaths and destruction of property. The worst-affected areas were the Rift Valley and Nyanza provinces. The violence continued in January 2008, and tension was still high through the end of the month, with occasional flare-ups of violence in some parts of the country. However, most parts of the country were calm in the first week of February partly due to the mediation talks between the two main parties in the political dispute led by the former UN Secretary General Kofi Annan and calls by leaders to stop the violence. Although the violence was triggered by the announcement of the presidential election results, it appears to have degenerated into ethnic-based violence, with political analysts stating that there are underlying historical factors that are continuing to fuel the fighting between communities. Whether the widespread unrest and violence will re-emerge appears to hinge on the outcome of the ongoing talks.

Food security impacts of the unrest in Kenya

The political unrest has had major economic and social impacts on Kenyans. Official figures indicate that the violence claimed more than 1,000 lives by early February, with more than 300,000 total people displaced, most in Rift Valley Province (Figure 1). The figure of the displaced has been fluctuating as some people resettle and new people are displaced. About 6,500 people had fled to Uganda as refugees by the second week of February. The political unrest has affected most Kenyans either directly or indirectly, as it has affected the normal functioning of the economy by disrupting trade and transportation of food supplies and forcing prices up.

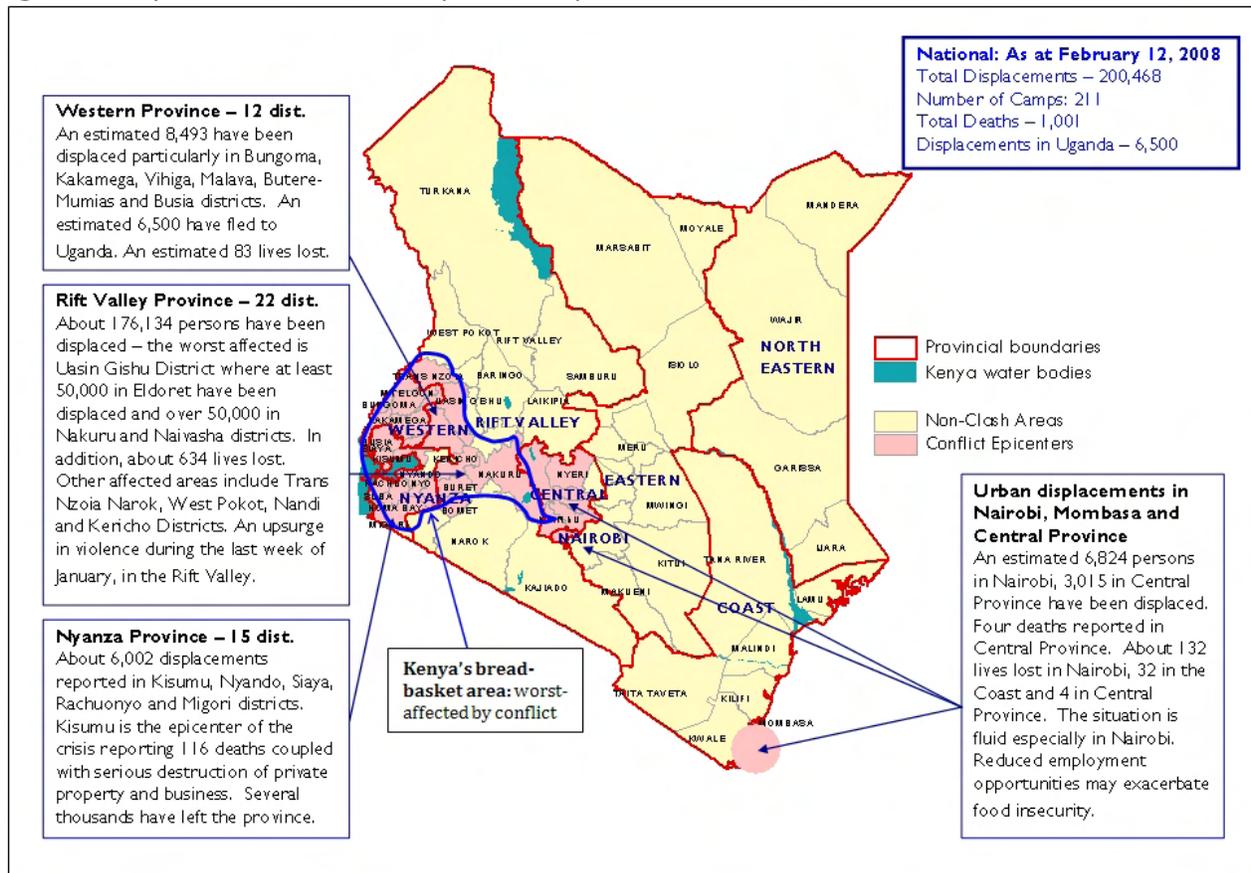
The area worst affected by the conflict is western Kenya, including the north-central parts of the Rift Valley Province, which contains most of what is known as Kenya's bread-basket districts. The conflict resulted in the loss of both standing crops and harvested food supplies. Although most of the 2007 long-rains crop had been harvested at the time the unrest started, there still remained some in the field, some of which was either destroyed or abandoned. Coupled with these is the increased potential for post-harvest losses owing to the disruption of markets and storage difficulties. It is estimated that losses of up to 300,000 MT of maize could occur, which is about 10 percent of the national harvest of the 2007 crop. These losses will not only affect the farm households but also dampen the national food security outlook in late 2008 and early 2009. According to a recent rapid assessment by GoK and FAO, preparation for the 2008 long-rains production season which usually starts in January was seriously affected with only about 5 percent of land having been prepared; usually about 60 percent of the land would be prepared by the end of January. This is a sign that the long-rains production, which accounts for about 80 percent of national annual maize output, may be compromised in 2008. Additionally, farm input prices have gone up, with fertilizer prices being about 58 percent above normal. Farmer incomes have also declined due to disruptions in the market. Consequently, there is increased probability that the area under maize and bean production may decline during the 2008 season. Livestock and milk production in the affected areas were also disrupted, causing a reduction in milk income for dairy farmers and milk processors.

Trade and marketing have been seriously affected with many shops, factories and stores set on fire and others losing revenue due to the disruption of the transportation system (rail and road) and increased insecurity. Agricultural perishables like milk and vegetables went to waste with milk factories closing temporarily or operating much below capacity. The Kenya shilling depreciated against all major foreign currencies and particularly the dollar, against which it lost about 15 percent of its value during the month of January. Tourism declined sharply during what is usually a peak tourist season, causing a major loss in revenue at macro, meso and household levels. Many tourist hotels in the Kenya coast and national parks sent home thousands of employees as tourists avoided Kenya for alternative destinations. Imports, exports and transit goods that are usually transported through the northern corridor in Kenya (see Figure 2 below) were disrupted due to the road blockages and destruction of sections of the railway line on this corridor. This in turn disrupted the flow of foodstuffs and other goods both in Kenya and neighboring countries that used Kenya as a transit point for their imports and exports, causing price rises and food shortages in some areas.

Due to the unrest, hundreds of civil servants are unable to travel to the clash-torn areas because of the ethnic tensions, affecting the productivity of the civil service and service delivery to the public. Many schools have been destroyed or

remain inaccessible due to insecurity. The ministry of education estimates that millions of students have been affected in all levels of education, with most public universities remaining closed at the start of February.

Figure 1. Kenya unrest: locations and impacts of the political crisis



Source of data: ALRMP and NOC
 Graphics: FEWS NET Kenya

These disruptions in production, transportation, markets and incomes have serious implications for food security. According to the recent GoK/FAO rapid assessment, reduced output of important foods including maize, wheat, beans and milk may result in relatively higher prices compared to 2007 in the last quarter of 2008, compromising the ability of market-dependent households in the country to purchase adequate amount of food. Reduced staple food output from Kenya's grain-basket region (western Kenya and Rift Valley highlands) during the 2008 season, may worsen the country's food security situation later in the year and early in 2009. Besides farm families, traders, service providers and wage earners will also be affected as their incomes will reduce and their expenses on food and other essentials will rise. The prospects of reduced food production and increasing prices will only worsen food access for the majority of Kenyans who are poor, while pastoralists will have worsening terms of trade as their livestock prices have declined owing to reduced demand due to the market uncertainties and increased/increasing food prices. The national grain reserves currently stand at about 450,000 MT of maize, which could cover for the loss of food stocks occasioned by the unrest, assuming no further damage to agricultural production occurs. But the use of the reserves without the possibility of replacement this year if production decreases as expected could expose the country to potential grain shortages and increased prices, limiting access to the staple maize later in 2008. The loss of tourism earnings and expected stoppage of some foreign aid (if the political situation is not solved) is likely to put a huge budgetary pressure on the government, thereby affecting the education, healthcare and infrastructure development sectors, which will in turn reduce the general welfare of the population.

There is the possibility of a failure of the upcoming (March to May) long rains, given that a La Niña phenomenon is underway, which is usually associated with below-normal rainfall in eastern Africa during this season. In such an event below-normal production could occur in the main crop-production areas, and another drought could be precipitated in the pastoral areas. This may necessitate significant humanitarian interventions, which the government may be unable to cope

with if the economic situation does not improve. About 256,000 displaced people who have hitherto been food secure are currently in camps and dependent on humanitarian assistance. They will continue to require assistance until they are resettled and integrated into the productive economy, which could take some time, depending largely on how quickly a political settlement is reached and if these people will be able to move back to continue with their farming and business activities. Of immediate concern therefore is the resettlement and rehabilitation of the displaced groups, and the need to ensure that preparations for the long-rains agricultural production season are supported to reduce the prospects of any serious production loss, particularly of the staple maize crop in 2008.

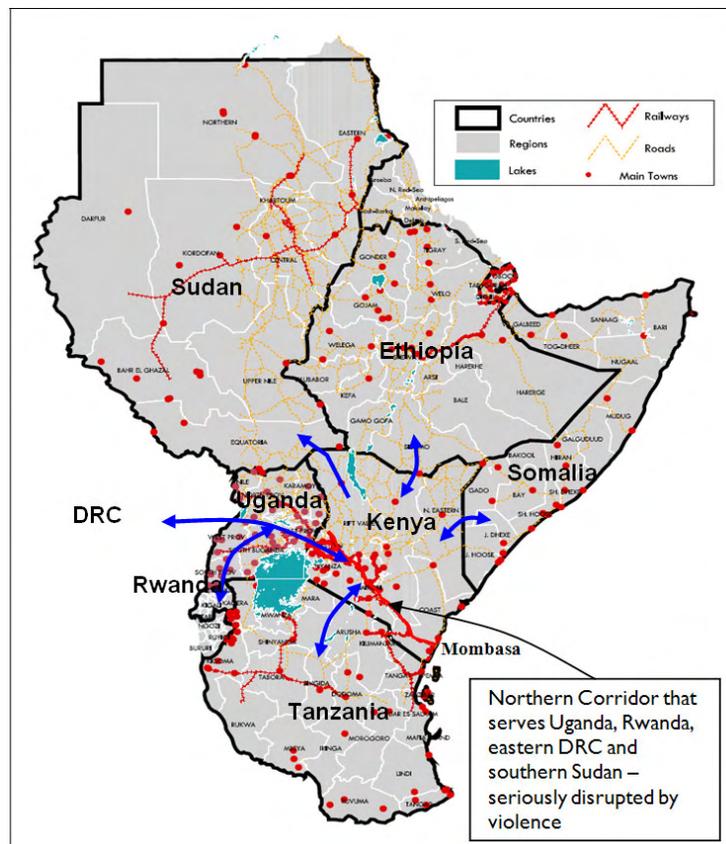
Cross-border impacts of the Kenya crisis

The unrest in Kenya and the disruption of major transportation routes and systems has had serious negative implications for neighboring countries that have strong economic links with Kenya, particularly Uganda, Rwanda, southern Sudan and eastern Democratic Republic of the Congo (DRC). For all these countries, most of the transportation is done through the northern corridor road that runs between Mombasa to the border with Uganda and Sudan (Figure 2). Road and rail transport along this corridor has been the most disrupted during the current crisis in Kenya, affecting transport of goods to and from these countries.

Uganda and Rwanda export cereals to Kenya and import finished industrial and food products from or through Kenya. They import mainly through the Mombasa seaport of Kenya such commodities as agricultural inputs, petroleum products, motor vehicles and other industrial parts and related items. The trade of all these goods has been disrupted since January. Although the flow has improved after the talks have started in Kenya and with increased security escort, there remains uncertainty. The reduced supply into Uganda and Rwanda caused price uncertainties, that could lead to the hoarding of commodities and price rises. If the crisis in Kenya continues, these countries may have to resort to more expensive options, such as re-routing imports/exports via the Dar es Salaam port of Tanzania. This would increase the cost of food, transportation and other essential items that are either imported or require imported raw materials to produce/process, thereby reducing household level access to these commodities. This will negatively affect especially poorer households who have small disposable incomes. **Eastern DRC** also faces similar circumstances as it relies on the port of Mombasa for a lot of its imports.

Southern Sudan relies on Kenya for about 40 percent of its imports of processed foodstuffs, construction materials and other industrial products. It also imports all its petroleum products and other industrial hardware through Kenya. Imports from southern Sudan into Kenya are minimal. Already the disruption of the flow of commodities through Kenya has caused serious shortages and increasing prices in southern Sudan, affecting mainly the urban and business sectors. This part of the country will have significant difficulties importing goods through northern Sudan, as transportation infrastructure is nearly non-existent due to the many years of war. In southern Sudan, the food insecurity that exists is largely a result of structural problems, like poor physical and social infrastructure such as roads, health services, education and veterinary services. Therefore the ongoing reconstruction and institution-building efforts are key to improving food security over the medium and longer term. Although poor rural communities largely depend on their own production for food access, the ongoing construction activities, institution-building efforts and resettlement of returnees would contribute greatly to the general welfare and longer-term food security of both urban and rural populations. The disruption of supplies to southern Sudan

Figure 2. Trade linkages and cross-border flows of commodities between Kenya and neighboring countries, including the Northern Corridor



Source: FEWS NET East Africa

caused by the Kenya civil unrest has already resulted in increases in the cost of fuel, which could have a wider effect on prices in southern Sudan. This will not only retard the reconstruction and slow the prospects of solving chronic food insecurity, but also cause poor access to food commodities for market-dependent households.

Somalia – Strong social and trade links exist between the communities that live in northeastern Kenya and those across the border in Somalia, although nearly all the trade is informal in nature. Livestock is exported into Kenya, traded mainly through Garissa and other northern Kenya markets. Cattle are the main livestock species traded. Border towns in Kenya also informally import foodstuffs and household items from Somalia. Although Kenya has officially closed its borders with Somalia citing security reasons since January 2007, market exchanges continue unofficially, with significant numbers of livestock coming in from Somalia and sold in Kenya. In terms of the direct effects of insecurity, neither Somalia nor northeastern Kenya are affected by the current crisis. The main effects of the Kenya crisis on the Kenya-Somalia cross-border activities is the increase in the prices of food and other essential items usually obtained from Kenya, and the reduction in livestock demand owing to the economic slowdown and market uncertainties in Kenya. If the crisis deepens, the informal but significant trade exchanges could suffer as demand for livestock further reduces, thereby decreasing the incomes of livestock traders and producers while increasing the cost of commodities from Kenya such as processed food and other household products. This decline in purchasing power would affect a large number of households on both sides of the border. In the unlikely event that the crisis in Kenya deepens, it is expected that there will be more informal food and household commodity imports from Somalia into northeastern Kenya, as supplies from Kenya reduce and prices increase. But if border controls are tightened, the population in northeastern Kenya and those dependent on livestock trade in southern Somalia could face a significant increase in food insecurity.

Ethiopia – As with Somalia, there is little formal trade that takes place between Kenya and Ethiopia. Ethiopian traders informally export livestock (primarily camels, sheep and goats) and foodstuffs (such as beans and wheat grains). Kenya exports finished industrial products mainly through wholesalers who supply southern Ethiopia markets. So far the main impact of the Kenya crisis on these market exchanges is the increase in both the cost of both these commodities and of their transportation. However, since the main supply route used by traders to Ethiopia was unaffected by the clashes, there have been few other negative impacts. If the violence spreads to central Kenya, though, key supply routes could be blocked and both exports to Ethiopia and imports into Kenya especially of beans could be seriously affected. Although southern Ethiopian traders and households can obtain most of their food stuffs from alternative Ethiopian sources, they will lose significant incomes from the loss of demand for livestock and other commodity exports. Also the supply of other non-food essential household items would be limited by the deepening of the crisis, negatively affecting incomes and food access of the many market-dependent households.

Tanzania – Trade with Tanzania exists both formally and informally. Rice and other cereals and livestock are exported by Tanzania into Kenya. Kenya also exports finished industrial products and foodstuffs. But Kenya and Tanzania have strong trading, political and socioeconomic relationships, including transit of goods and services destined for other COMESA countries or into Kenya. Although most of the skirmishes have been far away from the Tanzanian border, the general slowdown in economic activities and market uncertainties easily affect trade relationships between Kenya and Tanzania. If the Kenya crisis deepens, trade volumes and earnings with Tanzania are likely to decline significantly, thereby raising prices and reducing access to incomes and food of the affected households.

In general, cross-border trade is likely to reduce with an increase in violence in Kenya. Uganda, Rwanda, southern Sudan and eastern DRC have been most affected and are likely to be affected even more if the Kenya crisis deepens. Somalia and Ethiopia are less likely to be affected with the deepening of the crisis. Kenya will lose the most from loss of foreign exchange, loss of imports of essential food and other supplies from neighboring countries, internal revenue collection, loss of incomes, and a disruption of services and the functioning of the economy in general.

Given that there is a lot of international interest in the Kenya crisis, including interest by the UN Security Council and major development partners and donors, and given that the negotiation teams in the political crisis have been reporting progress in the talks, it is likely that the crisis will not deepen further. However, in the unlikely event that the talks fail, the unrest could worsen and further economic hardships to both Kenya and its neighbors could occur. Even if normalcy was restored the damage caused to the Kenyan economy and to the displaced families and other social and physical infrastructure could take many months and even some years to recover. Agricultural production prospects in Kenya and food security prospects for 2008 are likely to remain below average. However, the situation in neighboring countries could get back to normal fairly quickly as trade routes are opened, although those dependent on Kenyan raw materials will likely face higher costs.