



1

FINANCIAL REPORTING AND MANAGEMENT CONFERENCE FOR AGRICULTURE SECTOR

23RD -25TH APRIL 2014

IMPERIAL HOTEL, KISUMU

1. Introduction
2. Agriculture industry world wide
3. Agriculture Industry in Africa
4. Agriculture industry locally
5. Future prospects

Discussions

1. Introduction

3

Definition: Agriculture is the science or practice of farming, including cultivation of the soil for the growing of crops and the rearing of animals to provide food, wool, and other products.

1. Introduction

4



1. World wide

5



1. World wide

6

Of the major cereal and vegetable crops, the **United States, China, India** and **Russia** frequently appear as leaders. China is the leading worldwide producer of **rice** and **wheat** and the number two producer of **corn**, as well as the largest producer of many vegetables including onions and cabbage. In terms of total production, the United States is third in wheat and first in corn and soybeans.

1. World wide

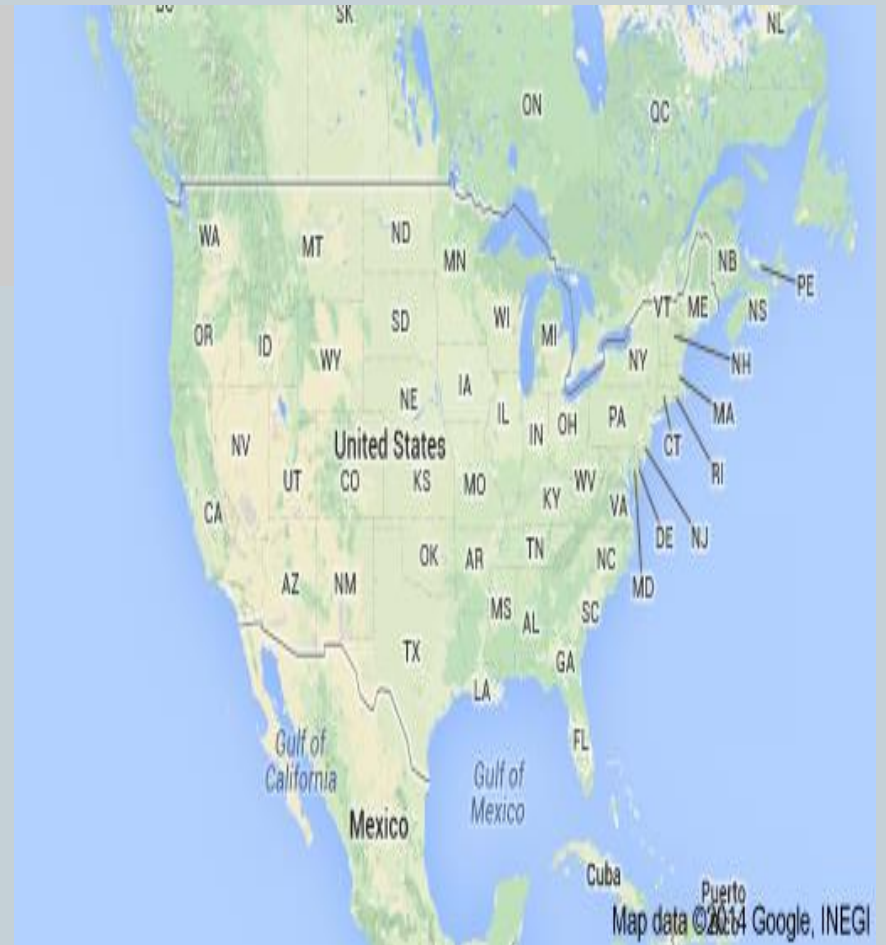
7

Countries like **China** and **India** feature prominently on the lists of top agricultural producers; these countries have large populations and internal food security (that is, producing enough to feed a nation's population from internal resources) is a major priority. A great deal of this production is used internally, though, and the list of the top exporting countries looks much different.

1. World wide

8

Country	Exports (in bn)
United States	\$118.3
Netherlands	\$79
Germany	\$70.8
France	\$68
Brazil	\$55.4



1. World wide

9

When it comes to the staples that feed the world (rice, corn, wheat, beans, lentils and animal proteins), countries like the United States, Germany, Canada, Brazil and Thailand feature more prominently.

1. World wide

10

Commodity Leading country % of Global Exports

Corn	United States	50.1% (\$9.1 billion)
------	---------------	-----------------------

Fish	China	9.2% (\$6.6 billion)
------	-------	----------------------

Palm Oil	Indonesia	51% (\$10.4 billion)
----------	-----------	----------------------

Rice	China	34.5% (\$6 billion)
------	-------	---------------------

Soybeans	United States	50.5% (\$16.5 billion)
----------	---------------	------------------------

Wheat	United States	18% (\$5.4 billion)
-------	---------------	---------------------



World wide –Top Agric. Exporters



Country		In Million Dollars
"United States	"	42,826
"France	"	24,262
"Netherlands	"	19,780
"Germany	"	13,842
"United Kingdom	"	11,613
"Canada	"	10,107
"Australia	"	9,824
"Italy	"	9,446
"Belgium	"	9,013
"Spain	"	6,621

1. Africa

12



1.Africa

13

- Agriculture employs 65 percent of Africa's labor force and accounts for 30 to 40 percent of gross domestic product.
- Agricultural performance has improved since 2000, but growth is not yet fast enough.

1. Africa

14

Growth has been mostly based on area expansion, but land is scarce and many countries are facing limits to further expansion. Land and agricultural productivity must increase because African farm yields are among the lowest in the world.

1. Africa

15



Top economies and contribution of Agriculture to GDP by 2010/12:

Country	GDP	Agriculture contribution
1. South Africa	\$524Billiom	2.5%
2. Egypt	\$497 Billion	14%
3. Nigeria	\$377.9 Billion	30%
4. Algeria	\$251 billion	8.3%
11. Kenya	61.97 Billion	30%

1.Africa

17

Major Agriculture commodities that African countries export include:

Commodity	Countries
Coffee	Burundi, Ethiopia, Rwanda, Tanzania & Uganda
Cotton	Egypt, Benin, Chad and Sudan
Cocoa	Equitorial Guinea, Ghana and Ivory Coast
Tea	Kenya
Animals	Somalia and Eritrea

According to Food and Agricultural organization, some of the challenges facing the world (including Africa) that impact poorly on agricultural sector include:

1. High population growth leading to food insecurity

2. In many countries, majority of people still depend on local agriculture for food but the potential for local resources to support increases in production is still low.
3. Even though food production has increased, the rate of increase is not the same as population growth, meaning there are still many people who are under nourished. This has also led to changing in dietary lifestyle. Some areas improved but some declining for example south Asia is improving but sub-Saharan Africa, not very much.

1. Africa

20

More specific problems for Africa:

1. Poor Governance
2. Policy and Institutional weaknesses
3. Technology stagnation
4. Poor entrepreneurship and lack of interest by the private sector.
5. Diseases (HIV)
6. Others (Lack of specialization, unclear roles, poor mobilization of resources)

1. Kenya

21



1. Kenya

22

- **Agriculture in Kenya** dominates the economy. 15–17 percent of Kenya's total land area has sufficient fertility and rainfall to be farmed, In 2012, almost 65 percent of working Kenyans made their living by farming, compared with 80 percent in 1980.

1. Kenya

23

Agriculture is also the largest contributor to Kenya's gross domestic product (GDP). In 2012, agriculture, including forestry and fishing, accounted for about 20 percent of the GDP, as well as for 18 percent of wage employment and 50 percent of revenue from exports.

1. Kenya

24

Farming is the most important economic sector in Kenya, although less than 8 percent of the land is used for crop and feed production, and less than 20 percent is suitable for cultivation.

1. Kenya

25

Kenya's total area is about 587,000 km², of which 576,076 km² is land and 11,230 km² is covered by water. Of the total land area, 16% is of high to medium potential. The rest is arid and semi-arid land (ASAL) and, therefore, of low agricultural potential.

1. Kenya

26

Over 5 million people live in and derive their livelihoods in ASAL areas, the rest of the population is in the 16% high to medium land area. 80% of the population depends on agriculture, 81% of small-scale farmers occupy holdings of less than 2 ha.

1. Kenya

27

- Main Export is tea:



1. Kenya

28

Kenya is a leading producer of tea and coffee (not now really), as well as the third-leading exporter of fresh produce, such as cabbages, onions and mangoes. Small farms grow most of the corn and also produce potatoes, bananas, beans and peas.

1. Kenya – Tea exporters

29

ANK	COUNTRY	EXPORT VALUE 1000 US\$
1	Sri Lanka	1,476,881
2	China, mainland	965,080
3	India	867,143
4	Kenya	858,250
5	United Kingdom	262,959
6	Germany	229,383
7	Viet Nam	204,018
8	United Arab Emirates	191,814
9	Indonesia	166,717
10	Poland	139,393

1. Kenya

30

Kenya does horticulture also, i.e. fruits, vegetables and flowers..



1. Kenya – Livestock

31

1. **Beef farming:**

Beef farming is very important in Kenya today. Ninety per cent of beef cattle in Kenya are in the hands of subsistence farmers and pastoralists. Today the cattle population exceeds 10 million heads, and the large-scale livestock farmers keep animals both for commercial (meat, milk) and subsistence purposes.

1. Kenya Livestock

32

2. Dairy Farming:

This is a type of farming whereby cattle are kept for milk production. Dairy farming is mainly practiced in several parts of the Rift Valley and the Central, Eastern, Coast and Western Provinces. It is mostly practised by small-scale holders, who account for 80% of the milk produced in Kenya, while large-scale farming accounts for the remaining 20%.

1. Kenya –Livestock farming

33

3. Sheep/Pig/Poultry/Goat

Most of Kenya's sheep and are kept for production of meat (mutton). Wool is produced mainly in the highlands. The Farmers Choice Company in Kenya deals in pigs and pig products, e.g. sausages, ham, bacon, salami, etc. The poultry industry has grown tremendously due to the demand of meat and eggs, particularly in the urban areas.

1. Kenya – Fish Farming

34

4. Fish farming in Kenya has greatly grown over the last few decades. Promotion of fish farming (also called aquaculture) started in the early 1920s as a subsistence means of supplementing protein sources in the rural areas. This was a non-commercial approach and it was promoted only as a family subsistence activity.

1. Kenya – Fish Farming

35

- This has however changed over the years with the government putting a lot of effort and resources in promoting fish farming as a business. Many entrepreneurs have now invested in commercial fish farming.
- Fish farming involves the production of tilapias and catfish. Tilapia is the largest specie of fish farming. Fish farming is done in marine or fresh waters.

1. Kenya – Fish Farming

36



1. Kenya – challenges

37

According to the medium term plan 2013 – 2017 the Agricultural sector in Kenya has faced a number of challenges that affected negatively its growth and development:

These challenges include:

1. Inadequate Funding
2. Unreliable weather patterns
3. Low adoption of technology

1. Kenya – challenges

38

4. High population and negative cultural practices
5. Regional and international barriers to trade
6. Global economic recession and high costs of inputs
7. Conversion of agricultural land to other competing land uses.
8. Availability and affordability of energy.

1. Future Prospects

39

There is a lot of potential in Agriculture but this depends on many factors.

These will be assessed globally (including Africa and Locally i.e. Kenya)

1. Future Prospects - Globally

40

According to FAO:

1. Demand for agricultural products will continue to rise, due to population growth but this is expected to be at a slow pace.
2. Production will keep pace with demand but there will still be persistent food insecurity unless we have a dramatic improvement in technology and available land.

1. Future Prospects - Globally

41

3. Generally there is and will still be an improvement in food nutrition i.e. availability of a balanced diet but there will still be an imbalance. This if properly manage can reduce undernourishment.

4. Agricultural trade deficits will still persist, meaning that those countries with net imports of agricultural products will not become net exporters soon.

1. Future Prospects - Globally

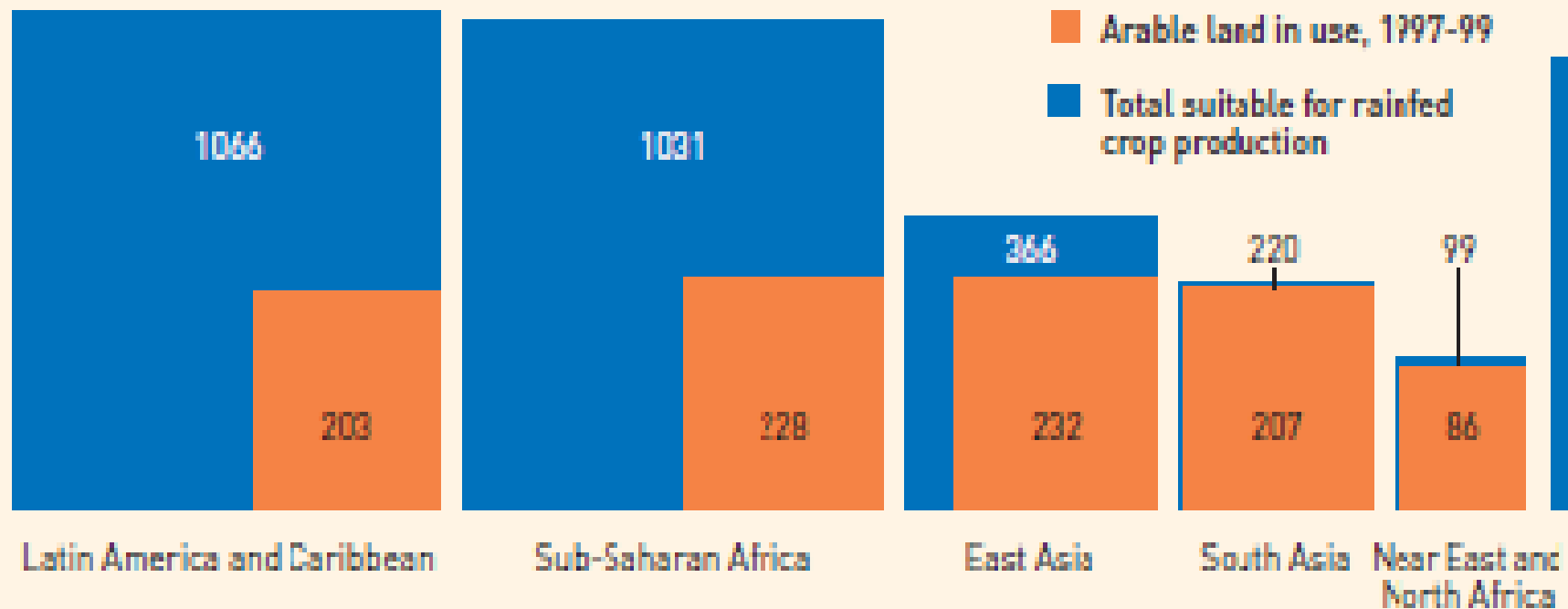
42

5. Demand of Cereals will slow down but not significantly.
6. Developing countries will become more dependent on imports, though the export countries have capacity to meet this demand.
7. Environmental issues will be of concern.
8. There is enough land to be used for production but the rate of usage is still expected to be slow:

1. Future Prospects - Globally

43

Cropland in use and total suitable land (million ha)

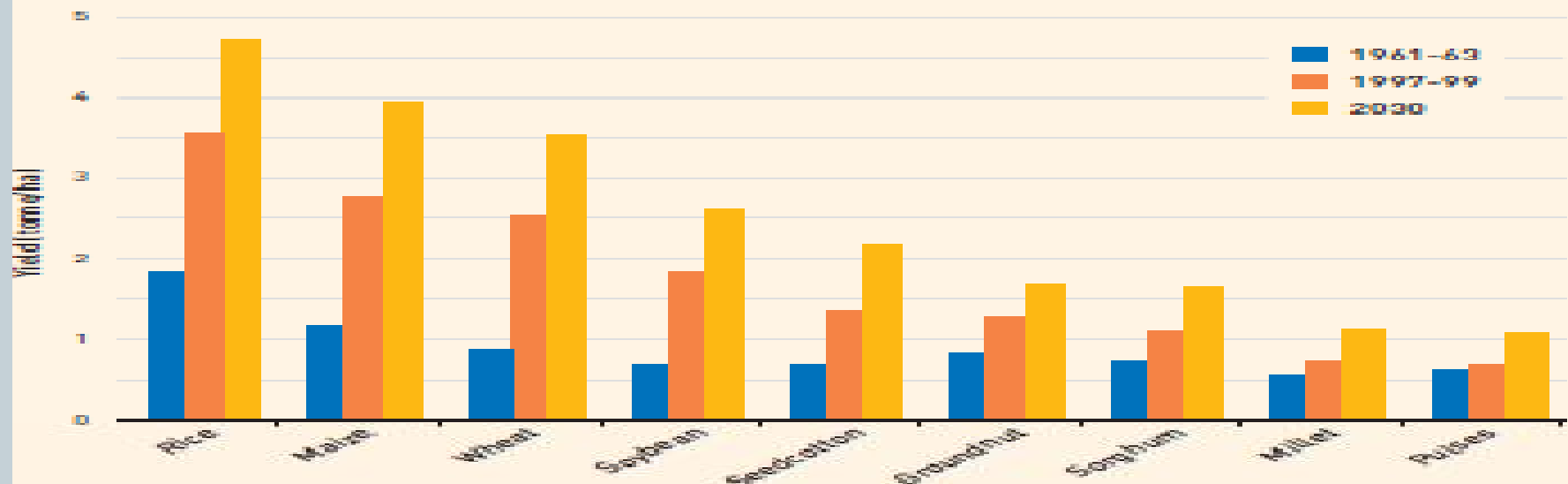


1. Future Prospects - Globally

44

9. Developing countries can have high crop yields with proper use of irrigation:

Crop yields in developing countries, 1961 to 2030



Source: FAO data and projections

1. Future Prospects - Kenya

45

The government expects Agriculture to continue being an important contribution to the GDP especially in export earnings.

The government identifies the main subsectors as industrial crops, food crops, horticulture, livestock and fisheries.

Kenya's population is expected to grow but at a slower pace and food insecurity will persist but at reduced levels.

1. Future Prospects - Kenya

46

Future prospects in Kenya arise from various initiatives by the government in its second medium term of 2013 – 2017:

1. Have in place, necessary regulations such as the Livestock and Fisheries bills in Parliament and Fisheries development management.
2. Fertilizer cost reduction strategy.

1. Future Prospects - Kenya

47

3. Agricultural development along the LAPSSET corridor.
4. National Agricultural sector extension program.
5. Agri-Business Development program .
6. Accelerated agricultural inputs access program.
7. Agricultural credit and finance program.

1. Future Prospects - Kenya

48

8. Agricultural programs for schools

9. Policy legal and institutional reforms
(Agricultural policy, National Livestock policy
etc)

Others issues include better use of organic
fertilizer to avoid harmful emissions, better
weather forecasting, growing resilient food
crops and use of livestock and crop insurance.
Promoting agriculture at county level.



1. Future Prospects at County..

49

For Agriculture to improve at county key issues:

1. Value Addition
2. Education
3. Proper agriculture strategies
4. Investments
5. Support from National Government

FINALLY.....

50

THANK YOU!