



The Food Price Monitor: East Africa is a monthly report developed for the Food Security Portal (FSP), facilitated by IFPRI, with the goal of providing clear and accurate information on price trends and variations in selected maize and rice markets throughout East Africa. The reports are intended as a resource for those interested in maize and rice markets in East Africa, namely producers, traders, consumers, or other agricultural stakeholders.

Highlights

- ▶ Since February, wholesale and retail maize prices in Kenya and Tanzania have remained stable, while in Uganda, maize prices rose. The highest retail maize prices were in Kenya, followed by Uganda, Rwanda, and Tanzania.
- ▶ The gradual drop in the maize prices seen in Rwanda may be due to government intervention in subsidizing domestic fuel pump prices and to the reopening of the border with Uganda, which eased the movement of goods and people.
- ▶ There was a significant increase in rice prices amongst East African countries between January and February, with the exception of Rwanda, which posted a minimal decline. Imported rice remains more expensive than domestically produced rice, with a price margin as high as 31 percent in Rwanda.
- ▶ The rice price increases observed across the region was driven by the adverse effect of the external shocks currently induced by the Russia-Ukraine war and by internal factors such as low production due to prolonged drought.
- ▶ As the lean season approaches and there are no apparent signs of a reduction in global fuel prices, maize and rice prices are anticipated to increase in most markets in the region.

Changing Maize Prices in East Africa

As in January, the highest wholesale maize prices were observed in Rwanda, followed by

Kenya, Uganda, and Tanzania (Figure 1). Meanwhile, the highest retail maize prices were observed in Kenya, followed by Uganda, Rwanda, and Tanzania. Retail and wholesale maize prices in Kenya averaged USD.399/MT and

USD.327/MT, respectively, while Uganda averaged USD.329/MT and USD.257/MT, respectively. Rwanda averaged USD.354/MT, while wholesale and retail maize prices in Tanzania averaged USD.303/MT and USD.244/MT, respectively. There was a gradual drop in maize prices in Rwanda throughout February. Uganda recorded a sharp rise in wholesale and retail maize prices from week two to week three before a sharp drop. In Kenya, wholesale maize prices gradually increased from week four of January to week one of February and then stabilized. Generally, wholesale and retail maize prices in Tanzania were the most stable in the region throughout February.

Figure 1: Average wholesale and retail price of maize in East Africa (February 2022)



Source: Authors' construction using data from FSP (for Uganda and Tanzania), Ministry of Agriculture Livestock and Fisheries (for Kenya), and e-SoKo (for Rwanda).

The gradual drop in maize prices in Rwanda could be attributed to government intervention in subsidizing domestic fuel pump prices and public transport (Namata and Iliza, 2022) amidst an ongoing surge in global oil prices. Further, the reopening of the border with Uganda in late January eased the movement of goods and people, activating inflows of maize trucks into Rwanda. In

Uganda, unstable maize prices can largely be attributed to the continued rise in domestic fuel prices emanating from global fuel supply challenges caused by, amongst other things, the Russia-Ukraine war.

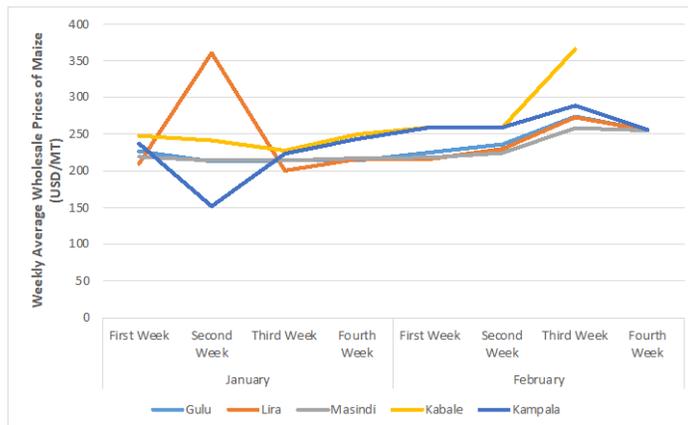
Like other East African countries, Kenya is a net importer of fertilizers and fuel products and natural gas from Russia and Ukraine; farmers in the country have decried recent high fertilizer and food prices (Bii, 2022). These high input costs have prompted the government to consider immediate measures to cushion farmers and households from the skyrocketing cost of living by proposing a significant subsidy (Ambani, 2022). However, this policy remains to be instituted.

Uganda

Following an unexpected spike in wholesale maize prices in the Lira market that overtook prices in other markets in January, wholesale and retail maize prices returned to their usual pattern in February, in which non-maize producing regions posted the highest prices (Figure 2). Wholesale maize prices were highest in Kabale, averaging USD.295/MT, followed by Kampala, averaging USD.266/MT. Gulu averaged USD.255/MT and Lira averaged USD.244/MT, while the lowest prices were in Masindi, a renowned maize-producing district in Uganda, averaging USD.239/MT. The regional variance in wholesale maize prices largely emanates from

high transportation costs induced by skyrocketing fuel prices, which have made inter-district movements costly.

Figure 2: Average weekly wholesale prices of maize in selected markets in Uganda (February 2022)



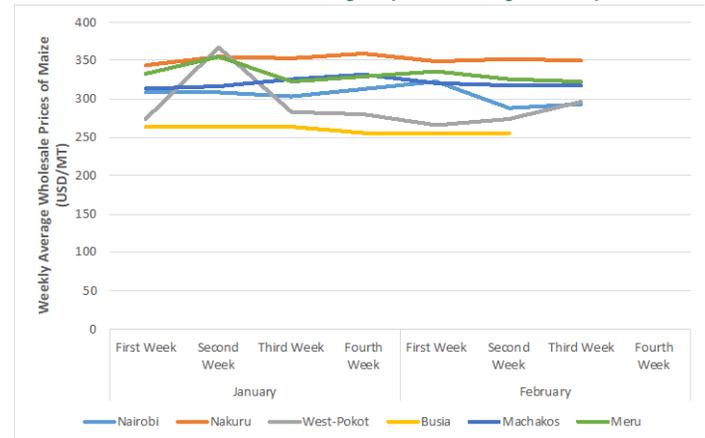
Source: Authors' construction using data of RATIN from FSP

Kenya

The pattern for wholesale maize prices in selected markets in Kenya in February was largely unchanged from January. Nakuru market continues to post the highest prices (averaging USD.350/M), followed by Meru market (averaging USD.328/MT), Machakos market (averaging USD.318/MT), and Nairobi market (averaging USD.301/MT). The lowest prices, USD.278/MT and USD.255/MT, were seen in West-Pokot and Busia, respectively (Figure 3). The price variations across markets were mainly caused by the effects of previous floods in the Rift Valley areas (Nakuru, Machakos, and West-Pokot), but the volatility of maize prices in this region is sometimes eased by the inflow of maize from surrounding markets like Nairobi and Busia. In Nairobi, high maize prices emanated from high demand from urban consumers and institutions

(such as schools). The Busia market bordering Kenya and Uganda is a well-known maize producing region, with high demand on both sides of the border.

Figure 3: Average weekly retail prices of maize in selected markets in Kenya (February 2022)



Source: Authors' construction using data from FSP

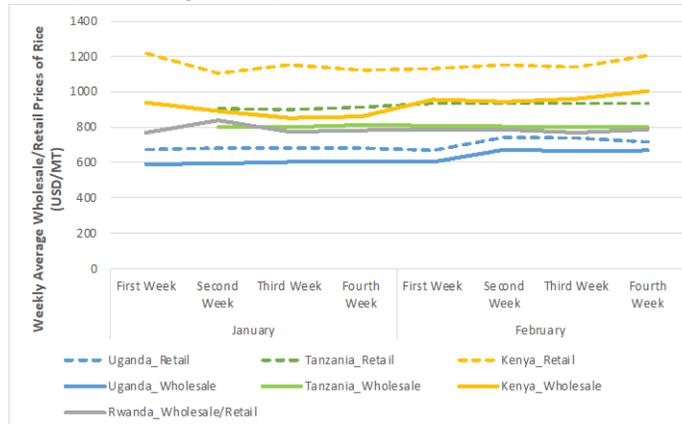
Changing Rice Prices in East Africa

Kenya continued to see the highest wholesale and retail rice prices in the region, followed by Tanzania, Rwanda, and Uganda (See Figure 4). Wholesale and retail rice prices in Kenya averaged USD.967/MT and USD.1158/MT; in Tanzania, they averaged USD.804/MT and USD.936/MT. In Uganda, they averaged USD.652 and USD.717/MT, respectively, while in Rwanda, wholesale rice prices averaged USD.783/MT. Kenya is a net importer of rice from Tanzania, so the rise in rice prices in Tanzania could explain the higher rice prices in Kenya. Rice production was also low in Kenya in the second season of 2021 following droughts (Mugo and Mwendu, 2022).

Similarly, the rice high prices observed in Tanzania emanated from drought in the second season

of 2021. In Rwanda, the observed stabilized rice prices from January may be attributed to the reopening of the border with Uganda and government intervention to control rice prices and cushion the populace from external shocks. In Uganda, the rise in wholesale and retail rice prices in week two of February could have been induced by anticipated external shocks to the economy and persistent high fuel prices.

Figure 4: Average retail price of rice in East Africa (February 2022)



Source: Authors' construction using data from FSP (for Uganda), Ministry of Agriculture Livestock and Fisheries (for Kenya), Ministry of Agriculture (for Tanzania) and e-SoKo (for Rwanda)

There was a significant increase in average rice prices in East Africa between January and February, with the exception of Rwanda, which posted a minimal decline (Table 1). The percentage increases seen across the region reflect the adverse effects of the external shocks induced by the Russia-Ukraine war, as well as internal factors such as prolonged drought and reluctance by the government of Uganda to mitigate domestic fuel pump prices.

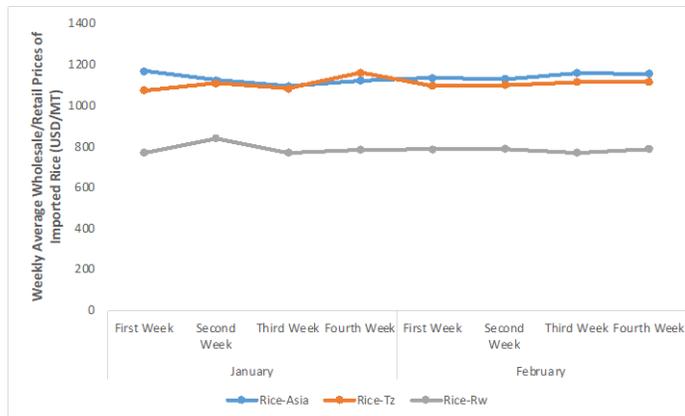
Table 1: Changes in the average monthly retail and wholesale price of rice in East Africa for January and February

Country	Market Levels	Monthly Average Prices January	Monthly Average Prices February	Monthly % Change
Kenya	Retail	1150	1158	1
Uganda	Retail	681	717	5
Rwanda	Retail	791	783	-1
Tanzania	Retail	906	936	3
Kenya	Wholesale	887	967	9
Uganda	Wholesale	600	652	9
Rwanda	Wholesale	791	783	-1
Tanzania	Wholesale	804	804	0

Source: Authors construction using data from FSP (for Uganda), Ministry of Agriculture Livestock and Fisheries (for Kenya), Ministry of Agriculture (for Tanzania), and e-SoKo (for Rwanda)

In Rwanda, domestic rice remained much cheaper than rice imported from Tanzania or Asia, with an estimated average monthly price margin of 29.2 and 31.5 percent, respectively (Figure 5). The price of rice imported from Asia surpassed that imported from Tanzania by an average monthly price margin of about 3.3 percent. In Uganda, the monthly average cost of imported rice exceeded that of domestically produced rice by about 18 percent. In both countries, efforts should be directed toward boosting rice production. Imported rice is affected by several factors, including the respective currencies' exchange rates. According to the Bank of Uganda (2022), the Rwandan Franc continues to follow a path of depreciation path, weakening by 3.6 percent against the US dollar in January. This could explain the continued wide gap between imported rice and domestic rice prices. In Uganda, the cost of imported rice generally gradually increased against a volatile exchange rate in February.

Figure 5: Average daily wholesale and retail prices of imported rice in Rwanda (January 2022)



Source: Authors' construction using data of RATIN from the FSP

Summary and Future Outlook

In February, market prices of rice and maize remained high, driven by high transportation costs that increased the costs of marketing. These high transport costs emanated from high fuel costs, which is currently a global challenge driven by several factors, including the Russian-Ukraine war. Other driving factors include high input costs and intermediaries' tendencies to hoard maize, thereby reducing stocks maize as countries approach the lean season. Prolonged drought in Tanzania, poor short rains from October to December in Rwanda, and generally poor rains throughout the region can also explain the low returns from production and the high prices observed for maize and rice in February. As the lean season approaches and there are no apparent signs of a reduction in global fuel prices,

maize and rice prices in most markets are anticipated to increase in the region in subsequent months. Intermediaries' hoarding tendencies will only exacerbate these conditions. There is also likely to be an increased price margin between domestically produced and imported rice, particularly in Rwanda, if the Rwandan Franc continues to weaken against the US dollar. Government efforts, such as input subsidies suggested by the Government of Kenya and the establishment of farm gate prices for rice in Rwanda, may play a key role in determining rice and maize prices in the coming months.

Data and Methodology

Data for wholesale and retail rice and maize prices for Uganda and Tanzania were obtained from the Food Security Portal (FSP) facilitated by the International Food Policy Research Institute¹ and the Kenyan Market Information System sourced for the Ministry of Agriculture Livestock Fisheries and Co-operatives (MALF) for Kenya², while data for Rwanda were sourced from e-Soko.³ Data for Kenya and Rwanda were collected in the local currencies, measured in Kshs/kg and Rwf/lg, and converted to USD/MT.

Weekly and daily wholesale and retail maize and rice prices of maize and rice were averaged

¹The Food Security Portal data for East African countries is from the Regional Agricultural Trade Intelligence Network (RATIN) and is available at food price monitoring Africa weekly average - dataset - [ckan \(foodsecurityportal.org\)](https://data.ckan.org/dataset/foodsecurityportalorg)

²Ministry of Agriculture Livestock Fisheries and Co-operatives, Kenyan Market Information System. Data available via http://amis.co.ke/site/market/900?product=1&per_page=100

³e-SOKO price data is available from the Ministry of Agriculture and Animal Resources of the Republic of Rwanda: <http://www.esoko.gov.rw/esoko/Dashboard/Login.aspx?DashboardId=4&dash=true&Login=true>

across the markets for each country in East Africa while drawing comparisons between January and February. Within-country weekly average wholesale maize prices were also analyzed in selected markets of Uganda and Kenya, and monthly average changes in wholesale and retail

rice prices were computed between January and February to quantify any changes in the two periods. Finally, graphical interactions of wholesale and retail prices of domestically produced and imported rice were constructed.

References

- Ambani, B. (2022, February 26). "MPs allocate Sh25bn for fuel subsidy as pump prices set to skyrocket." Nation Africa. Available at <https://nation.africa/kenya/business/mps-allocate-sh25bn-for-fuel-subsidy-as-pump-prices-set-to-skyrocket-3730016>.
- Bank of Tanzania (2022). Monthly Economic Review, February 2022. Available at www.bot.go.tz.
- Bank of Uganda (2022). Monetary Policy Report February 2022. Available at www.bou.or.ug.
- Bii, B. (2022, February 3). "Double blow for farmers as maize prices dip amid the rising cost of farm inputs." Nation Africa. Available at <https://nation.africa/kenya/business/double-blow-to-farmers-as-maize-prices-dip-amid-rising-cost-of-farm-inputs-3704426>.
- Karashani, B. (2022, February 1). "Tanzania suspends fuel levy to cushion citizens from costly pump prices." Daily Monitor. Available at <https://www.monitor.co.ug/uganda/news/tanzania-suspends-fuel-levy-to-cushion-citizens-from-costly-pump-prices-3733114>.
- Mugo, I. and Mwendu, M. (2022, February 23) "Why your plate of rice will soon cost more." Nation. Available at <https://nation.africa/kenya/news/why-your-plate-of-rice-will-soon-cost-more-3725948>.
- Nakaweesi, Dorothy. (2022, February 18). "Why fuel prices are still high?" Daily Monitor. Available at <https://www.monitor.co.ug/uganda/news/national/why-fuel-prices-are-still-high-3721702>.
- Namata, B. and Iliza, A. (2022, February 18). "Rwanda raises benchmark interest rate on inflation fears." The East African. Available at www.theeastafrican.co.ke/tea/business/rwanda-raises-benchmark-interest-rate-on-inflation-fears-3721258 Accessed 18 February 2022.
- Ntirenganya, E. (2022, February 23). "Government raises prices to offset farmers." Nation. Available at <https://www.newtimes.co.rw/news/govt-raises-maize-prices-offset-farmers-losses>.

About the authors

Annet Adong: Center for Development Research, University of Bonn Germany

Ronald Ochen and Jolly Achola: Makerere University, Kampala Uganda

INTERNATIONAL FOOD POLICY RESEARCH INSTITUTE

A world free of hunger and malnutrition

IFPRI is a CGIAR Research Center

1201 Eye Street, NW, Washington, DC 20005 USA | T. +1-202-862-5600 | F. +1-202-862-5606 | Email: ifpri@cgiar.org | www.ifpri.org | www.ifpri.info

© 2022 International Food Policy Research Institute (IFPRI). This publication is licensed for use under a Creative Commons Attribution 4.0 International License (CC BY 4.0). To view this license, visit <https://creativecommons.org/licenses/by/4.0>.