

# FAIR FOOD PRICES IN KENYA

## EVIDENCE BRIEF

### EXECUTIVE SUMMARY

After hitting an all-time high in March 2022, [food prices on global commodity markets](#) have been declining steadily ever since. Yet in that same period, [consumer food prices](#) in Kenya have been rising rapidly, with monthly inflation peaking at 15.8% in October 2022, and remaining at 7.9% as of September 2023.

There are clear signs that insufficient competition in our overconcentrated global and national food systems is enabling some market actors to make excessive profits, at the expense of overcharged consumers and underpaid farmers.

Consumer groups have therefore developed a new tool, the **Fair Food Price Monitor**, to act as an early warning system for potential unfair food prices in Kenya. Through analysis of publicly available food price data, the Monitor shows that:

- For many food items, retail/consumer prices are rising substantially faster than wholesale/market prices.
- For example, the retail price of milk has increased by 13.9% since the start of 2022, while the wholesale price rose by just 8.7% in this time. Similarly, retail prices for cabbages increased by 16.9%, compared to a 7.3% wholesale price rise.
- While rising fuel costs, currency fluctuation, and infrastructural challenges may contribute to this divergence, there is also a strong risk of unfair pricing.

To tackle unfair food prices in Kenya, we need:

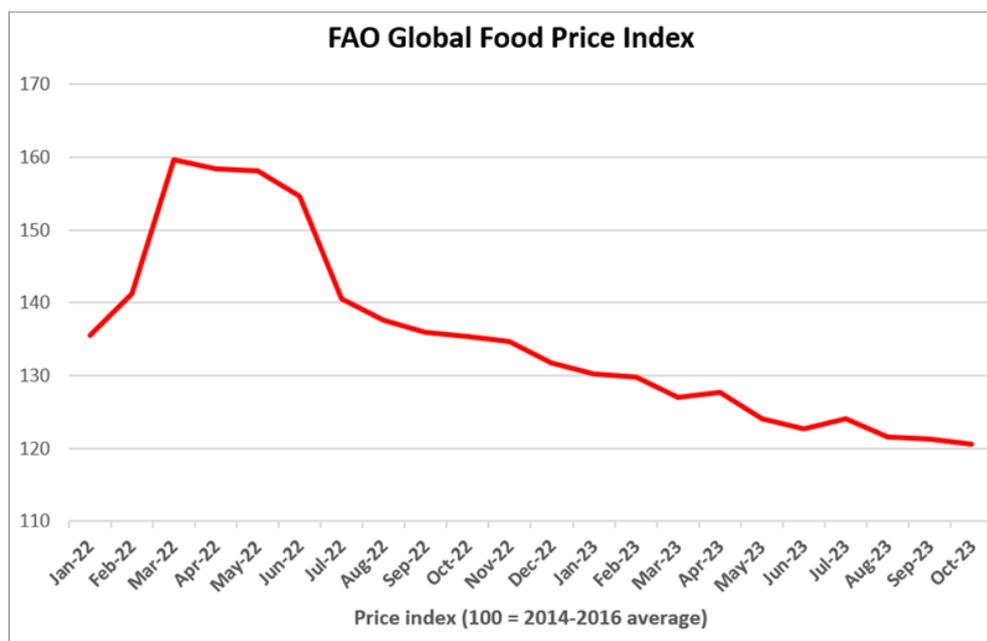
- More data, on prices and profits all throughout food supply chains.
- More enforcement, with competition authorities supported to investigate and act.
- More collaboration, through a multi-stakeholder coalition for Fair Food Prices.

## A GLOBAL FOOD CRISIS

As of 1st November 2023, the [UN World Food Programme](#) reports that **12.6 million** Kenyans, **24.5%** of the population, have insufficient access to food.

Rising food prices are a significant driver of food and nutrition insecurity. According to the [Kenya National Bureau of Statistics](#), monthly food price inflation hit a six-year high of **15.8%** in 2022, and remains at **7.9%** as of September 2023.

Yet since a significant spike at the start of 2022, global food commodity prices have been in steady decline, according to the UN Food and Agriculture Organization's [Global Food Price Index](#):



## TACKLING UNFAIR FOOD PRICES

There are various reasons why food prices at consumer level are still rising in nearly every country across the world. Fuel costs, currency exchange rates, climatic conditions, seasonal variability, infrastructural challenges, and government policies such as subsidies, price controls, and trade tariffs all affect food pricing.

Yet there are also clear signs that high levels of market concentration, due to a lack of competition in our global and national food systems, are allowing a small number of dominant actors to profit excessively, resulting in **unfair food prices** for consumers and farmers alike.

This evidence brief shares the pilot outcomes of a new tool, the **Fair Food Price Monitor**, which uses publicly available data to track the relationship between food prices at different stages of the supply chain, and to highlight where authorities should consider further investigation – and ultimately intervention.

## INTRODUCING THE FAIR FOOD PRICE MONITOR

[Consumers International](#) – the membership organisation for consumer groups around the world – has collaborated with partners in Kenya to develop the **Fair Food Price Monitor**, with technical support from the [Bureau for Food and Agricultural Policy](#).

This is an early warning system for identifying potential cases of unfair food pricing – that is, when insufficient competition in the marketplace allows certain actors to set excessive prices for consumers or to underpay farmers, possibly through anti-competitive practices such as price fixing or price gouging.

At present, the Fair Food Price Monitor analyses prices at retail and wholesale level only, due to a lack of consistent, reliable data on farmgate prices. However, consumer groups are working with farmer associations to fill that gap, and hope to expand the scope of the Monitor in the near future.

### FAIR FOOD PRICE MONITOR

**November 2023:** 

Retail price: x KES/kg

Wholesale price: x KES/kg

Margin: x KES/kg

6-month average: x KES/kg

#### Additional factors:

Fuel costs: 

Exchange rate: 

Global prices: 

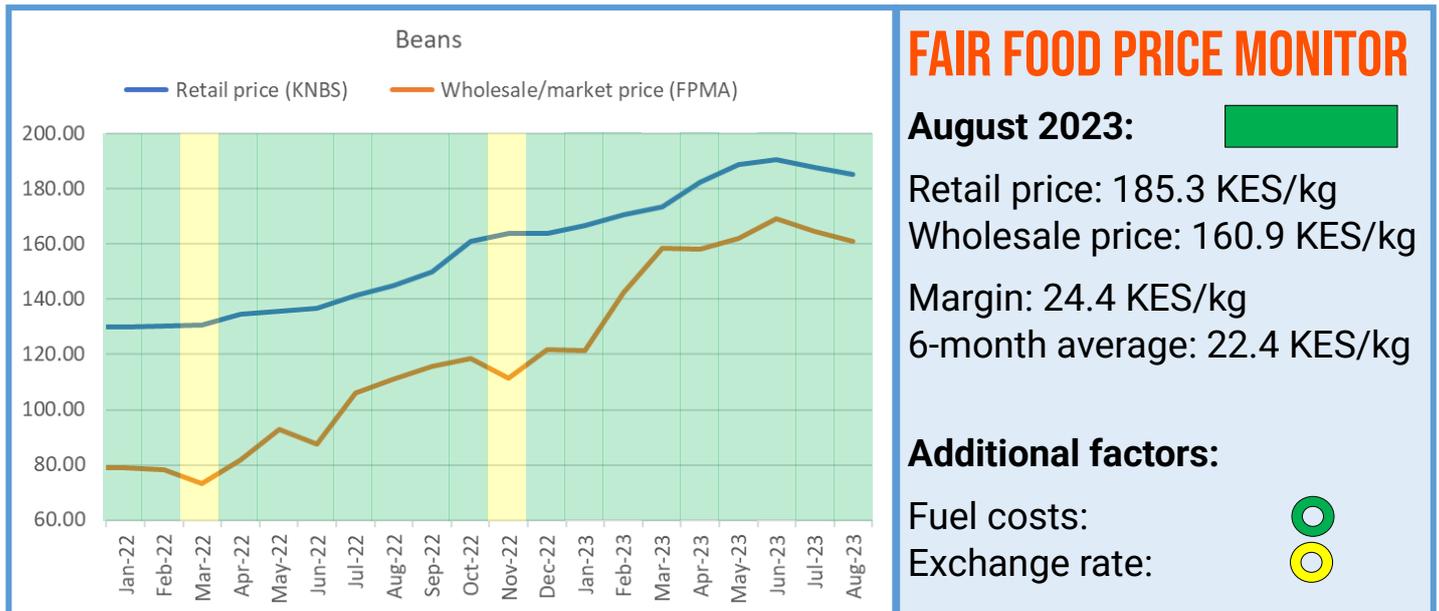
The Fair Food Price Monitor applies a two-stage analysis process. The first stage is a comparison of food prices over time, at different stages of the supply chain – in this evidence brief, focusing on retail/consumer level, and wholesale/market level.

The margin between retail and wholesale prices is compared each month to the six-month average. If this margin is within a typical range (i.e. one standard deviation), a  flag is shown. But if retail prices are rising excessively, a  (more than one SD) or  flag (more than two SDs) is shown.

The second stage is a preliminary exploration of the most likely explanations for this price divergence – such as fuel costs and exchange rate at national level, and changes in global market prices (for commodities where this is relevant). If these indicators are also unusually volatile – marked by a  or  – then this could explain a divergence in prices. When these factors do not clearly explain a divergence, authorities should consider further investigation into unfair prices.

# FAIR FOOD PRICE MONITOR

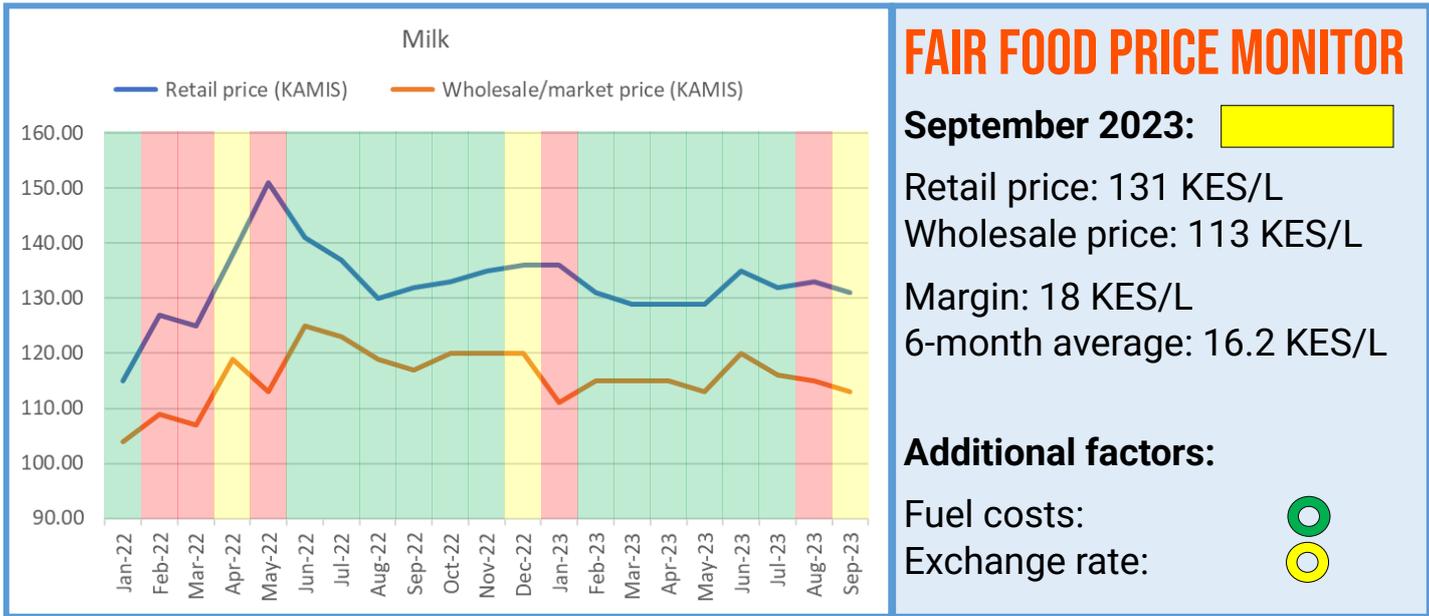
## BEANS



- Since January 2022, both retail and wholesale prices of beans (via [KNBS](#) and [FPMA](#)) have increased significantly. The wholesale price of beans increased by **103.9%** in this period, while retail prices increased by **42.7%**.
- This is in line with what we would hope to see in a competitive marketplace in the context of external food price shocks; consumers have to bear higher prices, but profit margins are also decreasing slightly, as the impact of these shocks is shared between marketplace actors.
- As a result, the Fair Food Price Monitor shows a ■ flag for August 2023 (the most recent data available), indicating that the margin between retail and wholesale prices is in line with the average, and that there is no obvious sign that these prices are diverging.
- It is still possible for consumers to be paying unfair prices, if retail and wholesale prices diverged previously, and never re-balanced. However, the graph shows that since the start of 2022, only two months (March and November 2022) received a ■ flag; and that the general trend is clearly of price convergence, rather than divergence.

# FAIR FOOD PRICE MONITOR

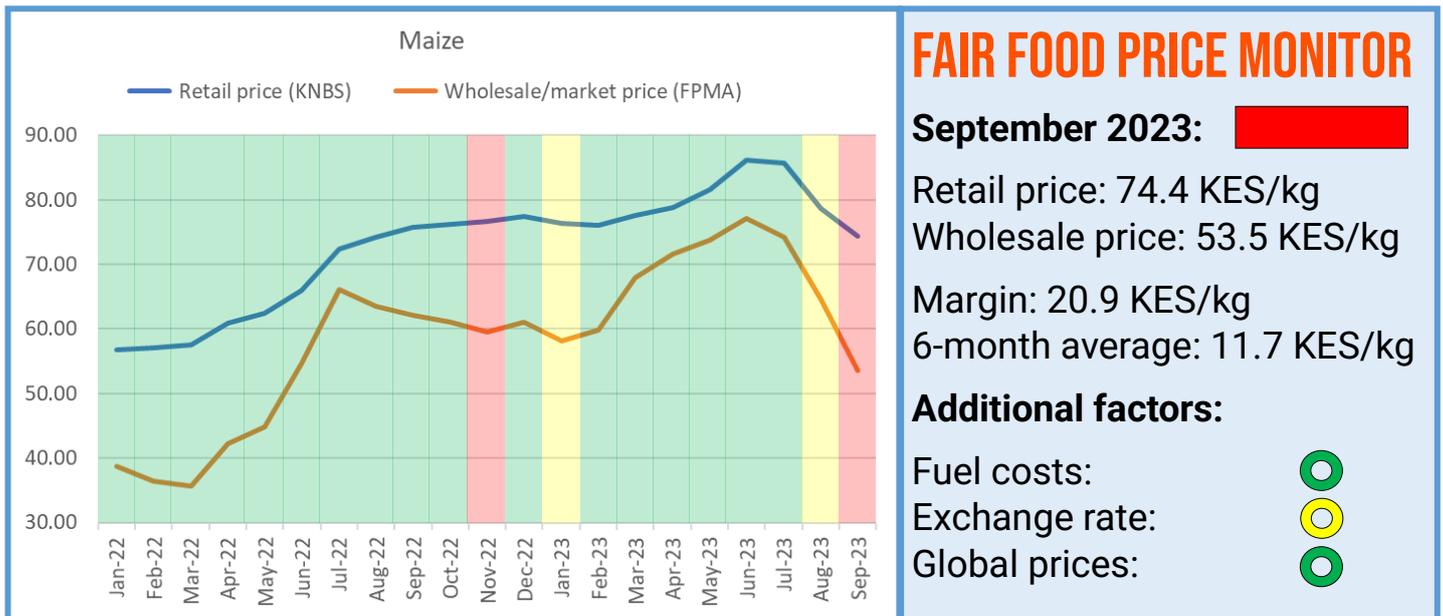
## MILK



- Milk prices have seen less overall increase, yet a small but significant divergence between retail and wholesale prices can be seen. The retail price of milk has increased by **13.9%** since the start of 2022, while wholesale prices have increased by **8.7%** in this period (both via [KAMIS](#)).
- The most notable divergence came in early 2022, when a slight rise in wholesale prices coincided with a substantial surge in retail prices – earning [Red Flag] and [Yellow Flag] flags for several consecutive months.
- Prices began to re-balance later in the year, but the margin remained larger than before. In a context of rising prices, insufficient competition can enable some actors to increase retail prices excessively; and when prices begin to fall again, to resist passing savings back to consumers.
- In August and September 2023, the margin between retail and wholesale prices has again begun to grow, earning [Red Flag] and [Yellow Flag] flags. A weakening exchange rate is flagged [Yellow Flag] as a potential explanatory factor, but this would not explain a [Red Flag] flag. Also, much of Kenya’s milk is produced domestically.
- This outcome does not necessarily mean that consumer prices are unfair – there may be other, less easily measurable factors affecting prices. Nonetheless, it is clear that an investigation into milk prices could be beneficial for consumers.

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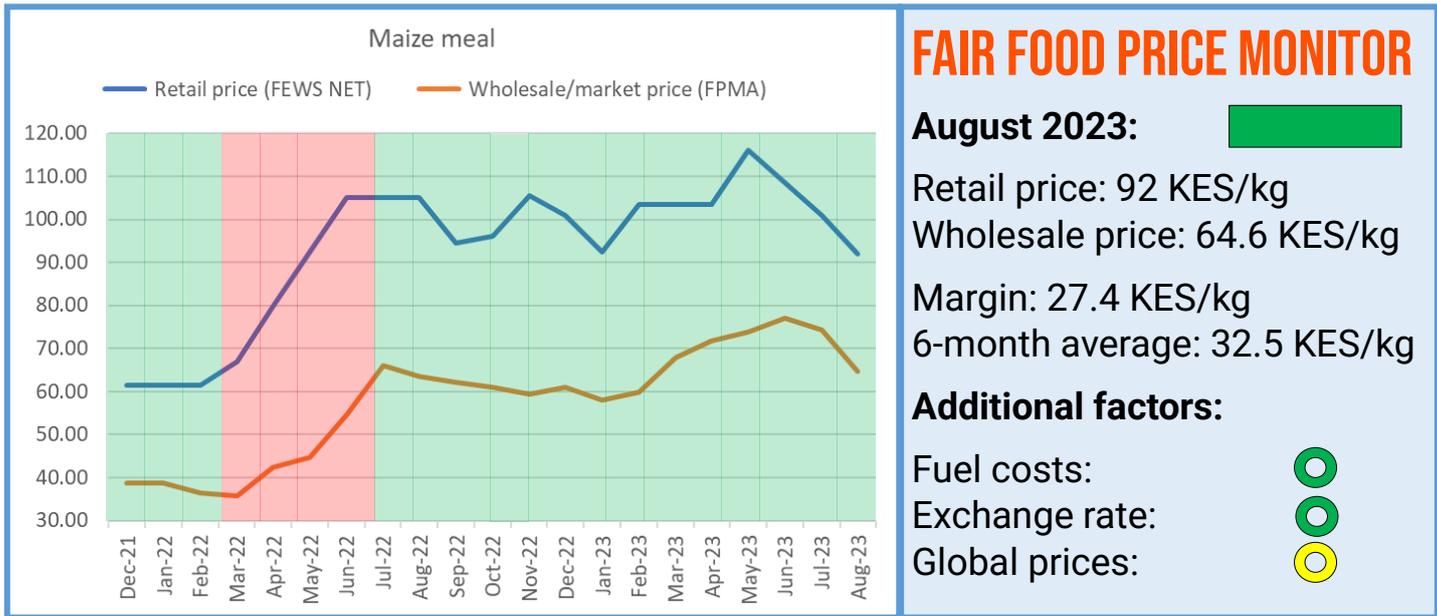
## MAIZE



- The retail price of maize (via [KNBS](#)) has decreased by **2.6%** since the start of 2023, while the wholesale price (via [FPMA](#)) has declined by **7.9%** in this time.
- This demonstrates another way in which prices can become unfair for consumers – when prices are falling at wholesale level, retail prices by contrast often fall more slowly, or even not at all.
- As global maize prices spiked in early 2022, this was reflected in Kenyan markets, as both retail and wholesale prices increased, and profit margins declined slightly, resulting in a ██████████ flag.
- However, in both 2022 and 2023, ██████████ and ██████████ flags can be seen at times where wholesale prices fell, yet retail prices remained high. This can be observed particularly clearly in September 2023, earning a ██████████ flag; exchange rate is likely a partial cause, given the scale of maize imports, but a ○ flag does not appear to be sufficient explanation.
- It is also notable that while maize prices in Kenya have increased overall since the start of 2022, prices on global commodity markets have been falling consistently since March 2022, reaching the lowest level since the start of the COVID-19 pandemic.

# FAIR FOOD PRICE MONITOR

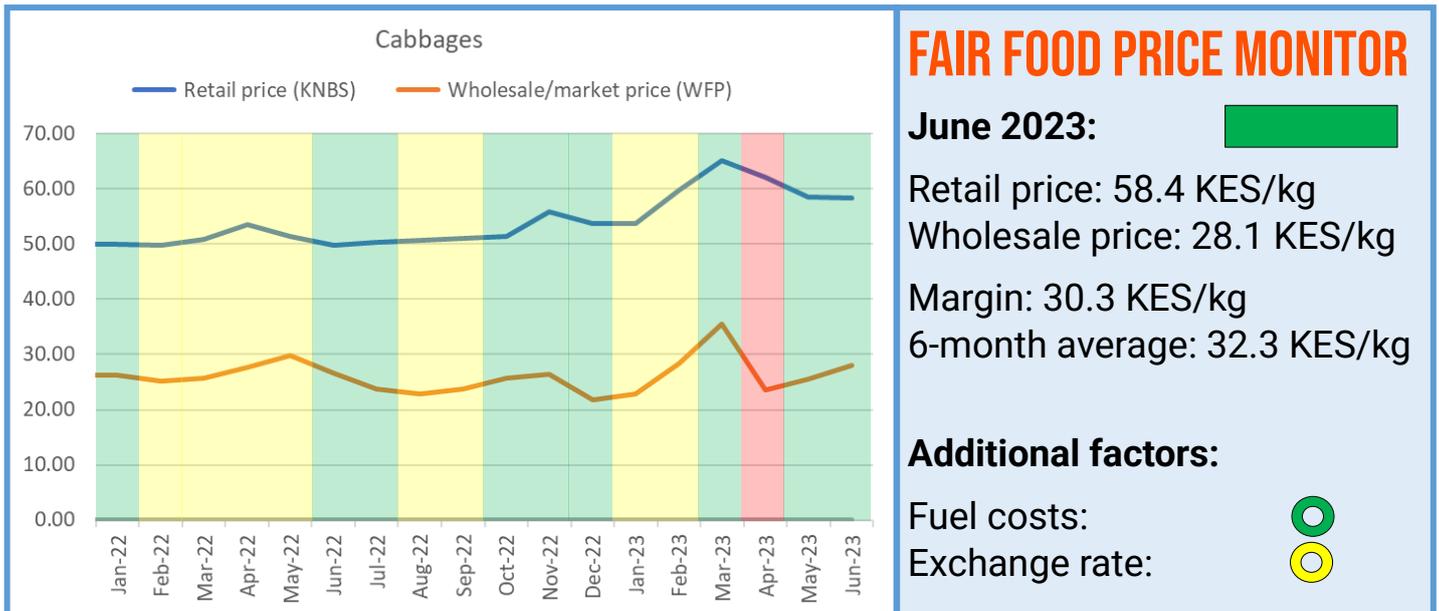
## MAIZE MEAL



- While the wholesale price of maize (via [FPMA](#)) increased by **57.9%** through 2022, the retail price of maize meal (via [FEWS NET](#)), a processed product of maize, rose by **64.2%** in this time.
- This highlights another point along the supply chain where stronger competition could result in lower prices for consumers – the processing and manufacturing of food products.
- Particularly concerning is the period in early 2022 where both retail and wholesale prices increased (in line with global maize prices), but retail prices rose substantially faster, earning multiple   flags. Volatile exchange rates and increased fuel costs may have contributed to this divergence, but do not appear to provide sufficient explanation.
- The relationship between retail and wholesale prices has subsequently remained consistent, earning   flags, but the margin has not returned to the level of early 2022, meaning prices could still be unfair for consumers.
- It can also again be noted that both retail and wholesale prices remain substantially higher than at the start of 2022, despite global maize prices being in decline, a further cause for concern.

# FAIR FOOD PRICE MONITOR

## CABBAGES



- Reliable price data is generally less accessible for fruit and vegetables, yet these products are also vulnerable to unfair pricing. The retail price of cabbages (via [KNBS](#)) has increased by **16.9%** since the start of 2022, compared to a **7.3%** rise in wholesale prices (via [WFP](#)).
- Retail and wholesale prices have both generally remained fairly consistent in this case, though a slowly widening gap has resulted in multiple   flags. However, the gradual nature of this divergence suggests that rising fuel costs, in particular in 2022, could be a viable alternative explanation.
- More recently, however, this gap has widened further, earning a   flag in May 2023, despite fuel costs having stabilised by this point, and cabbages being largely domestically produced. These prices may yet re-balance in the coming months, but it also seems likely that stronger competition would provide consumers with lower prices.

## WHAT ARE THE SOLUTIONS?

### 1. We need more data

Improved data on food prices in Kenya would enable the Fair Food Price Monitor to provide stronger evidence on the risk of unfair prices for consumers and producers.

Data on prices earlier in the supply chain (especially those received by farmers from aggregators and other distributors) could demonstrate additional points of unfairness in the food marketplace. Similarly, data on a wider range of food products – especially non-staple foods such as legumes, fruits, and vegetables, that are nonetheless essential for a nutritious diet – would enable analysis of these supply chains also.

Consumers International and partners are working to fill such data gaps, but stronger efforts are needed from many stakeholders to improve data availability in general.

### 2. We need more enforcement

Competition authorities are aware of the threat of fair food prices, but need further support to take action; this involves not just improved evidence, but also the financial resources and political mandate required to conduct more detailed monitoring and investigations into unfair food prices; and ultimately to intervene where needed, to protect consumers and farmers.

Other areas of government – from agriculture and trade ministries to the parliament and presidency – must also engage more actively with the threat of unfair food prices, and the broader challenge of market concentration.

### 3. We need more collaboration

Delivering fair food prices will require collaboration between a wide range of stakeholders in Kenya – including government authorities, consumer groups, food producers, traders, manufacturers, researchers and academics, civil society, and more – to identify and deliver the solutions required.

Consumers International and partners will continue to share monthly updates through the Fair Food Price Monitor. We will also continue to explore solutions for strengthening food price data, and for building collaborative solutions. If you would like to receive these monthly updates directly, or to join our coalition for Fair Food Prices in Kenya, please contact [DMinayo@consint.org](mailto:DMinayo@consint.org)