



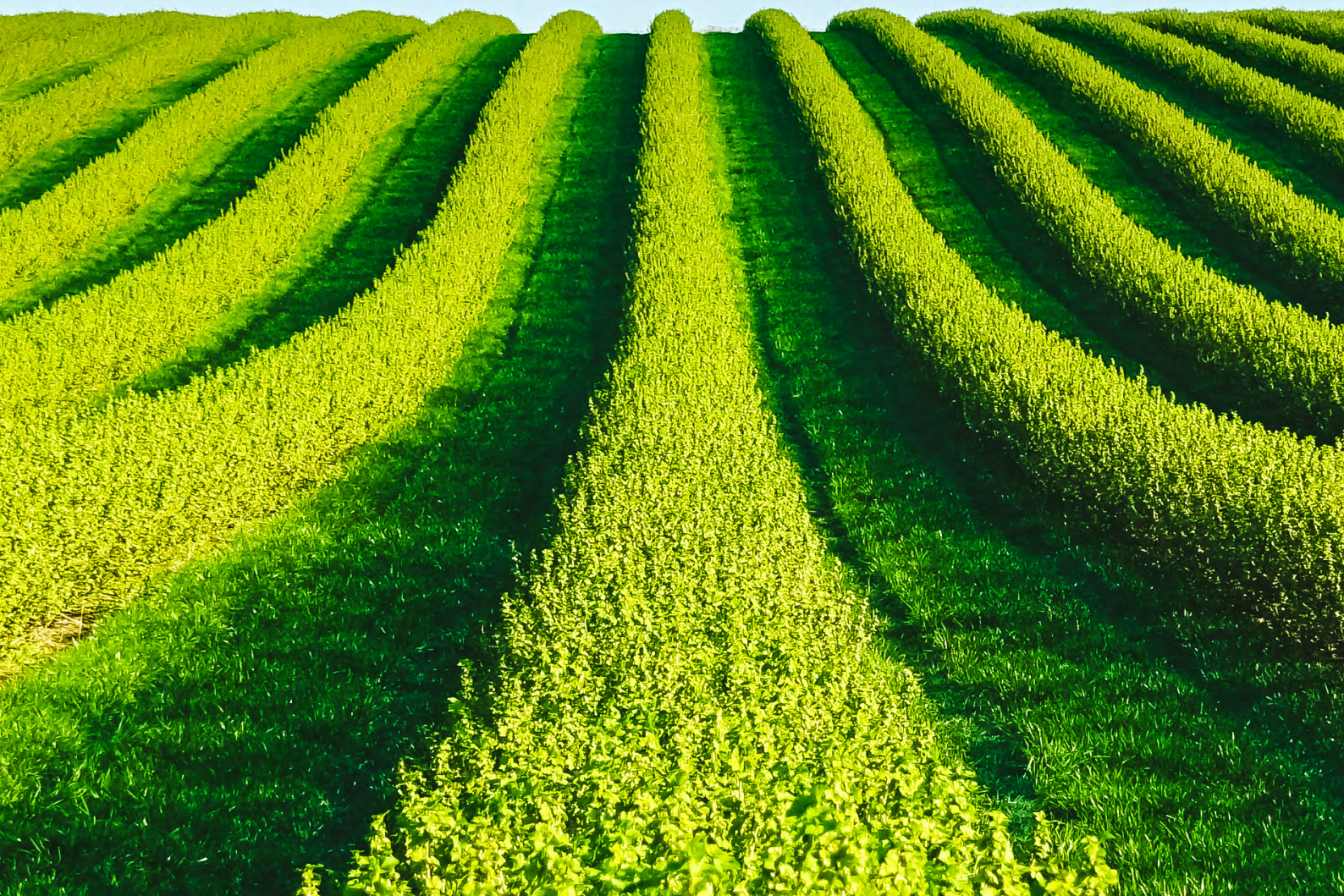
USAID
FROM THE AMERICAN PEOPLE



AMCHAM
KENYA

AGRICULTURE SECTOR

A POLICY ANALYSIS
REPORT



1

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Agriculture has always been at the core of the Kenyan economy. Currently, it accounts for over 30% of GDP, 65% of export earnings, and 40% of employment. As a result, it spans the range of country's economy from large commercial enterprises to smallholder subsistence farming.

The complexity and breadth of agriculture in Kenya has made it a highly politicised sector as politicians try to respond to the demands of millions of farmers, as well as those of politically connected commercial agricultural enterprises.

Similar to the health docket, the Ministry of Agriculture is currently undergoing significant restructuring, as the Kenyatta administration attempts to deliver on its promises to the crucial smallholder farmer constituency while neutralising Deputy President Ruto's influence within the ministry.

The Agricultural Sector Transformation and Growth Strategy (ASTGS) focuses on developing aggregator functions, driven by farmer-facing SMEs and a revamped input support programme. The aim is to enable 1,000 SMEs to provide inputs to smallholder farmers at an aggregated price in order to drive costs down and increase their overall income.

Linked to this, the National Cereals and Produce Board (NCPB) is currently being restructured, both as a politically symbolic and functional move (in order to limit government intervention in the fertiliser and produce market) and as a means to establish a warehouse receipt and credit guarantee scheme for SMEs.

The government is thus searching for ways to create a stable enough national supply chain, or food system, that will allow for greater price stability and national production. This aligns with RF's vision for the future of food systems. Here, as with the central data management systems linked to the health docket, there are high levels of political risk associated with direct involvement in the creation of the warehouse receipt system, due to the political dynamics outlined above.

1.1 SECTOR RISKS



POLITICAL

The political importance of the farmers' vote means key Agrisectors are subject to political interference.

There is a strong political impulse to protect certain sectors (maize, sugar, dairy).

Land remains a highly politicised issue, and the purchase/leasing of large tracts of land can be problematic.



ECONOMIC

Rain-fed agriculture is highly susceptible to climate risks.

The sector is dominated by relatively inefficient smallholder farmers.



POLICY/ REGULATORY

Agriculture is a devolved function and therefore subject to regulation from both National and County Governments.

Trade disputes within the EAC have hampered the smooth running of the common market.

Lack of capacity and budget allocation to complete proposed policy reforms.



COMMERCIAL

Politically connected firms exercise significant influence.



LEGAL

Ongoing reforms of Tea and Coffee sectors.

1.2 SECTOR OPPORTUNITIES



POLITICAL

There is political recognition and backing for the need for investment in agricultural systems and the agriculture value chain.



ECONOMIC

Kenya's existing (export-oriented) value chains and market linkages in tea, coffee, cut flowers and horticulture.

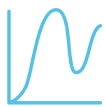
Agricultural firms are actively looking for new export market opportunities.



POLICY/ REGULATORY

Ongoing agricultural reforms recognise the private sector as a key driver of growth, particularly in value addition with Public Private Partnerships.

The U.S. and Kenya signed a certification protocol with Pacific Northwest (PNW) wheat in 2019, enabling US wheat imports.



BUSINESS

The opening up of flights to the USA has created the possibility of fresh flower and vegetable exports.

Through the EAC, COMESA and potentially the AfCFTA Kenya has access to multiple African markets.

Digital solutions are becoming increasingly prevalent in making market interactions more efficient and enabling value chain investment.

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3

SECTOR POLITICAL ECONOMY



SECTOR POLITICAL ECONOMY

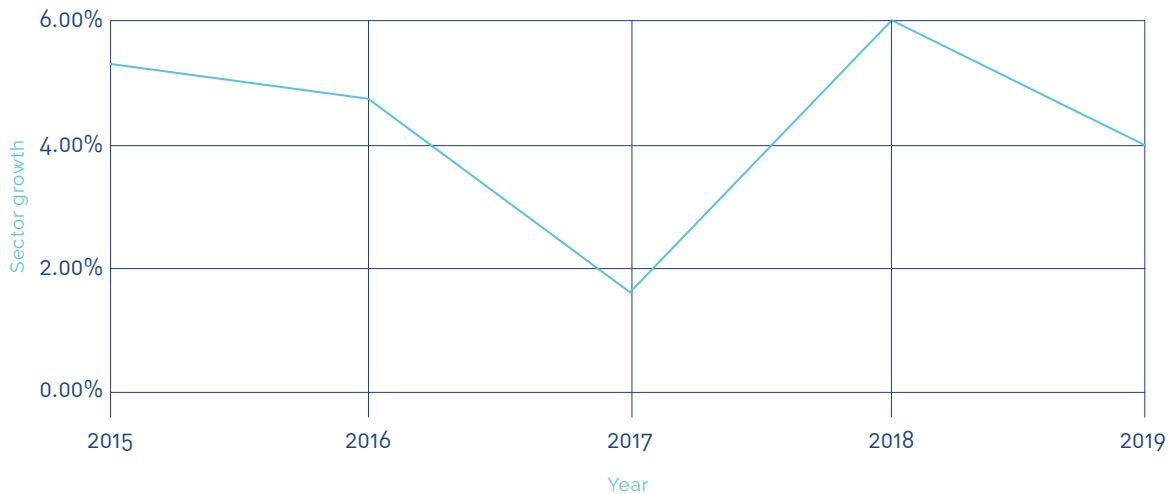
Agricultural Economy Profile

The agriculture sector plays a vital role in the Kenyan economy.



- The growth of the national economy is highly correlated with growth and development in agriculture.
- The sector directly employs more than 40% of the total population and more than 70% of Kenya's rural population.
- 75% of Kenyans derive some part of their livelihood from agriculture-related activities.
- The sector was one of the first to fully devolve the function of service provision to the county governments, underscoring the importance of the county governments' role in ensuring food security.

Sector growth/year



The sector has performed well after a disappointing rainy season in 2017 hampered production. Good rains in both 2018 and 2019 improved production and output. The Coronavirus pandemic had initial negative impacts but the sector recovered quickly.

Horticulture deliveries fell in H1 due to international transport disruptions caused by efforts to contain the spread of COVID-19, but have since recovered to their pre-crisis level, while tea is benefiting from improved prices as a result of low output due to COVID-19 in India, and robust global demand.

Agriculture in Kenya is largely reliant on rain-fed agriculture, which has been the primary contributor to the sector's uneven growth and has led to the country facing a shortage in food due to extended dry seasons, such as in 2017. Kenya's high rainfall areas constitute about 10% of its arable land and produce 70% of national commercial agricultural output.

Farmers in semi-arid regions produce about 20% of the output, while the arid regions account for the remaining 10%. Productivity remains relatively low in all regions due to poor incentives, and underdeveloped supporting infrastructure and institutions. In addition to the issue of productivity,

In addition to the issue of productivity, The Agriculture Sector Development Strategy identified four main challenges facing the country's agricultural sector:

- **Productivity:** production levels are declining or stagnating, due to the fact that most farmers are smallholders with relatively small plots of land, as well as a reliance on rain for irrigation, inefficient use of fertiliser and other agricultural inputs due to their cost or lack of availability.
- **Land Use:** land in many regions is unexploited or under-exploited. In Kenya's most agriculturally productive regions, land use is inefficient.
- **Markets:** lack of storage capacity, post-harvest services, and access to input markets means that an estimated 20% of cereals perish before they reach markets, with that figure rising to as much as 40% for some fruits and vegetables.
- **Value Addition:** the competitiveness of Kenya's produce on world markets has been underutilised. Much of Kenya's agricultural exports are in their raw unprocessed form, such as tea and coffee, which are exported as raw or partially processed, and are then processed, packaged and sold for comparatively higher prices.

The main risks to the performance of the sector are centred around production risks. Unanticipated drought could reduce agricultural output and rural incomes, as would a worsening and regional spread of the locust infestation (which has so far been confined to the north of the country).



In addition, shocks in key export markets for horticultural and tea produce would have significant negative impacts on producers.

3.1 POLITICAL LANDSCAPE

The Kenyan political economy is characterised by high levels of political competition and an increasingly constrictive fiscal space in which this competition plays out. Both of these aspects preceded the onset of the COVID-19 pandemic and continue to play a central role in the government's decision making. A central driver behind the current high levels of political tension is the latest project to reform the constitution and structures of the state – via the Building Bridges Initiative (BBI) and consequent 2020 Constitution Amendment Bill. In May 2021, the High Court rendered the constitutional amendment drive 'irregular, illegal and unconstitutional.' The government has since filed an appeal, and hearings related to the 'BBI' bill will commence in late June 2021. The outcomes and political climate occasioned by BBI will have a significant impact on the country's stability and security ahead of the 2022 general election.

The Kenyan agriculture sector is highly politicised due to the centrality of the farmers' vote. This has been heightened since the competency was devolved following the adoption of the 2010 constitution. As such, clear policy direction is now obfuscated by political concerns, ultimately resulting in chequered implementation and diverging priorities among the political leadership. With a potential referendum in 2021 and a general election scheduled for 2022, there may be more political interference in the sector.

The Big 4 Agenda

B4A centres around food security, universal health coverage, affordable housing and manufacturing, aiming to deliver results by the end of Kenyatta's second mandate in 2022. These include building half a million affordable housing units; enhancing food and nutrition security; achieving 100% universal health coverage; and effecting structural changes towards increasing the shares of the manufacturing, industrial and exporting sectors of the industry as part of an industrialisation agenda.

The Big 4 agenda prioritises:



FOOD
SECURITY



UNIVERSAL
HEALTH

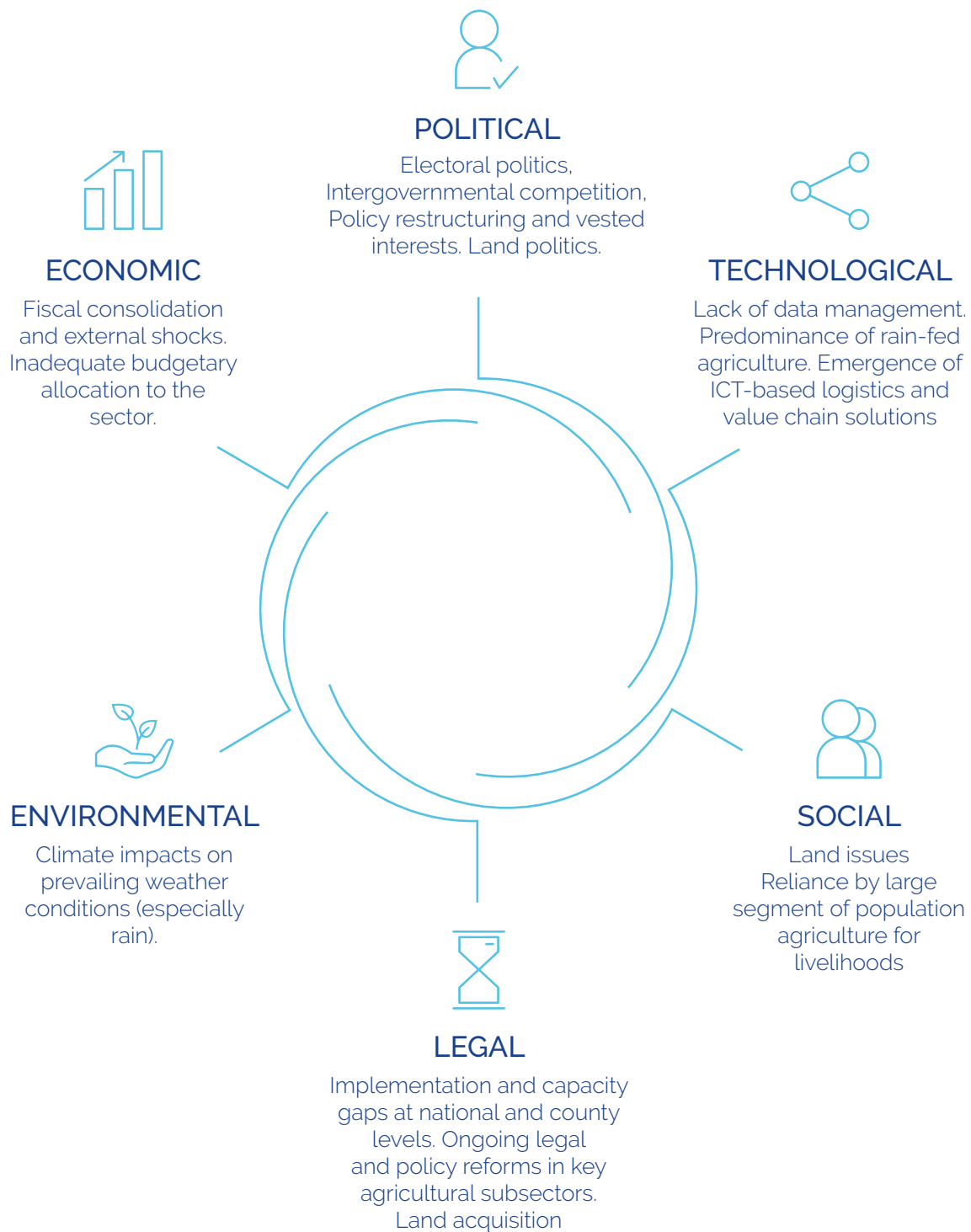


AFFORDABLE
HOUSING



MANUFACTURING
SECTOR

PESTLE ANALYSIS



3.2 KEY STAKEHOLDERS AND INFLUENCERS



Peter Munya | CS, Agriculture

Peter Munya has served as CS for Agriculture since January 2020. Kenyatta first asked Munya to join his cabinet in January 2018. His political career began when he was elected as MP for Tigania East in 2003. He kept his seat for a decade and then became the first Governor of Meru County in 2013, but lost his position in the August 2017 elections.

During this period, he also served as Assistant of Internal Security and Provincial Administration (2006-2007), and as an Assistant Minister in the Ministry of East African Community (2008-2013). Notably, Munya was elected chairman of the Council of Governors for two terms (2015-2017). The Cabinet Secretary oversees the design and implementation of national agricultural policy.

Hamadi Boga | PS, State Department for Crop Development and Agricultural Research



Hamadi Boga is a scientist specialising in Microbial Ecology. He established and developed the Taita Taveta University as its founding Principal and later Vice-Chancellor (2007-2017). The State Department for Crop Development and Agricultural Research is the largest department within the Ministry, developing and implementing policy for Kenya's main food and export crops such as maize, wheat, rice, sugar, tea and coffee.



Betty Maina | CS, Industry

Betty Maina is the CS at the Ministry of Industry, Trade and Enterprise Development. She previously served as the PS at the Ministry of Environment and Forestry, State Department for Industrialisation, and State Department of East African Affairs. She also served as the CEO of the Kenya Association of Manufacturers for 11 years (2004- 2015). Maina has extensive international networks in both the public and private sectors and is the lead negotiator for the potential bilateral trade agreement between Kenya and the US. She is keen on promoting enterprise development in the country and private sector-friendly policies.



Silas Tiren | Chair, National Assembly Committee on Agriculture

Silas Tiren is the MP for Moiben in the maize producing North Rift Valley. In July 2020, he was appointed to head the National Assembly's Committee on Agriculture. Tiren held the same position previously (2013-2017). The committee has oversight authority over the Ministry of Agriculture and all agricultural state agencies, commissions and enterprises. In addition, it provides feedback to the budget committee on government budget spending proposals. The committee would also give feedback to the trade committee and parliament as a whole on proposed trade deals due to their potential impact on the agricultural sector.



Muthomi Njuki | Chair, Council of Governors Agriculture Committee

Muthomi Njuki is the governor of Tharaka-Nithi County and the chair of the Council of Governors' (CoG) Agriculture Committee. Both he and CS Munya are both from the Meru ethnopolitical bloc. Njuki is highly active in the agricultural sphere and is known to champion food security in his county and in the country more broadly. The committee, with the assistance of the Council of Governors Secretariat, liaises with the Ministry of Agriculture on legislative and policy issues to try and ensure that the efforts and policies of the national government and counties complement each other.

3.3 COMMERCIAL LANDSCAPE

The commercial dynamics of Kenya's agricultural sector exist on three levels.



1. THE SUBSISTENCE & KADOGO ECONOMY

'Kadogo' is Kenyan slang for 'small'. Financial constraints mean that for large numbers of consumers, meeting their daily basic needs can be a challenge. The 'Kadogo economy' is a reference to the informal economy, where consumers buy small quantities of goods, often on a daily basis. The agricultural sector is also dominated by subsistence producers who own small parcels of land, which they farm to meet the needs of themselves and their immediate families, selling any surplus they may have.

These smallholder farmers, who typically own between 0.2-0.3 hectares of land, account for between 70%-75% of agricultural output and marketed produce. While supply chains and market mechanisms outside organised cooperatives have historically been informal, in recent years mobile phone, mobile money and internet penetration has enabled the entry of market aggregators such as Twiga Foods¹, who have the ability to buy produce from multiple small farmers at market rates, aggregate it, and sell it at wholesale prices to vendors in urban centres.

Established brands have also become engaged in the Kadogo economy. While traditionally left to informal markets, increasingly many brands have embraced the idea of the 'Kadogo economy', selling commodities at their lowest divisible level and allowing consumers to make small daily purchases, rather than pricing them out of the market with large unit prices.

2. THE DOMESTIC MARKET

The domestic consumption market (both national and regional due to the East African Community (EAC) customs area) has grown significantly in the last two decades due to the growth of the middle classes. A mixture of locally produced and imported goods are sold, primarily through supermarket retailers in the EAC. Fresh produce, bread, maize products, wheat products, meat and poultry are dominated by domestic producers due to a combination of trade restrictions and cheap, welldeveloped local supply chains.

This market is highly competitive, so much so that there is often significant friction within the EAC over agricultural product trade. Access to the regional market by non-EAC producers is determined by Common External Tariff or through negotiated arrangements with the trade bloc. In addition, several members of the EAC are members of other trade blocs, most notably Tanzania, which is a member of the Southern Africa Development Community (SADC), and Kenya, which is a member of Common Market for Eastern and Southern Africa (COMESA). Tariff-free or preferential access may be gained from countries within those trade blocs.

3. THE EXPORT ECONOMY

Beyond regional markets, Kenya's agricultural exports consist of four primary crops: tea, coffee, fresh flowers, and fresh fruit and vegetables. This part of the economy is dominated by large commercial companies such as Del Monte, Kakuzi, Sasini, Unilever, James Finlays, and Williamson. However, aggregators who collect supply from smaller farms and export this produce play an increasingly large role in the market.

3.3.1 INVESTOR AND TRADE LANDSCAPE

Although Kenya perennially faces supply deficits in most of its food sectors (primarily due to the complex politics of agriculture), the country continues to use instruments under the Common Market for Eastern and Southern Africa (COMESA) and the East African Community (EAC) agreements to limit food imports. Both agreements provide high non-member tariffs on sensitive commodities including meat, dairy, poultry, maize, rice, wheat, and beans. Elements of subsidy still exist, especially in the seed and fertiliser systems.

3.3.2 KEY COMMERCIAL TRADE CROPS AND OPPORTUNITIES

01

TEA

Kenya is the world's largest Tea exporter. The volume of tea exported from Kenya in 2020 was 575.3 million kilograms, up from 474.9 million kilograms exported the previous year. Kenya's key tea export destination is Pakistan, which buys approximately 38% of Kenya's crop. Other key export destinations for Kenya include Egypt, Russia, Britain, United Arab Emirates, Yemen, Kazakhstan, Sudan, Nigeria and Poland. Most tea produced in Kenya is black tea, with green tea, yellow tea, and white tea produced on order by major tea producers.

The majority (approx. 60%) of Tea in Kenya is produced by smallholder farmers, whose produce is collected processed and sold for export, through the weekly auction in Mombasa by the Kenya Tea Development Agency (KTDA), which has 54 registered tea factories serving over 400,000 growers. The rest of the country's tea is produced by large scale producers who sell tea both at the auction and through private contracts with specific buyers around the world.

Recently the government has embarked on a series of reforms in the sector, primarily driven by the concerns of small farmers and the implications their dissatisfaction could have on political dynamics in the Central and the Rift Valley regions of the country. The centrepiece of the reforms is the Tea Act 2020, which provides for the regulation, development and promotion of the tea sector.

The law reintroduces the Tea Board of Kenya to regulate the industry, provides for regulations that ensure smallholder farmers get paid promptly, and has allowed the government to reform the oversight and management of KTDA by enabling smallholder farmers to elect new tea factory management and a new board of directors. One critical aspect of the act is that it mandates that all non-specialty (e.g. herbal) tea be sold at the Mombasa auction. This has provoked litigation from the commercial tea exporting companies, who sell most of the tea they produce through private contracts to buyers in Europe (The UK and Russia) and Middle Eastern Countries such as Dubai who produce blended teas.

02

COFFEE

Coffee is one of the most important cash crops in Kenya. It is grown in large scale plantations (42,000 HA from 2001-2005) as well as by small-scale holders (128,000 HA from 2001-2005) giving a total production of about 50,000 tons annually. The main variety in Kenya is arabica coffee. The share of Kenya's coffee in markets such as the US, for example, dropped to 11.78% in 2019 down from 13.28% in 2018, and 18.72% in 2017. Although South Korea's market share of the Kenyan coffee exports increased to 9.44% in 2018 from 6.43% in 2017, the volumes dropped again in 2019 to 6.51%. However, the European Union market share (pre-Brexit) remained steady at more than 40%. Kenya's domestic coffee consumption is estimated at 60,000 bags in the 2020/2021 marketing year, slightly lower than the average 65,000 bags for 2019.

Similar to the tea sector, the government is in the process of implementing reforms to the coffee sector, with the primary intent in line with the ASTGS of improving smallholder incomes, value addition and exports. The Coffee Bill 2020, currently under consideration by parliament, would implement a number of changes, namely: coffee factories will be permitted to register as autonomous societies rather than be forced to belong to larger cooperatives. Payment for all coffee sold will be through a Direct Settlement System (DSS), from which payments will be made directly to individual farmers, millers and marketing agents, thus reducing delay and lack of transparency in payments. Sale of coffee will be through auction and direct sales at the Nairobi Coffee Exchange.

A strengthened Coffee Board of Kenya will, working with the counties, promote competition in the industry and regulate players in the value chain. Furthermore, the government is seeking to revitalise the coffee sector and ensure quality production and achieve a high-grade of commodity, with the government lining up several initiatives, including securing financing for coffee growers and refurbishing coffee processing facilities in some of the 29 coffee-producing counties.

03

CORN (MAIZE)

Corn remains the most important staple food in Kenya and its consumption continues to increase, despite calls by the GOK for diet diversification. Corn is also a key raw material in animal feeds. Kenya is a corn deficit country, necessitating importation mainly from the EAC countries, with a significant portion of the imports provided by informal cross-border trade. Imports from outside the EAC currently attract a steep external ad valorem tariff of 50%, unless waived by EAC for a specific period to address dire shortages. As of 2020, the per capita consumption of maize in Kenya was 60 kgs, equivalent to 5kgs per person per month. Despite slight fluctuations in favour of other food varieties, maize consumption has remained within the same range since 2009.

04

WHEAT

Domestic wheat production meets less than a third of the wheat demand, creating the need for importation. An increase in wheat demand is fuelled by the considerable expansion in home and industrial baking. In addition to the traditional bakeries, most leading supermarket chains have opened baking units within their stores. The bulk of the wheat imports are from the Black Sea region (Russia, Ukraine, and Kazakhstan), Pakistan, Brazil, Argentina, and Australia. Pricing and cost of transportation are major considerations in wheat import decisions; imports into Kenya by registered millers are charged a 10% ad valorem tariff; otherwise, the EAC common external tariff of 35% applies. Commercial wheat exports from the U.S. are expected to pick up after the U.S. and Kenya signed a certification protocol for Pacific Northwest (PNW) wheat in 2019.

05

RICE ROUGH

Rice is the third most important food crop in Kenya after maize and wheat. Local production can barely cope with the increasing demand and importation has been inevitable. Rice imports into Kenya come mainly from Pakistan, Vietnam, Thailand, and India. In 2015, the EAC revised the common external tariff (CET) to 75% ad valorem, or \$345 per ton – depending on which is higher. However, the EAC has allowed Kenya, due to low local and regional production, to continue applying a tariff of 35% ad valorem, or \$200 per ton (again depending on which is higher) on imports from outside the EAC, a concession which is reviewed every year.

06

SUGAR

Kenya is a sugar deficit country, with local production constrained by high production costs and inefficiencies at processing and marketing levels. Kenya, however, continues to protect its domestic industry by utilising safeguards offered by COMESA to limit duty-free imports from COMESA countries to 350,000 metric tons per year. The Government has been keen on attracting new investments into the sector and has announced intentions to lease out state-owned sugar mills to the private sector – long term leases of at least 20 years under Right of Use (ROU) on a firm commitment that the lessee will re-develop and operate the factory to meet the government's objective of higher farmer's income and increased profitability through the production of ethanol and generation of power.

The cabinet has approved a debt write-off of monies owed to the government from state-owned mills, as well as written off a substantial amount of farmers' debts to the sugar mills. While the revival of the sector has broad political support, the privatisation and leasing of the state-owned sugar mills elicits mixed reactions, resulting in the implementation of the policy being very slow.

07

HORTICULTURE

Horticulture, which has undergone a transformation in Kenya in recent years, is the country's thirdlargest agricultural export and contributes significantly to the economy. Fresh produce, which accounts for about 30% of horticultural exports, includes green beans, onions, cabbages, snow peas, avocados, mangoes, and passion fruit. Flowers exported include roses, carnations, statice, alstroemeria, and lilies.

In Kenya, only 4% of all the horticultural produce (fruits and vegetables) is being exported, while 96% is consumed locally. Despite the challenges brought about by the COVID-19 pandemic, the horticulture sector performed fairly well. Export earnings for the year 2020 stood at approximately \$1.5 billion, with flowers making up 71% of exports, fruits 12%, and vegetables 16%.

08

CONSUMER-ORIENTED FOOD PRODUCTS

Growth in demand for consumer-oriented agricultural products is driven by an expanding middle class with a higher disposable income, increased urbanisation, and expanding foodservice and food retail sectors. Kenya imports more than 72% of its consumer-oriented agricultural products, mainly from Uganda, South Africa, Egypt, Belgium, Italy, and the Netherlands.

For exporters, the best prospective products include snack foods, dairy products, pasta, sauces and condiments, pet food, tree nuts, and specialised food ingredients. The growth tempo of consumer-ready food imports has, however, been negatively affected by Kenya's import ban on genetically modified (GM) food products.

09

AGRICULTURAL INPUTS

Because there is no significant local production, Kenya imports virtually all of its agricultural chemicals. Half of all pesticides imported by Kenya are fungicides, 20% crop insecticides, 20% herbicides, acaricides, rodenticides, and nematicides, and 10% other. The most widely used fertiliser is di-ammonium phosphate (DAP). Other fertilisers used in Kenya include nitrate potassium phosphate (NPK), single superphosphate (SSP), calcium ammonium nitrate (CAN), and Urea.

Unlike many sub-Saharan African countries, Kenya's fertiliser use has almost doubled since the liberalisation of the market in the 1990s and the removal of government price controls and import licensing quotas. The growth in use has been noted especially among the smallholder farmers of food crops (maize, domestic horticulture) and export crops (tea, coffee).

The use of fertiliser has been encouraged by the government through fertiliser sensitisation programs and fertiliser subsidy programs. This has seen the use of fertiliser increase to 19.7 kilograms per hectare. The government is seeking to improve the fertiliser subsidy programs by shifting to an e-voucher system, which it hopes will make the subsidy more efficient and less susceptible to abuse. The fertiliser industry is dominated by Russia, the United States, Ukraine, China and Romania. After blending, a small percentage of these fertilisers are exported within the region.

10

FORESTRY

The Kenyan commercial forestry sector is dominated by a close-knit network of public and private sector actors with common interests established through shared ownership, director interplay and close informal relationships. This network consists of the family of the current President Uhuru Kenyatta (with his brother, Muhoho, and mother, Mama Ngina, playing significant decision-making roles); the family of former President Moi (with his son, Gideon, at the helm of family affairs); and the Rai family, who are the commercial representatives of the network's interests in the forestry sector.

11

ORGANIC EXPORTS

Certified organic produce from Kenya includes fresh vegetables, fruits, coffee, tea, beans and nuts (macadamia, cashew, shea). Since no significant domestic market exists, Kenyan organic agriculture principally targets export markets, predominantly in the European Union and Japan. In recent years, organic trade has developed beyond traditional export crops to include other products, such as essential oils, dried herbs and spices, as well as products for the cosmetic and pharmaceutical industries. In these new sectors, smallholder farms possess a relatively high market share.

12

LIVESTOCK

Kenya has a vibrant livestock sector that accounts for about 4.4% of the country's GDP (USD 3.4 billion, in 2017) or about 14.2% of the agricultural value, employing 50% of the agricultural labour force and generating a significant number of jobs along the value chain. About 60% of the livestock population is found in the arid and semi-arid lands (ASALs) where 90% of the population raise animals both for milk and beef production. In the high rainfall areas, the sector provides employment and income mainly through dairy, poultry and pig production. The livestock sector contributes about 2% to the country's export earnings. Dairy, beef and chevron account for about 30, 15 and 26% of livestock export value. Other exported products include hides, skins and live animals. Kenya imports low volumes of livestock products and live animals. Kenya's livestock subsector has been constrained by low productivity, high costs of production and poor access to markets. Farmers also face inadequate access to quality improvement assistance such as extension services, artificial insemination, and veterinary services. Further, the effects of climate change have affected pastoralists, who form a large majority of livestock farmers.

3.3.3 KEY STAKEHOLDERS AND INFLUENCERS

COMPANIES

COMPANY	CEO/MD	MAIN AGRICULTURAL PRODUCT
Brookside Dairy Limited	Muhoho Kenyatta	Dairy
Kakuzi Limited	Richard Collins	Tea, pineapples, avocados
Bidco Africa	Thiagarajan Ramamurthy	Soya beans and sunflowers
East Africa Breweries Limited	Andrew Cowan	Sorghum and Barley
Kenya Tea Development Agency	Lerionka Tiampati	Tea
Rea Vipingo	Neil Cuthbert	Sisal
Williamson's tea	A.L Carmichael	Tea
Kevian	Kimani Rugendo	Water and natural fruit juices
Del Monte	Mohammad Abu-Ghazaleh	Pineapples
Eaagads Limited	Fabian Philippart	Coffee
Sosian	Tristan Voorspuy	Beef cattle
Twiga Foods Ltd	Peter Njonjo	Market aggregator
West Kenya Sugar	Jaswant Rai	Sugar
Cargill	Ivan Fernandes	Grain and wheat handling and animal nutrition
MEA Fertiliser	Lee Ngugi	Fertiliser

ASSOCIATIONS

- **Agricultural Employers Association** - Chairperson - Wesley Siele
- Affiliates of Kenya Association of Manufacturers, Kenya Private Sector Alliance and the Agriculture Industry Network.
 - Collective negotiations in respect to rates and scales of wages, conditions of service, and to coordinate matters of general interest to farmers, both SMEs & Large companies.
-
- **East African Tea Trade Association (EATTA)** - MD - Edward Mudibo
- Promote and facilitate the interests of all the stakeholders in the tea trade in Africa by creating an enabling business environment geared towards maintaining global standards and delivering tea products. This includes SMEs in the tea sector.
 - Stanbic Bank in Kenya was the first bank to provide a solution for real-time electronic tea payments via a system that the bank developed and deployed for EATTA.
-
- **Agriculture Industry Network** - Chairperson - Edward Mudibo
- Brings together over 40 Business Member Organisations (BMOs) representing key players along the entire value chain: producers, processors, traders, employees and consumers.
 - Caters to both smallholder farmers and large scale farmers.
-
- **Kenya National Federation of Agricultural Producers (KENFAP)** - CEO - Dr John Mutunga
- Helps organise farmers into viable agricultural value chains for optimal production and market access; supports small scale to large scale farmers.
-
- **Fresh Produce Exporters Association of Kenya** - CEO - Hosea Machuki
- Chair - Apollo Owuor
- Support growers and exporters by providing technical and marketing information and training, act as an information centre and run active lobbying and advocacy programs to enhance the sector's competitiveness.
-

- > **Women Farmers Association of Kenya (WoFaAK)/Association of Women in Agriculture Kenya (KENFAP)**
- Founder & CEO
- Daphne Muchai
- Provides the women farmers of Kenya with a platform to articulate issues affecting them in agriculture. Addresses issues that impede women farmers from undertaking both profitable and sustainable agricultural enterprises with a view to improve their livelihoods.
-

- > **Kenya Agribusiness and Agroindustry Alliance (KAAA)**
- Founding CEO
- Lucy Muchoki
- Strengthening Kenyan agro-industrial competitiveness through programs highlighting trade and development potentials, and broad issues, which encompass several individual agribusiness sectors and require a 'value chain' approach. The alliance has recently partnered with the Ministry of Industrialisation, Trade and Investment to lead the agro-processing component of the Kenya Industrial Transformation Program (KITP) mandate.
-

- > **Kenya National Farmers' Federation (KENAFF)**
- Founding CEO
- Dr Mwenda Mailutha
- Strengthening Kenyan agro-industrial competitiveness through programs highlighting trade and development potentials, and broad issues, which encompass several individual agribusiness sectors and require a 'value chain' approach. The alliance has recently partnered with the Ministry of Industrialisation, Trade and Investment to lead the agro-processing component of the Kenya Industrial Transformation Program (KITP) mandate.
-

- > **Kenya National Farmers' Federation (KENAFF)**
- Founding CEO
- Dr Mwenda Mailutha
- The Kenya National Farmers' Federation (KENAFF) is a non-political, non-profit making and democratic member-based umbrella organisation of all farmers in Kenya. It represents the interests of about 2 million farm families as the legitimate farmers' voice to articulate issues affecting them through focused lobby and advocacy.
-

- > **Agriculture Sector Network (ASNET)**
- Founding CEO
- Dr. Bimal Kantaria
- ASNET is the umbrella body of the agriculture sector in Kenya, launched in 2020. ASNET was formed through a partnership of KEPSA, KNCCI, SDG partnership platform of the United Nations, with support from BAF, Elgon Kenya Limited, likeminded business associations, partners and other stakeholders. ASNET's key role is to coordinate agriculture sector actors in Kenya through various mechanisms, in order to engage in policy advocacy that promotes productivity and competitiveness, and attracts investments into the agriculture sector.
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3.4 U.S. DEVELOPMENT ASSISTANCE

USAID's stated mission in regard to Kenyan agriculture is to 'work to enhance agriculture-led economic growth, improve nutrition outcomes, strengthen county government capacity, and build sustainable market systems through private sector engagement with self-reliant rural households.' In line with these goals the programmatic areas USAID is engaged in Kenya are:

- **Increasing food security** - The Feed the Future initiative focuses on four main value chains: dairy, livestock, horticulture, and staple foods. Linking farmers to markets and modern farming practices, improving quality and supply of agricultural inputs, increasing access to financing, and promoting private sector solutions.

- **Building resilience of vulnerable communities** - Feed the Future also aims to reduce the need for recurrent humanitarian assistance by accelerating economic growth for vulnerable communities so that they are able to withstand shocks. The focus is on regions in Kenya that experience cyclic shocks, where livestock is central to the economy and rainfall is increasingly sporadic. At the local community level, USAID has supported communities to create action plans to guide their development priorities. At the county level, governments have developed sector plans in rangelands and drought management, while at the national level, USAID has worked with the National Drought Management Authority to develop its plan for drought risk management and ending drought emergencies.

- **Improving nutrition and access to clean water and sanitation** - USAID integrates water and sanitation programs, with programs focused on nutrition, agriculture, and health. Partnering with the government, the private sector, and civil society to strengthen the systems that ensure sufficient water and sanitation service delivery and improving the health and well-being of Kenyans. The focus is on market-driven approaches to increase access to water and sanitation services, while protecting watersheds and water resources.

- **Private sector investment** - USAID aims to create an enabling business environment at all stages of the target value chain through: expanded access to finance for farmers and agricultural enterprises; increasing private-sector investment; and policy dialogues at the national and county levels.

4

SECTOR POLICY LANDSCAPE



SECTOR POLICY LANDSCAPE

4.1 POLICY PRIORITIES

Kenya's Agricultural policy revolves around the primary goal of increasing agricultural productivity with a view to achieving national food and nutrition security. There is an emphasis on: irrigation to introduce stability in agricultural output (which is largely reliant on seasonal rains); commercialisation and intensification of production especially among small scale farmers; appropriate and participatory policy formulation; and environmental sustainability. The sector (as it is classified by the government) comprises seven sub-sectors, namely:

- Ministry of Lands and Physical Planning (MoLPP) – national lands policy, use, information, planning and management;
- State Department for Livestock (SDL) - promotion, regulation and facilitation of livestock production for socio-economic development and industrialisation;
- State Department for Crop Development (SDCD) - National Agricultural Policy Management; National Food Policy; Strategic Food Reserve; Agricultural Crops Development, Regulation and Development; Phytosanitary Services and International Standards Compliance;
- State Department for Fisheries, Aquaculture and Blue Economy (SDFABE) - fisheries policy; fisheries licensing; development of fisheries; fisheries marketing policy; fish quality assurance; coordination of fisheries, marine and the Blue Economy research; and the coordination of development of policy legal, regulatory and institutional framework for fisheries industry and the Blue Economy;
- State Department for Irrigation (SDI) - National Irrigation Policy and Management; Mapping, Designing and Developing Area Ideals for Irrigation Schemes; Water Harvesting and Storage for Irrigation; Land Reclamation and Management of Irrigation Schemes;
- State Department for Agricultural Research (SDAR) - crop research and development; agriculture seed research and development; livestock research and development; crop genetic research, animal genetic research, and tsetse fly and trypanosomiasis research, control and eradication;

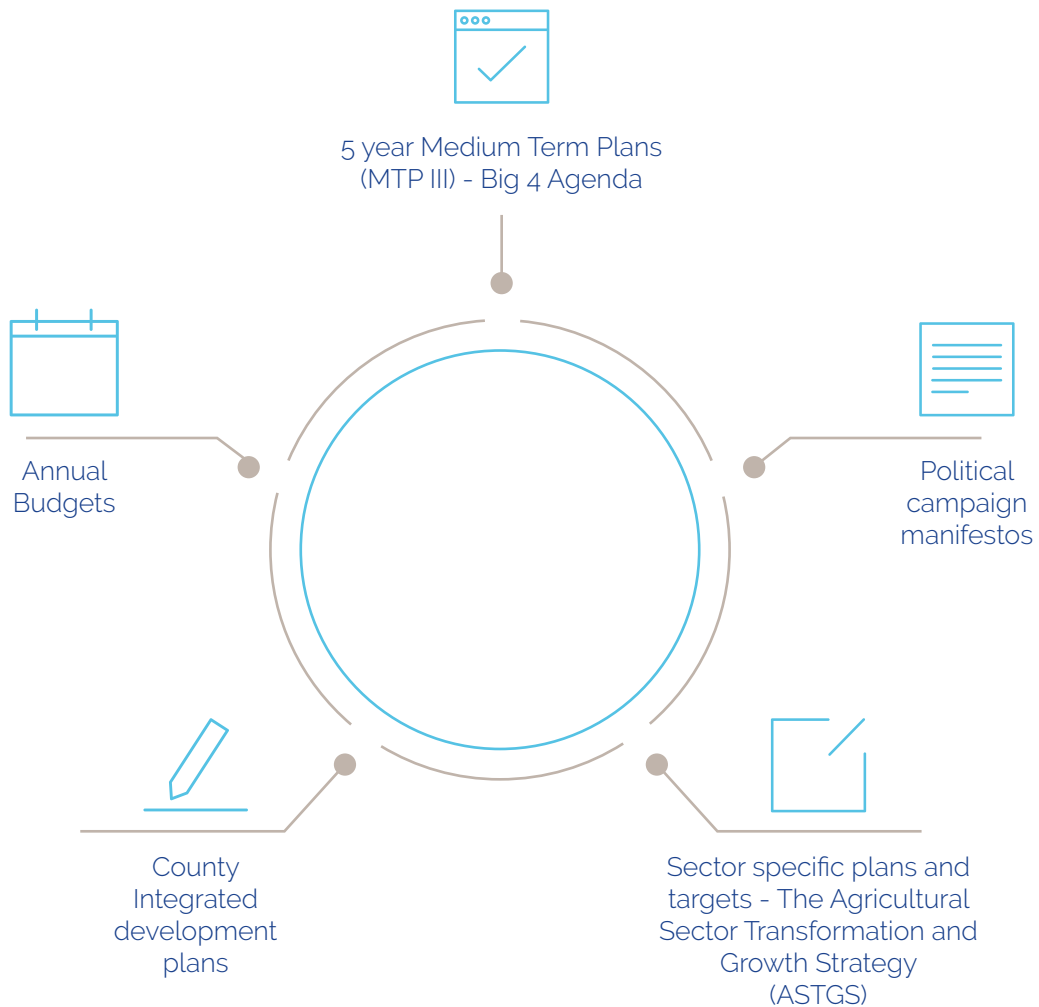
- ① National Land Commission (NLC) - The mandate of the commission as per the Constitution Article 67 and the National land commission Act No. 3 of 2012 is to manage public land on behalf of the National and County Governments; recommend a National Land Policy to the National Government; advise the National Government on a comprehensive program for registration of title in the land throughout Kenya; initiate investigations on its own initiative or on a complaint into present or historical land injustices and recommend appropriate redress; monitor and have oversight responsibility on land use planning throughout the country and maintain an effective public land information management system at the National and County levels.

In addition, the sector has 32 Semi-Autonomous Government Agencies (SAGAs), 11 training institutions, and four Professional Boards. There is currently a bill in parliament, The Kenya Food and Drugs Authority Bill, which seeks to amalgamate the functions of food and pharmaceutical regulators into a single entity, similar to the Food and Drug Administration in the USA. The proposal dates back to 2019 but has encountered significant opposition from stakeholders in both the food and pharmaceutical sectors, which has halted the progress of the bill.

Under the Council of Governors, the Agriculture committee handles all matters relating to agriculture, agricultural inputs; value addition for farmers; food security and drought management; production and marketing; fisheries development; and adoption of technological advancements in agriculture, within the counties. The Committee also addresses matters related to agricultural levies and licenses, devolvement of agricultural projects to Counties, sharing of revenue for export abattoirs in Nairobi, and, crucially, matters concerning intergovernmental relations, by developing mechanisms for consultation and cooperation for the agriculture sector, particularly between the National Government and County governments.

Policies for agriculture consist of government decisions that determine input prices and the prices of certain key crops (e.g. maize); public investments affecting agricultural production; costs and revenues; and allocation of resources. Improved agricultural productivity is a key poverty reduction strategy for the country due to its positive impact on rural incomes. Due to the limited availability of high-potential land, it has been envisaged that increasing agricultural production will have to come from intensification of production and the use of marginal land through increased use of improved inputs (particularly fertiliser); increased irrigation and water storage; mechanisation of farming processes; diversification, particularly from low to high-value crops; commercialisation of smallholder agriculture; and increased value addition through stronger linkages with other sectors.

VISION 2030 - NATIONAL DEVELOPMENT BLUEPRINT



Vision 2030 identifies it as a key sector in achieving the envisaged annual economic growth rate. This shall be enacted through the transformation of smallholder agriculture from a subsistence to an innovative, commercially oriented and modern agricultural sector. Vision 2030 instigated a review of the Strategy for Revitalizing Agriculture (SRA, 2004-2014), which was cascaded from the Economic Recovery Strategy (ERS 2002-2007); its primary objective was to provide a framework to increase agricultural productivity, which would promote investment and encourage private sector involvement in agriculture.

The revision of the SRA led to the development of the **Agriculture Sector Development Strategy (ASDS, 2010-2020)** that foresees a food-secure and prosperous nation by 2020, one of the core aims of the strategy is to achieve a paradigm shift from subsistence to agriculture as a business, and was developed to align sector initiatives to Vision 2030. Its launch by President Mwai Kibaki provided the ground for the government to launch the formulation of the ASDS and Medium-Term Implementation Plan (MTIP) jointly with the CAADP compact. However, the ASDS has two additional thematic areas (six in total), namely, 'the Legal, Regulatory and Institutional Reforms thematic area [that] endeavours to create an enabling environment for a competitive agricultural sector', and 'an Agricultural Sector Reform Bill' that will consolidate and harmonise existing legislation in the sector.

The National Food Security and Nutrition Policy (NFSNP), 2009 addresses the need for enhanced food and nutrition security, information management systems, and coordination of the roles of various ministries and agencies to achieve food security. It provides an overarching framework, covering the multiple dimensions of food security and nutrition improvement, and has been specifically developed to add value to and create synergy between existing initiatives of government and partners. It acknowledges the need for multi-public and private sector involvement, and recognises that hunger eradication and nutrition improvement is a responsibility shared by all Kenyans. The policy and associated actions will remain dynamic, in order to address contextual changes and changing conditions over time. This policy is framed in the context of basic human rights, child rights and women's rights, including the universal 'Right to Food'.

Other policy instruments which support national food security initiatives include: The National Agricultural Sector Extension Policy (NASEP); Land Policy; Environment, Water and Irrigation Policy; Livestock policy; Oceans and Fisheries Policy; and ASAL Policy, among others.



4.1.1 AGRICULTURE UNDER THE BIG FOUR AGENDA (B4A)

The sector is a major contributor to the B4A, with the achievement of 100% food and nutrition security as the primary goal. The sector also contributes to the other B4A goals concerning universal health care; manufacturing and industrialisation; and affordable housing. Several projects under the B4A are not entirely new; some have been mapped into existing projects and programs, becoming part of the MTP III and, ultimately, Vision 2030. Under MTP III, which encapsulates the B4A the agriculture ministry is sector is responsible for the delivery of priority projects, these include:

- ① Land Policy;
- ① Planning Livestock Resources Management and Development;
- ① Crop Development and Management; Agribusiness and Information Management;
- ① Fisheries Development and Management;
- ① Development and Coordination of the Blue Economy;
- ① Irrigation and Land Reclamation;
- ① Water Harvesting and Storage for Irrigation;
- ① Agricultural Research and Development;
- ① Land Administration and Management; and General Administration,
- ① Planning and Support Services.

4.1.2 The Agricultural Sector Transformation and Growth Strategy (ASTGS)

The government released its latest mid-term policy in mid-2018. **The Agricultural Sector Transformation and Growth Strategy (ASTGS) 2019-2029²** outlines the Jubilee administration's strategy to achieve the nutrition pillar of the B4A. It is anchored on 4 pillars which have 9 flagship programs intended to drive implementation.

Increase small scale farmer, pastoralist & fisher folk income

1 - Target 1 million farmers, pastoralists and fishers in 40 identified zones to provide inputs and services through

2 - Shift subsidies to a digital delivery system targeting 1.4 million agricultural households

Increase agricultural output & value addition

3 - Set-up 6 agroprocessing hubs producing goods for local and export markets

4 - Unlock 50 large scale (>2,500 acres) with existing rehabilitated sustainable irrigation

Improve household food resilience

5 - Restructure the strategic food reserve to better serve 4 million high needs Kenyans.

6 - Boost resilience of 1.3 million farmers, pastoralists and fishing households in Arid and Semi-Arid Areas through

Enabling policies

7 - Launch 3 knowledge and skills programs aimed at training over 4000 SMEs and extension agents.

8 - Strengthen research and innovation and launch priority data collection and dissemination to aid

9 - Actively monitor 2 key food system risks - Climate and crisis (pests, diseases & global shocks).

4.1.3 BUDGET AND ECONOMIC RECOVERY STRATEGY

In both the 2020 and 2021 fiscal budgets, the national government has prioritised a stimulus for economic recovery as well as the continued implementation of Big 4 Agenda priority projects. As a significant sector of the economy and one of the pillars of the Big 4 Agenda, agriculture is recognised as a critical driver of post-Covid economic recovery. In the 2021 Budget, 2.4% has been allocated to agriculture, administered by the central government, an increase on last year's 2.2% allocation. In addition, due to the devolved governance system in Kenya, further public investments in the sector will be made by county governments. The budget allocated to county governments is 12% of the total budget. In the past, county governments have allocated an average of 6% of their budget to agriculture. Therefore, the combined investment by the government in the sector is expected to be about 3.2% of the total budget. However, this is still below Kenya's commitment under the Malaba declaration to allocate 10% of its budget to agriculture.

The 2021 budget outlay confirms that the key priorities revolve around the Big Four Agenda, which includes food security. The outlays are also in line with the objectives outlined in the Economic Recovery strategy and the ASTGS. Money will be provided for programmes which promote variability and resilience against climate change. Funding to enhance productivity and incomes for smallholder farmers will arrive through provision of subsidised inputs. There has also been a shift from large-scale irrigation to smallholder irrigation projects.

Large scale irrigation projects have performed poorly amid allegations of corruption and embezzlement of funds. Tax measures, such as waivers of import duty on inputs for the textile and apparel industry, are intended to increase local production. This is intended as a boost to drive the revival of cotton-growing areas. Another, area of focus is the introduction of import duty on leather products. This is geared to improve the fortunes of a flagging leather industry. The key constraint to the implementation of these spending plans will be the challenges the government faces in meeting its revenue targets and fully funding programs.

4.1.4 KENYA CLIMATE SMART AGRICULTURE STRATEGY - 2017-2026

Agriculture is not only impacted by climate change – it also contributes to the problem. The country's agriculture is predominantly rain-fed and therefore vulnerable to climate change, particularly changes in temperature regimes and precipitation patterns, and extreme weather events. This leads to, among other undesirable consequences, unsustainable land and agricultural water management. Kenya's greenhouse gas (GHG) emissions were estimated to be 73 million tons of carbon dioxide equivalent (MtCO_{2e}) in 2010, and are expected to rise to 143 MtCO_{2e} in 2030 unless appropriate mitigation actions are taken.

Agriculture is the largest source of GHG emissions; it was responsible for one-third of Kenya's total emissions in 2010. Agricultural emissions are likely to increase from 20 MtCO_{2e} in 2010 to 27 MtCO_{2e} by 2030, largely driven by livestock methane emissions and land use change, which account for 90% of agriculture emissions and 30% of overall national emissions. Weak policies, legislation, and enforcement, and an overlap of mandates among institutions involved in regulation, combined with poor coordination and collaboration among institutions and stakeholders in climate smart agriculture (CSA), have contributed to the country's inability to effectively address vulnerability and GHG emissions.

The broad objective of the Kenya CSA Strategy (KCSAS) is to adapt to climate change, increasing resilience of agricultural systems while minimising emissions for enhanced food and nutritional security and improved livelihoods. The specific objectives of the KCSAS are to:

- ① Enhance adaptive capacity and resilience of farmers, pastoralists and fisher-folk to the adverse impacts of climate change;
- ② Develop mechanisms that minimise greenhouse gas emissions from agricultural production systems;
- ③ Create an enabling regulatory and institutional framework; and
- ④ Address cross-cutting issues that adversely impact CSA.

Four broad strategic areas have been identified for KCSAS:

- (i) Adaptation and building resilience by addressing vulnerabilities due to changes in rainfall and temperature, extreme weather events and unsustainable land/water management and utilisation;
- (ii) Mitigation of GHG's emissions from key and minor sources in the agriculture sector;
- (iii) Establishment of an enabling policy, legal and institutional framework for effective implementation of CSA; and
- (iv) Minimising effects of underlying cross-cutting issues, such as human resource capacity and finance, which would potentially constrain realisation of CSA objectives. The KCSAS is a tool to implement Kenya's NDC contribution for the agriculture sector and will require domestic and international support. It is estimated the implementation of KCSA strategy will require a total of KSh.500 billion (US\$ 5.0 billion) for adaptation and mitigation actions for the agriculture sector up to 2026.

4.1.5 GMO CROPS AND PRODUCTS

Currently, Kenya does not have any GMOs in the market. Kenya banned GMO imports in 2012, and since then no new crops have been approved for sale. Despite this, Kenya does have a regulatory and research framework in place, and has slowly been moving towards the approval of GMO crops and food.

REGULATORY FRAMEWORK

The National Biosafety Authority (NBA) was established in 2010, and the Board was inaugurated in Oct 2016. The Biosafety Act commenced on the 1st July 2011, when biosafety regulations were published. The NBA's overall mandate is to exercise general supervision over all matters concerning Genetically Modified Organisms (GMOs), with a view to ensuring safety to human and animal health, and protection of the environment. To date, four regulations have been gazetted for the implementation of the Biosafety Act 2009. These regulations are for;

- ① Contained Use GMOs
- ① Environmental Release of GMOs
- ① Import, Export and Transit of GMOs
- ① Labelling (2012) of GMO containing material (e.g. foods and feeds)

RESEARCH AND PROGRESS TOWARDS APPROVAL

In 2017, the NBA approved field tests for genetically modified maize, bananas and potatoes. The trials are overseen by the Kenya Agricultural and Livestock Research Organization. Much of the research was centred on crops that are pest- and drought-resistant, which would contribute to food security. In addition to research on food crops, Kenya has been conducting extensive research on the possibility of commercialising *Bacillus Thuringiensis* cotton (MON 15985), better known as Bt cotton, with the aim of boosting production. This is due to its resistance to the African bollworm, which has adversely affected yields from traditional breeds in the past. After 17 years of a regulatory approvals process, the government and various stakeholders started the rollout of the National Performance Trials (NPT) in June 2018. The initiative sought to identify suitable varieties for planting in different agro-ecological zones.

Due to statements made by politicians in opposition to GM food crops, and opposition from various civil society organisations, there has been significant caution from the government in approving any GM food crops. In addition, the importance of the EU (which adopts the precautionary principle in regulating new food technologies) as a key export market for Kenyan fresh flower, vegetable and fruit exports could see Kenyan exports restricted if GM varieties were adopted. However, GM cotton has not provoked significant opposition – likely because it is not a food crop. The performance of GM cotton varieties in trials, where it has shown significantly higher yields than non-GM varieties, convinced the government to fast-track the approval process. In December 2019, following successful completion of field trials conducted over a period of five years, the Cabinet approved commercial farming of Bt cotton hybrids.

While GM cotton will be the first crop approved for widespread use, it will likely not be the last – there is an opportunity to deploy more GM crops in Kenya. However, these will be subject to a strict and lengthy approval and testing process, though this can potentially be shortened for non-food crops with industrial uses.

4.2 POLICY HURDLES

01

UNCERTAINTY

The sector has experienced two significant policy shifts since 2013. The Agriculture and Food Authority Act 2013 reformed the sector in line with the new constitution and consolidated a number of agricultural regulatory regimes. The ASTGS, and reforms to the tea and coffee industries, seek to undo some of the restructuring and consolidation of the sector which had taken place previously. With a new administration set to take power in 2022, it is likely they will pursue their own agricultural policy agenda, causing further disruption to the sector.

02

POLITICS

The politics of agriculture in Kenya are both complex and treacherous. As the largest sector in the economy, there are a number of vested interests, stakeholders and voting blocs that need to be taken into consideration by politicians and policymakers when devising and implementing policy for the sector. This is particularly true around the issue of Kenya's staple crop, maize, which is dominated by the politics of the Rift Valley region, where a significant portion of the country's annual maize crop is produced. The 100% food nutrition and security target of the B4A must necessarily target the country's staple foods. Thus, the agenda will undoubtedly run into political opposition, particularly from vested interests that derive income from rent-seeking or corruption in the sector.

03

FINANCING

In its 2018 MTEF, the ministry outlined the budgets required to implement the B4A. However, given the resource constraints, the sector has prioritised implementation of the Big Four initiatives within the allocations assigned to it by the national treasury. Furthermore, delays in the release of funds from the treasury continue to adversely affect the smooth implementation of programmes.

Recurrent requirement vs allocation

YEAR	REQUIREMENT	ALLOCATION
2019/20	KSh.109.5 billion	KSh.40.6 billion
2020/21	KSh.124 billion	KSh.42.7 billion
2021/22	KSh.115.3 billion	KSh.45 billion

04

CAPACITY

In its operations, the sector faces the issue of inadequate human resources capacity. In addition to a lack of adequate skilled and trained personnel, there are significant gaps in the provision of training to public employees in the sector. This problem is compounded by the current government wage freeze, which makes it harder to recruit critical staff.

05

CLIMATE CHANGE & SUSTAINABILITY

The sector operates within a changing climatic regime. Due to climate change, weather events, and rainfall patterns in particular, have become increasingly unpredictable. This is a significant issue. Therefore, in order to ensure that any achieved increase in productivity is sustainable, appropriate adaptation and mitigation measures will have to be mainstreamed and integrated into the agricultural B4A targets. Though the Kenya Climate Smart Agriculture Strategy does exist, it does not function as a guiding framework for the sector. Thus, there is a lack of cohesion and coordination between agricultural policies concerning sustainability issues.

5

STAKEHOLDER MAPPING



NATIONAL GOVERNMENT

KEY STAKEHOLDERS

ROLE

Governance



MINISTRY OF AGRICULTURE,
LIVESTOCK & FISHERIES,
STATE DEPARTMENT OF LIVESTOCK



Ministry of Environment, Water
and Natural Resources

Ministry of Agriculture, Livestock & Fisheries is tasked with regulating, providing resources to, and promoting agriculture;

Ministry of Environment, Water and Natural Resources manages and conserves resources for socio-economic development.

Market Actors



These market actors provide the agricultural sector with inputs, access to domestic and international markets, as well as act as middle men, aggregating output for markets.

Financial Actors



Financial actors in Kenya's agricultural sector are varied, including local and international banks, multilateral development banks, microfinance institutions, private firms, and national financial institutions.

Capacity Building



Various government bodies, non-profit, and private sector groups focus on capacity building. The majority of actors choose a specific region or crop to focus on. In some cases, this is advantageous; in others, it leads to a fractured and weakened landscape as different entities duplicate efforts.

Research Community



TEGEMEO INSTITUTE OF AGRICULTURAL
POLICY AND DEVELOPMENT

Many research organizations are sponsored by the Kenyan government, and others by international funding. Like capacity builders, research organizations tend to focus on a specific aspect of agriculture e.g. the International Livestock Research Institute focuses on livestock and the Kenya Seed Company focuses on seed varieties.

ENTITY	POSITION	INDIVIDUAL
Ministry of Agriculture	Cabinet Secretary	Peter Munya
	Principal Secretary	Prof. Hamadi Boga
	Chief Administrative Secretary	Ann Mukami Nyaga
	Chief Administrative Secretary	Hon.Linah Jebii Kilimo
	Director Research & Innovation	Harry Mwangi
	Director Policy & Linkages	Dr. Joseph Mwangi Macharia
	Director Knowledge Mgmt.	Dr Margaret Makelo
Ministry of Trade and Industrialisation	Cabinet Secretary	Betty Maina
	Principal Secretary Trade	Amb. Weru
	Principal Secretary Industrialisation	Amb Kaberia
Council of Governors	Chair of the Agriculture Committee	Muthomi Njuki
Agriculture and Food Authority	Director General & Head of Tea Directorate	Anthony Muriithi
	Head of Horticultural Crops Directorate	Bernard Ondanje
	Horticultural Directorate Compliance and Regulatory Manager	Josephine Simiyu
	Head of Sugar Directorate	Solomon Odera
	Head of Nuts & Oil Directorate	Richard Ndegwa
	Head of Fibre Directorate	Naomi Kamau
	Head of Coffee Directorate	Isabella Nkonge
	Head of Pyrethrum and other Industrial crops Directorate	Clement Muyesu
National Biosafety Authority	CEO	Prof. Dorington O. Ogoyi
Kenya Agricultural and Livestock Research Organisation	Director-General	Dr. Eliud Kiplimo Kireger
Kenya Agricultural Research Institute (KARI)	Chairman	Dr. Jamleck J.M. Mutugi
	Director-General	Dr. Ephraim A. Mukisira
Agricultural Development Corporation	Managing Director	Mohammed M Bulle

ENTITY	POSITION	INDIVIDUAL
Agro-Chemical and Food Company Limited (ACFC)	Resident Director & CEO	Ashok Agrawal
	Chairman	Anthony Mutugi
	Vice-Chairperson	Sarah Boit
Kenya Dairy Board	Managing Director	Margaret Kibogy
KEPHIS (Kenya Plant Health Inspectorate Services)	Chairman	Robin Achoki
	Ag. Managing Director	Simeon Kibet
Commodities Fund Kenya	CEO	Anthony Muriithi
National Biosafety Authority	CEO	Nancy Cheruiyot
Kenya Seed Company	Ag. Managing Director & Head of Strategy and Business	Fred Oloibe
National Cereals and Produce Board	Acting MD	Zackary Magara
	Head of Corporate Affairs	Titus Maiyo
National Irrigation Board	CEO	Gitonga Mugambi
	Deputy General Manager, Irrigation and Infrastructure Development Services	Eng. Raphael Ogendo
Kenya Meat Commission	Board Chairman	Joseph K. Kasaon
	Managing Commissioner	Mr James Ole Seriani
Pest Control and Products Board	CEO	Esther Kimani
Parliamentary Committee On Agriculture and Livestock	Chairperson	Hon. Tiren, Silas Kipkoech
Senate Committee Agriculture, Livestock & Fisheries	Chairperson	Sen. Ndwiga Peter Njeru
	Vice-chairperson	Sen (Dr.) Ltumbesi League
The Association for Strengthening Agricultural Research in Eastern and Central Africa (ASARECA)	Executive Director	Prof. Jean Jacques Mbonigaba Muhinda

6

RISKS AND OPPORTUNITIES



RISKS AND OPPORTUNITIES

6.1 RISKS

Risk:

The politicisation of the sector

Current status:

Political interference in the agriculture sector has driven a spate of inconsistent and protectionist policies aimed at defending the narrow interests of farmers or politically connected businesses.

Driver:

Electoral politics State capture/corruption

Risk level:

High

Risk:

Regional trade disputes

Current status:

Disputes between EAC states are common around agricultural goods.

Driver:

Protectionism

Risk level:

Medium

6.1 RISKS (Cont)

Opportunity:

Entrenched interests

Current status:

Politically connected businesses driving policy.

Driver:

state capture

Risk level

High

Opportunity:

Policy uncertainty

Current status:

Shifting policy priorities.

Driver:

Shifting political priorities

Risk level

Low

Opportunity:

Climate risk

Current status:

Much of agriculture in Kenya is rain dependent. Shifting climate patterns can have significant impacts on agricultural production.

Driver:

Climate change

Risk level

High

Opportunity:

Fragmented regulatory landscape

Current status:

As a devolved sector, agriculture is governed both at the county and national level. Differing priorities can lead to a fragmented and hard-to-navigate landscape.

Driver:

devolved government

Risk level

Low

Opportunity:

Land

Driver:

Historical land issues

Risk level

High

Current status:

Land is historically a politically sensitive topic in Kenya, making the acquisition of large tracts of land for development a drawn-out and sometimes difficult process. Existing large commercial agricultural land holders face pressure from civil society and local communities, who see them as colonial artefacts.

6.2 OPPORTUNITIES

Opportunity:

Policy Reform

Current status:

Engagement with the government around policy reform efforts presents the opportunity to shape the direction of the sector.

Driver:

The recognised need by the government to reform the sector and improve farmer income and improve food security.

Opportunity:

Growing middle class

Current status:

Kenya's (and the region's) growing middle class spends the majority of its disposable income on food.

Driver:

Economic growth and increased disposable income.

Opportunity:

USA-KENYA FTA

Current status:

Based on the USMCA, the agricultural provisions of the trade deal would open up a significant growth market to US agricultural products.

Driver:

The US-Kenya FTA.

6.2 OPPORTUNITIES (Cont)

Opportunity:

Growing middle class

Current status:

Kenya's (and the region's) growing middle class spends the majority of its disposable income on food.

Driver:

Economic growth and increased disposable income.

Opportunity:

Wheat Imports

Current status:

Kenya's domestic production only meets a third of its wheat requirements.

Driver:

The U.S. and Kenya signed a certification protocol for the Pacific Northwest (PNW) wheat in 2019, enabling US wheat imports.
