

The Need for a new strategy

- The performance of the sector has been suboptimal with regard to production, value addition, food security, nutrition
- The country has been using the ASDS which was anchored on the delivery of the Millennium Development Goals MDG targets which expired in 2015
- A new constitution promulgated in 2010 devolved most of the agriculture functions, hence need for a new strategy
- The ministry has developed the Agricultural Sector Transformation and Growth Strategy (ASTGS) and the National Agricultural Investment Plan (NAIP).

The Need for a new strategy cont.....

- The ASTGS is a Ten (10) year(2019-2029) while the NAIP is 5 years(2019 – 2024)
- ASTGS takes into consideration the existing
 - ✓ constitutional and legal frameworks,
 - ✓ Policies
 - ✓ **devolution,**
 - ✓ **short-term national aspirations for 100% food security,**
 - ✓ longer-term global **CAADP** and the SDG commitments - **Malabo Declaration**
- Transformative and The **goal** is a **vibrant, commercial and modern agricultural sector** that sustainably supports Kenya's economic development

Selected facts on Kenya's agriculture sector

"FARMER" IMPLIES: (1) MIXED FARMERS – who produce CROPS, LIVESTOCK, FISH; (2) PASTORALISTS; (3) AND FISHERFOLK, UNLESS STATED OTHERWISE



Small-scale farmer incomes



farmers in Kenya representing ~4.5 million farming households, even if only ~350,000 formal jobs exist in the sector



Agricultural output and value addition



of total GDP, **~80% from crops**, **~15% from livestock**, <2% fish and aquaculture, and the rest from others³



Household food resilience



out of 100 score on Global Hunger Index (*1 is best*), ranked **better than regional peers**, particularly on **availability of food**



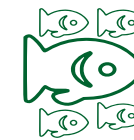
~60%

of production including **60-70% of all maize production from small-scale farmers**. But only **10-15% of incomes** for these farmers come from maize



~2.3%

of national budget spent on agriculture⁴ (~KES 60bn), of which **~KES 5bn spent on subsidies**, equivalent to ~13% of MoALF&I budget



3-4x

more potential for fisheries production in Lake Victoria than previous estimates, a significant opportunity for GDP and **protein nutrition in Kenyan diets**

¹ Of irrigated land, 42% by small scale schemes ~15ha/scheme, 40% commercial over 45,000ha, 18% government schemes with av. g. 2600ha/scheme, but only 2 countries (Tana, Kirinyaga) have capacity >8000ha | ² Statistics fluctuate year on year e.g., 2016 was 11th largest in world and yields of 162 according to FAOSTAT | ³ Forestry and support activities | ⁴ CAADP target is 10% | ⁵ Measured in % terms for beans and maize (i.e. beans ~400%) to meet best-in-class peers including Ethiopia, S. Sudan, Uganda, Rwanda, Burundi and Tanzania, but kg/head for meat to match South Africa | ⁶ Measured by standard deviation in consumer price food indices, Kenya is at 7, EAC is at 4

Selected facts on Kenya's agriculture sector CONT.....

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Small-scale farmer incomes



of small-scale farming land is irrigated, **most arable land is rain fed**¹



Agricultural output and value addition



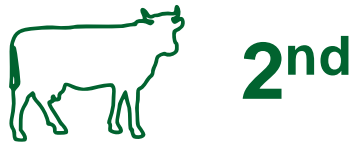
Opportunity for Kenya to capture from **closing yield gaps in maize, beans and tea** to best in class regional peers⁵



Household food resilience



chronically food insecure Kenyans in ASALs, primary due to drought. **Increases to 4mn Kenyan's during severe droughts** (average of 2.7mn year around)



largest livestock herd in Africa, **13th largest number of dairy cows in world, but 138th yields** due in part to cold chain storage²



value addition from agro-processing, below regional peers



more price volatility than rest of EAC peers⁶ including Uganda, Tanzania, Rwanda, Burundi for key staples

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SOURCE: Observations of Economic complexities; EIU; GEC; Kaves-USAID; APHILIS; FAOSTAT; Expert interviews; I_DEV; CBK; KIHBS; Kenya economic survey 2017; KNBS; World Bank; Kenya Bureau of Statistics; CommTRADE 2013; Kenya Demographic and Health Survey, FAO; Kenyan Demographic and Health survey 2014; UMCES Data Africa; IFPRI; APHTACIS; Kenya market trust; FAOSTAT; Tegemeo; National Water Master Plan; State Department of Fisheries

Strategy key ANCHORS/ Pillars and Goal

Anchors

Overall targets

Strategy Goal

Increase small-scale farmer incomes



- **Increase incomes** of farming households from ~KES 465 to KES 625/day¹
- **Impact ~3.3mn** farming households to increase their productivity and incomes

Increase agricultural output and value addition



- **Increase national output by** ~KES 400bn across priority value chains
- **Grow contribution of agro-processing to GDP** (~KES 130bn increase)

Boost household food resilience



- **Reduce the cost of nutritious food**, especially for the most vulnerable Kenyans (~ 4mn during emergencies, 1.3mn chronically)
- **Protect households against shocks**, environmental and fiscal



A vibrant, commercial and modern agricultural sector that supports 100% food security in the context of devolution by ensuring access and availability of nutritious food, at affordable prices for entire population

¹ Over the past ~10 years, incomes have grown 35%, below the pace required to meet SDG goal of doubling incomes between 2016-2030. If incomes are 145k today (~KES 400/day), without transformation in 5 years should grow to 170k (~KES 465/day) based on historical trends. Transformation is estimated to contribute an incremental ~30% to 230k (~KES 625/day)

9 “flagships” that will drive Kenya’s agricultural sector transformation


“FARMER” IMPLIES: (1) MIXED FARMERS – who produce CROPS, LIVESTOCK, FISH; (2) PASTORALISTS; (3) AND FISHERFOLK, UNLESS STATED OTHERWISE

“A vibrant, commercial and modern agricultural sector that sustainably supports Kenya’s development in the context of devolution, short-term national aspirations for 100% food security, and longer-term global CAADP and the SDG commitments”




Increase small-scale farmer incomes

- 1 Target 1 million farmers, pastoralists and fisherfolk in an initial 40 zones served by 1000 farmer-facing SMEs** that provide inputs, equipment including for irrigation, processing and post-harvest aggregation
- 2 Shift nationwide subsidies focus to register 1.4million high-needs farming households and empower them to access a range of inputs** from multiple providers, enabled by an e-voucher delivery system



Increase agricultural output and value addition

- 3 Set-up 6 agro-processing hubs across Kenya using a one-stop-shop rapid PPP process** for local and export markets
- 4 Unlock 50 new large-scale private farms (>2,500 acres) with 150,000 acres under sustainable irrigation from existing infrastructure** (e.g., rehabilitate dams, dual-purpose hydro-power), competitive bidding, and government provided infrastructure (e.g, power, roads)



Boost household food resilience

- 5 Restructure the Strategic Food Reserve (SFR) to better serve 4 million high-needs Kenyans** through competitive digital reserve stock and cost management with private sector, and price stability managed through the Ministry of Finance
- 6 Boost food resilience of 1.2million farming, pastoralist, and fishing ASAL households through community driven design of interventions**, and more active coordination of development partners and private sector resources through regional economic blocs

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Enablers

- 7 **Launch 3 knowledge and skills building programmes focused on technical and management skills in the field** for 200 national and county government transformation leaders, 1000 farmer-facing SMEs, and 3000 extension agents

- 8 **Strengthen research and innovation, and launch priority digital & data use cases for better decision making and performance management** (e.g., first wave to include digital subsidy registration & delivery, farmer and SME performance, automated SFR buy / sell needs)

- 9 **Actively monitor 2 key food system risks: i. sustainable and climate smart natural resource management** including sustainable irrigation and water basin health, soil quality and land use; and **ii. crisis management for pests and diseases, climate and global price shocks**

The Agricultural Transformation Office (ATO) will be responsible for coordination of ASTGS activities. The ATO will help deliver the transformation via **inter-ministerial coordination, performance management, and mutual accountability**. They will share best practices and lessons learned across key transformation stakeholders, and escalate issues to the Cabinet Secretary at MoALF&I as necessary

Financing

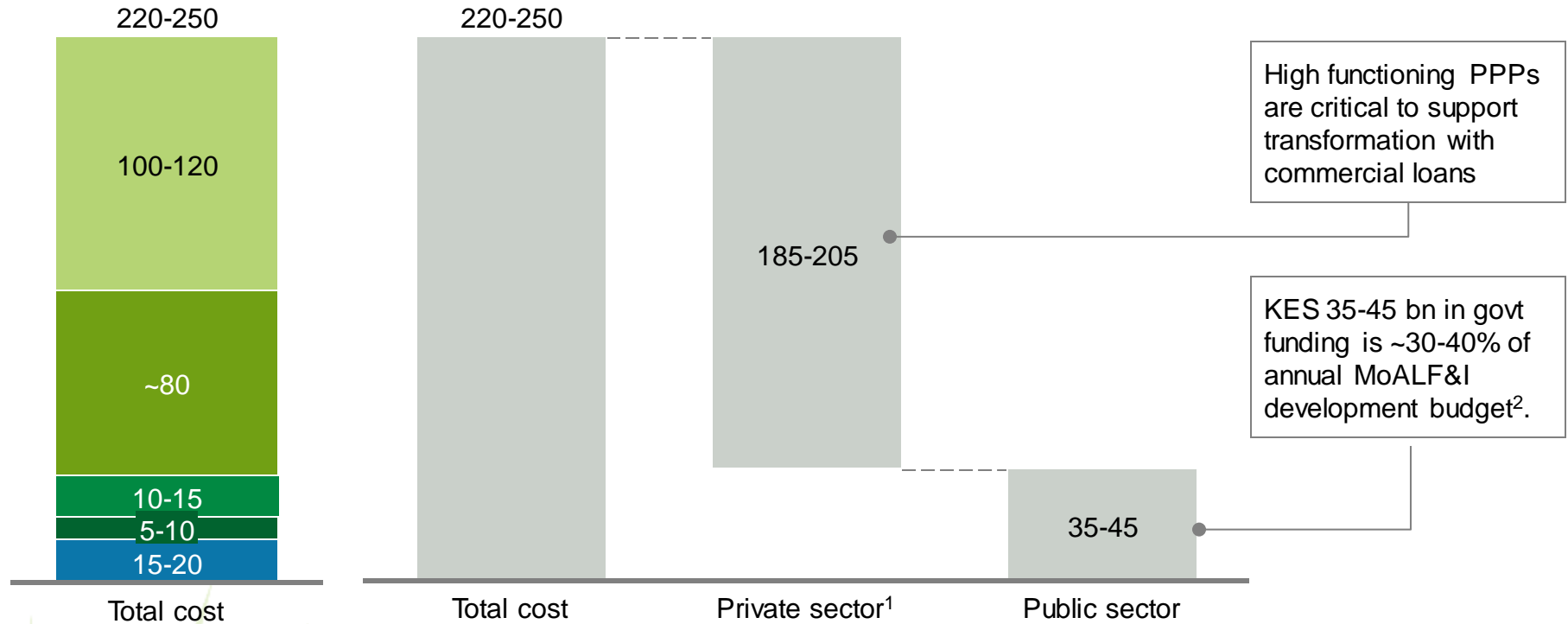
Up to 80% of transformation costs can be funded through PPPs, with the remaining 20% by government

NUMBERS ROUNDED

Transformation costs over five years, require up to KES 35-45 bn in government funds with support from development partners (~an annual increase of 30-40% in MOALF&I development budget as we move towards CAADP target of 10%)

KES, bn

- Agro-processing flagship
- Enablers and delivery
- Other flagships
- New arable land flagship
- Subsidies flagship



High functioning PPPs are critical to support transformation with commercial loans

KES 35-45 bn in govt funding is ~30-40% of annual MoALF&I development budget².

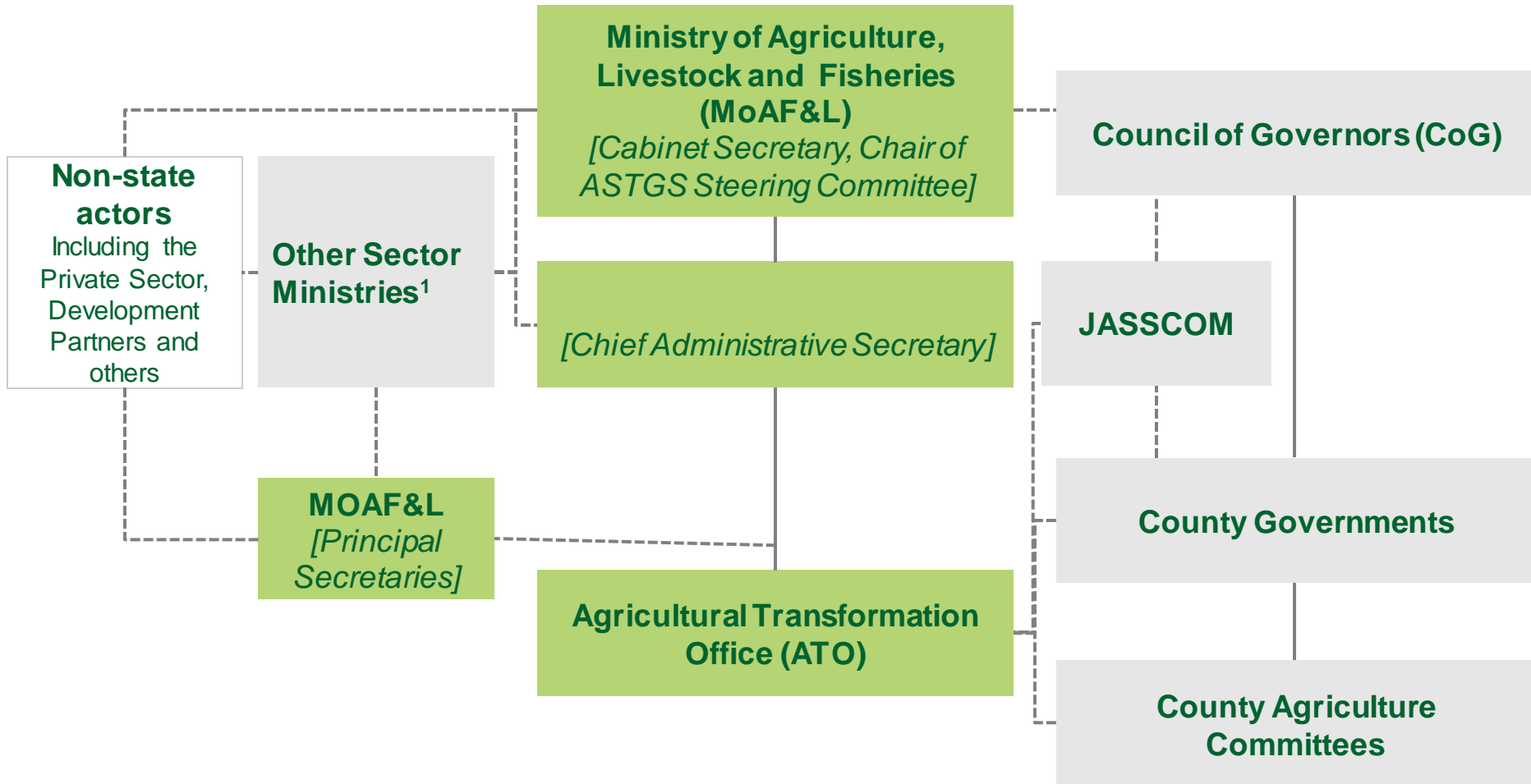
¹ Includes financing for most capex requirements including new farm rehabilitation, agro-processing feasibility studies and construction

² Excludes already budgeted annual subsidies of KES 5 bn, extension workers cost of KES 2.6 bn

SOURCE: GoK, 2018/19 Budget Policy Statement; Deloitte Kenya Economic Outlook 2017; USAID

Delivery mechanism:

A collaborative effort championed by the Government of Kenya, with advice from non-state actors



¹ Sectoral ministries include National Treasury; Industry; Trade and Co-operatives; Transport; Water and Sanitation; Devolution and ASAL areas; Environment and Forestry; others as relevant to specific issues including Education, Science and Technology, Health, EACL labour and Social Protection, ICT

Greening of the Strategy

Greening meeting held on 3-4 MAY, 2018

Objectives

- To provide technical support and share knowledge on green indicators applicable for greening the agriculture sector
- Review and green the ASTGS

Recommendations aligned to each flagship were proposed and incoopearted into the final document.

Some examples:

1. Funds addressing issues of environmental sustainability and climate change should be linked to the strategy e.g. Climate Change Fund
2. Need to undertake strategic environmental assessment before commencement of mega irrigation projects
3. The hubs should be able to generate job opportunities for the vulnerable, women and youth (Green Jobs)

Examples of proposed Greening of the Strategy

4. To include a sentiment on efficiency and use of renewable energy.
5. Where there is a potential waste, consider industrial symbiosis to reduce environmental negative effects.
6. To encourage use of bio-pesticides and other organic forms
7. Adoption of technologies that will ensure efficiency in the use of water, energy, reduced emissions and proper management of waste.
8. Coordinated responses to food system risks across national and county levels to ensure sustainable use of land, soil and water use, climate smart agriculture and crisis responses to pests, diseases and global price shocks.
9. Adherence to principles of sustainable agricultural production along the value chain based on life cycle assessment of the value chain.
10. Promote sustainable and resilient agriculture transformation.



Transformation is Achievable

Thank You