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Briefing

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Agricultural Policy in Kenya

Role of agriculture for poverty reduction

Agriculture is the backbone of the Kenyan economy. It contributes approximately 25% of GDP, employing 75% of the national labour force. Over 80% of the Kenyan population live in rural areas and make a living, directly or indirectly, from agriculture.

The sector is important for poverty reduction since the most vulnerable groups, such as pastoralists, the landless, and subsistence farmers, depend on agriculture as their main source of livelihoods. Growth in agriculture therefore can be expected to have a significant impact on a larger section of the population than any other sector. Likewise, policies affecting the performance of agriculture have important implications for the economy as a whole.

Key issues in Agricultural Policy

Agricultural policy concerns in Kenya revolve around the following:

Increasing agricultural productivity and incomes, especially for smallholders. Agricultural sector productivity has declined over the last two decades. This has far-reaching implications for employment, income inequality and food security. Low productivity, reflected in low yields per hectare of land, is a major cause of high unit production costs in Kenyan agriculture. One reason for such low productivity levels is that many farmers cannot afford readily-available, modern farming technologies. Poor institutions, marketing and storage facilities reduce incentives to produce. High transport costs due to dilapidated roads, and improper handling and wastage of crops also contribute to the malaise.

Enhanced food security and equity, and a reduction in the number of those suffering from hunger. Agricultural production in Kenya is largely rain-fed and vulnerable to weather-related fluctuations. Droughts and floods have increased in frequency and intensity in the past three decades, leading to high crop failure and livestock deaths. Over-reliance on rain-fed agriculture is one of the major causes of food insecurity. Less than 7% of Kenya's cropped land is irrigated, while as much as 83% of land is arid or semi-arid and classed as 'low potential'. Increasing the irrigated area could stabilise agricultural output and reduce dependence on rain-fed systems.

Commercialisation and intensification of production of small scale farmers. Kenya's narrow base of agricultural products and exports makes incomes increasingly vulnerable to international market trends. Limited diversification and low value-added in agricultural exports are the main culprits. The sector is weakly vertically integrated, made worse by ineffectual institutions and support services for agricultural exports. A handful of commodities (coffee, tea, dairy, maize, wheat, beef, and horticulture)

Diversifying into commercial crops could help boost farmer livelihoods. Source: FAO

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provide livelihoods for over 85% of the population, while coffee and tea alone provide 45% of wage employment in agriculture.

Diversification into non-traditional agricultural commodities, could increase and stabilise agricultural output, productivity and incomes, significantly check famine and improve food security. Kenyan agriculture would also benefit from exploiting potential in agro-processing, regional markets and encouraging private-sector-led development of the sector. But constraints to commercialisation, diversification and investment in agriculture need to be addressed. These include: inadequate and declining research in agriculture; ineffective extension and delivery systems for research; and lack of finance to the agricultural sector and related activities. Lack of access to credit, especially for small-scale farmers and women, limits the range of activities, types of technology and scale of operations that farmers can adopt.

Other policy concerns include: ***appropriate and participatory policy formulation; environmental sustainability*** – pressure on land and increasing rural poverty have led increasingly to agricultural practices that conflict with the environment; and constraints to women's resource access - including limited access to improved inputs, extension, marketing facilities and financial services, which limit their productivity; inequality – increased disparities in opportunities and incomes between agriculture and rural areas on the one hand and non-agricultural urban areas on the other.

Strategy for Revitalising Agriculture

The Government of Kenya launched the Strategy for Revitalising Agriculture in March 2004, a ten-year programme to guide agricultural sector development until 2014. This is part of the broader development framework of the Economic Recovery Strategy (ERS). An inter-ministerial Agricultural Sector Coordination Unit (ASCU) is charged with implementing the SRA.

Is the SRA consistent with Kenya's agricultural policy concerns? The SRA's overriding objective is a progressive reduction in unemployment and poverty. It also aims to provide a policy and institutional environment conducive to increasing agricultural productivity, promoting investment, and encouraging private sector involvement in agricultural enterprises and agribusiness.

Achieving this needs a legal and regulatory framework that is fair to all farmers, producers, processors and marketers of agri-products. The institutional reform agenda set out in the SRA aims to: increase productivity to lower per unit costs of production; improve the extension service system and links between research, extension and the farmer; improve access to financial services; encourage growth of agribusiness; reduce agricultural taxation; increase market orientation and improve the regulatory framework.

Critics of the strategy highlight the non-participatory way it was drawn up and suggest that creating 'ownership' might be a problem. The lack of monitoring and evaluation built in to the programme is also seen as a shortcoming in a medium-long term strategy, as is a lack of people with the right skills to implement such an important and ambitious programme.

The SRA's success in transforming smallholder farming from subsistence production to commercially profitable businesses depends on the effectiveness of policy-making structures embedded within the strategy. Broader processes, structures and actors shaping agricultural policy in Kenya, rooted in the historical context, are also crucial. These profoundly influence agricultural policy formulation processes, potentially entrenching further anti-poor biases and vested interests and preventing successful implementation.

Policy processes, structures and actors affecting agricultural policy in Kenya are discussed in the Briefing Paper *Agricultural Policy Processes in Kenya.*

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