

AGRA Kenya Operational Plan



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List of Acronyms



ASDS	Agriculture Sector Development Strategy
GDP	Gross Domestic Product
EAC	East Africa Community
CAADP	Comprehensive Africa Agriculture Development Programme
MOALF	Ministry of Agriculture Livestock and Fisheries
COG	Council of Governors
CS	Cabinet Secretary
MTIP	Medium Term Investment Plan
ASWG	Agriculture Sector Working Group
WRS	Warehouse Receipt System
GODAN	Global Open Data on Agriculture and Nutrition
JKIA	Jomo Kenyatta International Airport
MT	Metric Tonne
FO	Farmer Organization
GOK	Government of Kenya
MTP	Medium term Plan
ARD	Agriculture and Rural Development Donor Group
PROFIT	Program for Rural Outreach in Financial Innovations and Technologies
JASSCOM	Joint Agriculture Sector Steering Committee Meeting
JAS	Joint Agriculture Secretariat
JATESC	Joint Agriculture Technical Steering Committee
IGTRC	Intergovernmental Relations Technical Committee
IGR	Intergovernmental Relations Summit
IGF	Intergovernmental Forum on Agriculture

Executive Summary



Kenya is a country with strong fundamentals boasting a GDP growth of 5.6% p.a. and a vast and vibrant agricultural sector that contributes 30% to the GDP, 65% of all exports and employs more than 75% of the country's population. In response to changes in Kenya's macro economic context and country constitutional shift to a devolved structure, Kenya is developing a new agricultural strategy and positioning itself to transform its agricultural systems and increase the productivity and income of smallholder farmers. There is a great likelihood of successful transformation given the high agricultural potential, vibrant private sector ready to invest in agriculture and government commitment.

However, the Kenyan agricultural sector still faces constraints that prevent it from becoming competitive and fostering inclusive economic growth. These constraints include (1) weak sector coordination mechanisms and limited evidence-based policy making, (2) unstructured value chains limiting access to major grain markets and high post harvest losses, (3) lack of resilience to climate change (4) limited access to agriculture credit currently at 4%

AGRA's strategy prioritizes initiatives that complement the work of other actors to significantly increase smallholder farmers' income, food security and nutrition by driving productivity, strengthening linkages between market and production systems, supporting government to deliver on its priorities and supporting development of an improved enabling environment. AGRA's strategy emphasizes gender inclusive transformation through gender integrated approaches to drive equitable access to inputs, finance and agriculture education, The strategy draws heavily from lessons learned from AGRA's past investments totaling ~\$43 million in Kenya's agriculture in input systems development, market development and post harvest management. AGRA priority and investment will focus on the following strategic choices:

- Support to the government on planning, coordination and implementation and creation of a private sector enabling environment: Partnering with the Government of Kenya in the review of the sector strategy (ASDS) with the view of identifying and operationalizing flagship projects that will drive sector growth and strengthen the agricultural sector coordination and delivery.
- Scaling up system and farmer level initiatives in four selected priority value chains selected due to their strategic importance for food security, nutrition and income growth. In these value chains AGRA will seek to:
 - ✓ Unblock systemic issues around access to markets, inputs and finance, participation of women and youth in Agriculture
 - ✓ Expanded market access through value addition, structured trade, quality enhancement and aggregation
 - ✓ Address policy issues constraining private sector investment

Targeted interventions will address critical resource gaps to catalyze private and public sector investments in each of the 4 value chains with the overall goal of impacting 1.65 million smallholder farmers over the next 5 years. The cost of this five-year plan is estimated to be USD 25M.

Kenya's Agricultural Context

Kenya's Agricultural agenda is shaped by a few macroeconomic and contextual factors



1

- **Kenya GDP growth rate reached 5.6% in 2015 with Agriculture growing by 6.2%, growth driven by cash crops**
- Main contributors to the economy are agriculture (30%), industry and manufacturing, services (including tourism, financial services, wholesale and retail trade, real estate)
- Agriculture GDP is driven by Horticulture and cash crops
- Annual growth of the agri. sector has fluctuated between 2% and 6.2% peaking at 6.2% in 2015
- Sector provides 65% towards exports and employs 75% of the population
- Women comprise 50% - 80% of production labour force in Ag but receive only 1% of agriculture credit and 7% of extension services compared to men

2

- **The current Government has prioritized a number of investments to food security**
- USD 720 Mn in The Galana/Kulalu Food Security Project Model Farm that aims to put a million acres under irrigation
- USD 456 Mn into input subsidy reducing the cost of fertilizer by 28% for subsidy and 29% in open market reaching 1.5 Mn Farmers. Also, operationalization of 2 blending facilities producing 300,000 MT
- USD 2.2 Mn agriculture insurance targeting 14 Arid and Semi Arid Lands (ASAL) counties, covers pastoralists from losses owing to adverse weather conditions covering 70,060 Tropical Livestock Units (TLUs)

3

Key challenges to the sector:

- Currently, there's 5.8 mil ha arable land available out of which 2.67 m Ha is under cereal production
- 30% of cultivated land is prepared via mechanized means
- Rain-fed agriculture is the dominant type across all agro-ecological zones with only 0.04% of potential irrigation land put into use
- The adoption rate of improved seeds is between 57% and 88% across different ecologies and fertilizer usage is at 45kg/ha
- Recurrent drought contributing to 42.7% of the population being food insecure (ranked at 83/113) globally and rising food prices/high inflation
- Headline poverty level 46% and 49% in rural areas
- **Reliance on an ag. sector which is subsistence and dependent on rainfall continues to be a big challenge**

4

- **Government prioritization of agriculture has not been matched with increased investment**
- Public sector financing has averaged between 3% - 6%, below the 10% CAADP target
- Lending to agriculture sector by banks is at 4% of total loans in 2016
- The Ministry's absorptive capacity is 69% total, with development absorption at 63.9% and recurrent at 87.9%
- **A large number of donors invest in the sector though few provide general budget support**
- Key donors supportive of the review of for ASDS are USAID, World Bank, FAO
- **There is need for increased investment in the resilience capacity to weather climate change shocks**

In its strategy, Kenya seeks to move to an innovative, commercially orientated, competitive and modern agricultural sector



The Agriculture Sector Development Strategy (ASDS 2010-2020) has a vision for a **food secure and prosperous nation** and aims for **7% year on year growth** and strives to move **from subsistence agriculture to an innovative, commercially oriented, competitive and modern agricultural system**. Investments for the ASDS are guided by the Medium Term Investment Plan (MTIP) 2013-2017 which is synchronized with the Country's Medium Term Plan (MTP) II

Description

Core objectives

- Increase sector growth from 3% to 7% annually
- Reduce number of people living below absolute poverty line to less than 25%
- Reduced food insecurity by 30%
- Increased contribution of agriculture to the GDP by more than USD 800Mn

Priority investment areas

- Increasing productivity, food security;
- Promoting investment and encourage private sector participation;
- Promoting sustainable land and natural resources management;
- Reforming delivery of agricultural services;
- Increasing market access and trade;
- Ensuring effective coordination and implementation
- Creation of enabling environment for agricultural development

Major investments

- Input subsidy programme has managed to increase use of fertilizer and certified seeds and has seen increase in yields for Maize
- Various rural access road and market places were rehabilitated and helped increase amount produce that reached markets
- The number of laws and regulations governing agricultural service delivery were harmonized and reduced from 130 to 3 reducing the cost of doing business.
- Fertilizer blending facility opened in Eldoret
- Kenya National Agriculture Insurance program.
- Program for Rural Outreach of Financial innovation and Technologies (PROFIT)

Government Resourcing

- Total budget for ASDS 2010 - 2020 is USD 4.62 billion for 2013 - 2017: Recurrent expenditure 44.1% Development expenditure 55.9%
- Government contribution USD 2.05Bn – 44.64%
- Development Partners Contribution USD 1.04 Bn – 22.66%
- Private Sector USD 100Mn – 2.41%
- Others USD 900Mn – 19.64%
- Financing Gap USD 480Mn – 10.64%

Sector governance is the purview of the Ministry of Agriculture with implementation run under County Governments



National agriculture agenda

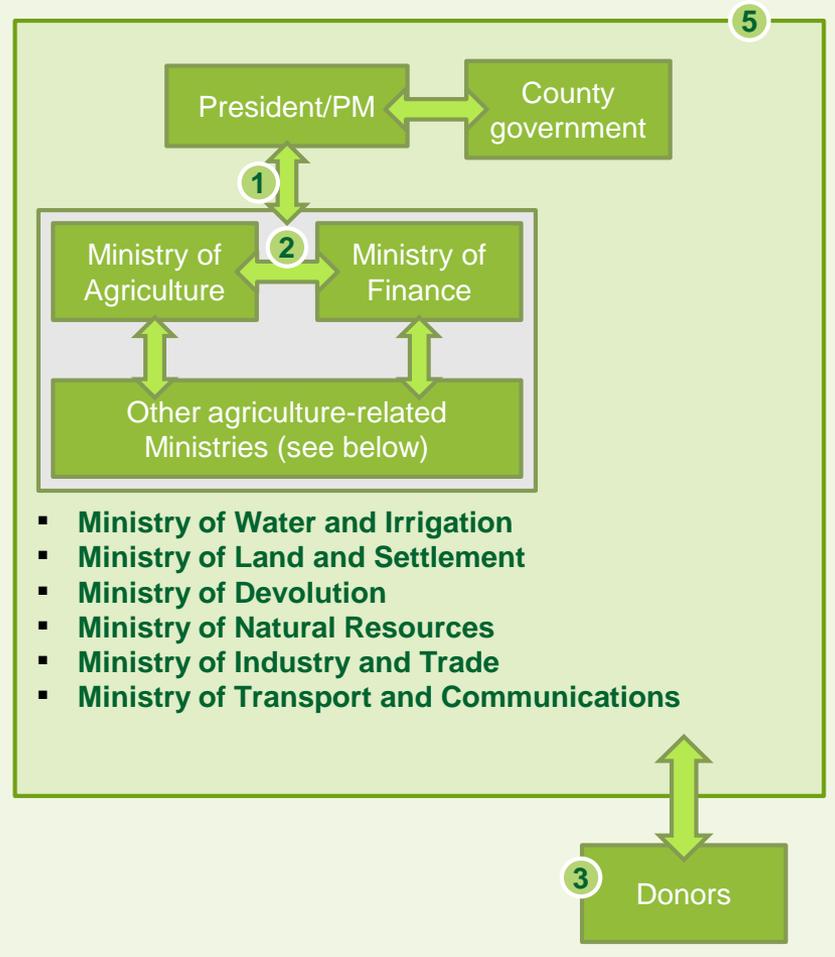


Institutional arrangement and responsibilities

- 1 President**
 - Overall in charge of setting country strategic direction and priorities
 - Chairs the IGR Summit – Inter governmental Relations Summit
- 2 Ministry of Agriculture Livestock and Fisheries**
 - Overall in charge of agriculture related policies
 - Ministry regards ASDS as the master plan of agricultural transformation in the country
- 3 Ministry of Finance and Planning**
 - Authority over agriculture budgets and spending
 - Checks/balances with the MoALF
- 4 County Governments**
 - Implementation of Agriculture strategy at County level (Kenya's system of government is devolved)
 - Agriculture services are 90% devolved with county governments responsible for agriculture service provision
- 5 Donors [ARD – Agriculture and Rural Development Group]**
 - Chaired by USAID.
 - Other members include FAO, EU, WB, AfDB, DFID, Swedish Embassy, WFP, IFAD, AGRA
 - Troika Group – outgoing, sitting and incoming chair of ARD
- 6 Agriculture Sector Working Group**
 - Co-Chaired by CS of MoALF and Chair of COG
 - Other members include non-state actors, private sector, development partners

A number of mechanisms exist to enhance inter-ministerial and overall national and subnational sector coordination

National agriculture agenda



Coordination bodies and responsibilities

1 Coordination with, and buy-in from National and County leadership

- Intergovernmental Relations Technical Committee (IGTRC) is a body formed by an act of parliament to establish a framework for consultation and co-operation between the National and County Governments and amongst county governments.
- The Inter-Governmental Relations Summit (IGR), coordinated by the IGTRC and chaired by the President and reported into by the Intergovernmental Forum on Agriculture (IGF)
- Intergovernmental Forum on Agriculture (IGF) for High-level consultations between the national and county governments & other key sector stakeholders chaired by CS and Chair CoG
- Joint Agriculture Technical Steering Committee (JATESC) Provide regular policy and strategic direction for the sector
- Sectoral Working (Agriculture) Groups (SWAGs) Facilitate coordination, harmonization & liaison between national and county governments

2 Support inter-ministerial coordination

- Inter Governmental Relations Technical Committee (IGTRC) as defined by the constitution

Despite being a vibrant sector and having clear sector governance structures, Agriculture is still mired with food insecurity and low incomes



Opportunities for sector transformation may lie in prioritizing areas that have the most impact on food security, improving sector coordination especially with devolution and timely implementation of flagship programs

Strengths

- 6.2% Ag GDP growth
- Increased cereal productivity (5.5% increase in yields between 2010 and 2015)
- Strong private sector engagement in the sector
- 50% increase in financial inclusion in the last decade
- Declining % of under-nourished adults (from 25% in 2010 to 21% in 2015)

AND

Opportunities

- GDP growth due to cash crops, stagnation in staples
- Low yields compared to global benchmarks
- High food insecurity – 42.7%
- 2.6% Increase in poverty levels from 2008 - 2015
- Only 4% lending to Ag sector
- Lack of resilience in the sector – vulnerable to climate & shocks
- Women farmers with significantly lower access to extension services and credit compared to men

Sector strategy, governance and coordination

Strengths

- Strategy relevance - prioritizes food security and commercialization of smallholder farming
- Clear sector governance, national and inter-ministerial coordination structures as defined by the constitution

AND

Opportunities

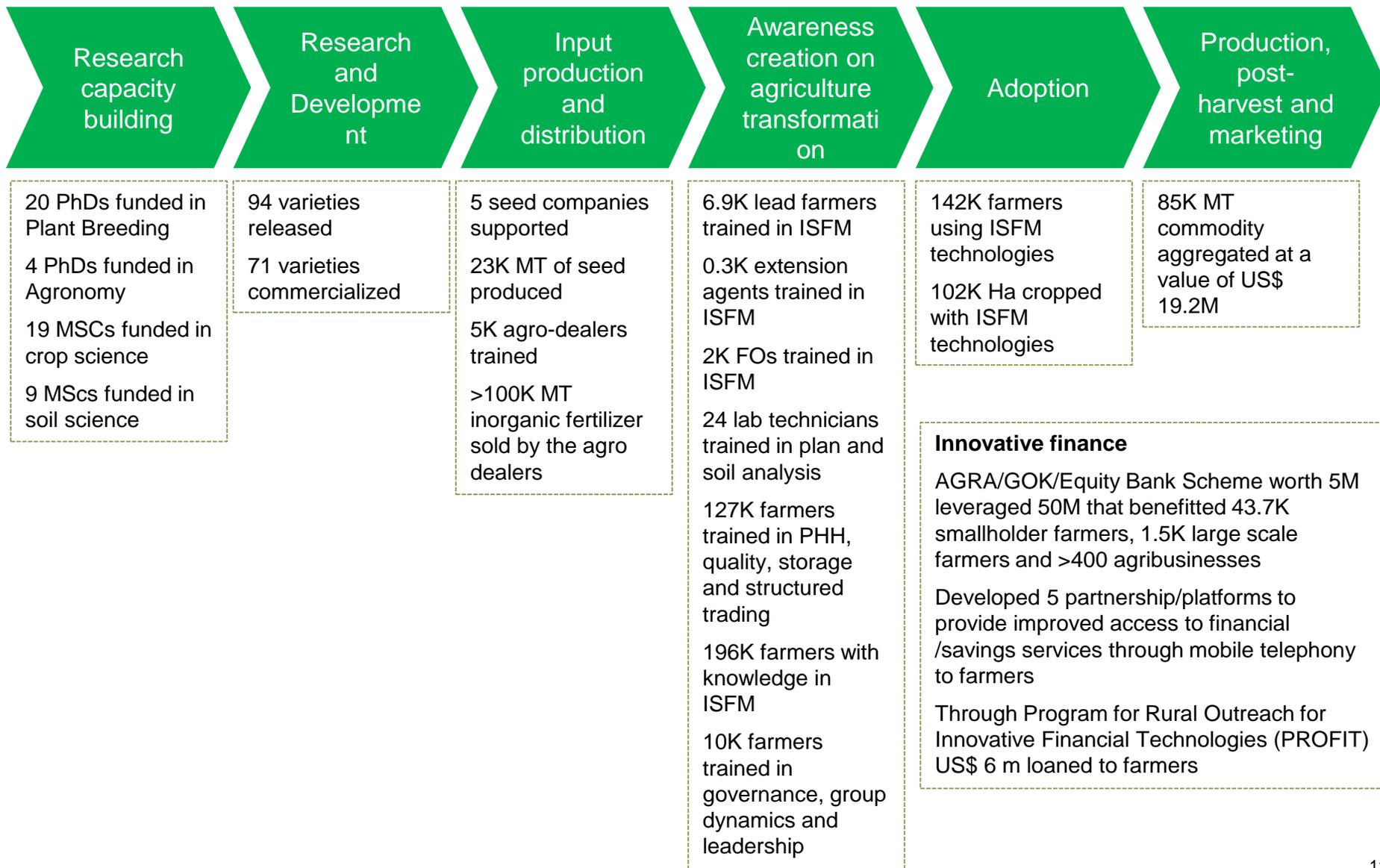
- Strategy doesn't fully take into account dynamics of devolution
- Declining share of public expenditure in Ag – from 5.4% in 2003 to 3.9% in 2008-14
- Challenges in implementing coordination structures; Un-defined coordination structures at county level

Lessons AGRA has learned from its investments in Kenya

Over the last decade, AGRA has invested over \$42 million in Kenya and contributed to sector development...



AGRA's focus was to strengthen public institutions with human capacities necessary to drive the sector technological needs to improve yields while supporting private sector and other institutions to deliver services to farmers



AGRA has learned a number of lessons on developing agriculture systems that have implication driving future programming and investments in Kenya



Coordination and Enablers

- Coordination: With devolution, working with government at only central level is ineffective. Clear governance structures as defined in the constitution, don't automatically translate into a well coordinated sector (coordination needed especially between CoG and MoA)
- Importance of coordination and leverage: AGRA's investment represents less than 1% of the total agricultural investments. Increased engagement with government, private sector players and institutional partners at the country-level can increase investment in the sector, influence prioritization of funds flow and can also create market-enhancing mechanisms for sustaining agricultural growth (.e.g., change in taxation of the Sorghum industry allowed farmers to resume profitable production). Coordinated approaches optimize for sustained and inclusive growth beyond the 6% currently realized.
- Importance of private sector as a driver of growth: Kenya's agriculture transformation has been largely driven by strong private sector investment to develop systems that support growth both in input systems and market development especially in horticulture and other cash crop sectors; there is opportunity to build on this to improve food security.
- Strong commitment and consistency are critical to driving inclusive growth: Though the sector has grown by 6%, public expenditure to agriculture has declined. AG GDP growth has come from commercial and cash crops farmers.

Systems Development

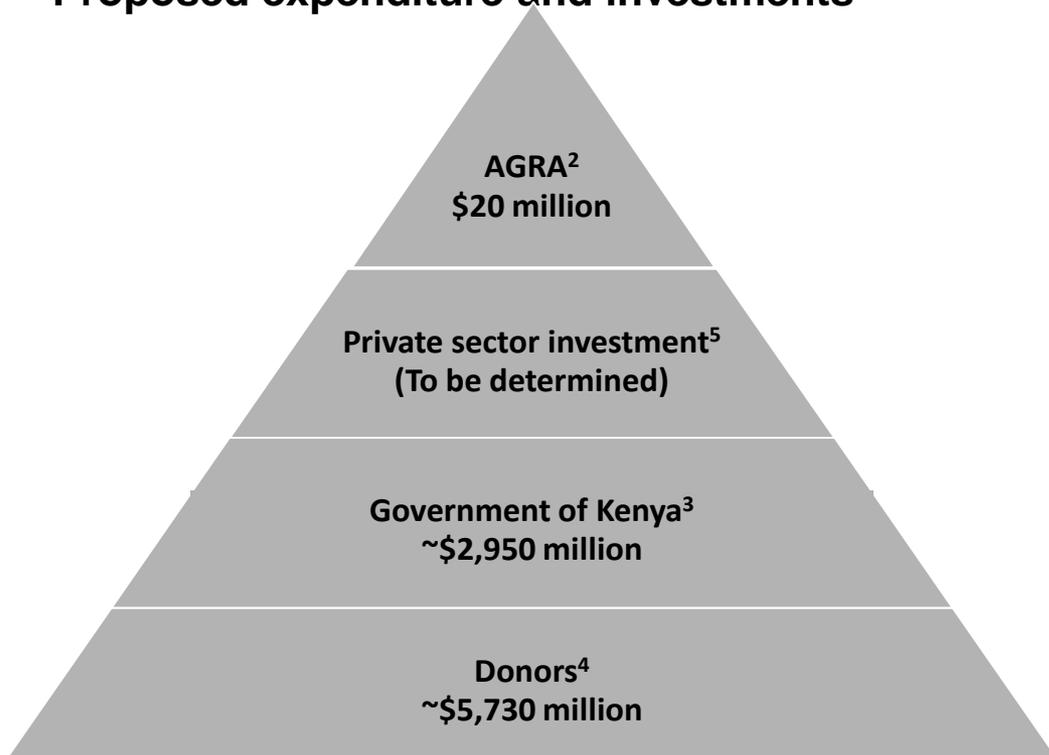
- Reliable and low cost access to inputs including improved crop varieties can only be achieved if the flow of new and improved varieties is maintained through functional input systems
- On technology adoption – Scaling of technologies requires significant investments in systems development to increase access; it also requires investing in policies that allow for robust Private sector participation/investments.
- Stand-alone interventions that are characteristic of most Ag investment today are not integrated enough to provide comprehensive solutions that allow for sustainable adoption and scaling of technologies; they often lack markets and postharvest management and hardly ever address resilience and policy issues that prevent scaling
- Predictability in the sector including forward contracting accompanied by appropriate legislation and new ways of lending e.g. group lending that recognize farmer constraints

These lessons culminate in a critical recognition that AGRA's funds are insufficient to drive transformation in Kenya



AGRA recognizes that with \$25 million its investments are < 1% needed of what is needed to drive an inclusive agriculture transformation in Kenya; therefore going forward, AGRA will selectively invest where it sees opportunities to be catalytic

Proposed expenditure and investments¹



- AGRA's strategic vision in Kenya can only be achieved through strong partnerships with other players in Kenya
- AGRA will prioritize interventions that catalyze and complement funding committed by the Government and donors
- As such, AGRA is committed to:
 - Alignment with Government priorities and programs
 - Boosting government capacity for strategic planning and implementation
 - Participating in and supporting government coordinating mechanisms
 - Committing resource to catalytic system development that allow for scale known models and technologies

1: Figure not drawn to scale

2: Proposed country investments for country strategy 2017 - 2021

3: FAOSTAT 2014 data flat-lined for 5 years

4: Official Development Assistance (ODA) flows, Other Official Flows (OOFs) and Private Grant/Flows reported by donor countries, multinational organizations and private entities to OECD DAC Directorate for all purposes related to agriculture except forestry and general environment protection

5: Exact estimates for private sector investment are unknown and therefore conceptual

SOURCE: FAOSTAT; ReSAKKS; AGRA analysis

AGRA's Strategic Choices and Operational Plan

AGRA's Vision in Kenya



Having worked in Kenya over the last 10 years, AGRA and partners have build an asset base in technologies, partnerships and models that if scaled can have significant impact on the status of inclusive agriculture in Kenya. AGRA's new strategy seeks to bring all of these elements together and contribute to the National strategy

Kenya's vision for Agriculture development

Kenya in its Agriculture Sector Development Strategy (ASDS 2010-2020) has a vision for a **food secure** and prosperous nation and aims for 7% year on year growth and strives to **move from subsistence agriculture to an innovative, commercially oriented, competitive and modern** agricultural system.

Increase food productivity, food security	Promote investment and encourage private sector participation	Promote sustainable land and natural resource mgt	Reform delivery of agricultural services	Increasing market access and trade	Effective coordination and implementation	Creation of an enabling environment for ag. Devt.
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AGRA's strategy for Kenya

To catalyze and sustain inclusive agriculture transformation in Kenya by contributing to

- 1) the government's need for a strong Agriculture sector with effective coordination and implementation capabilities;
- 2) Strengthening the Agriculture sector delivery systems for improved productivity and marketing of produce to impact incomes and improve food security for at least 1.65 million smallholder households

Therefore, AGRA's approach in Kenya will focus on Country Support and policy engagement and support to systems development to impact key value chains



AGRA believes that in Kenya there is room to drive scale through: a) a well planned and coordinated approach to resources in the public domain including coordinated engagement at country level, b) working with private sector to build systems that improve access and drive sustainability

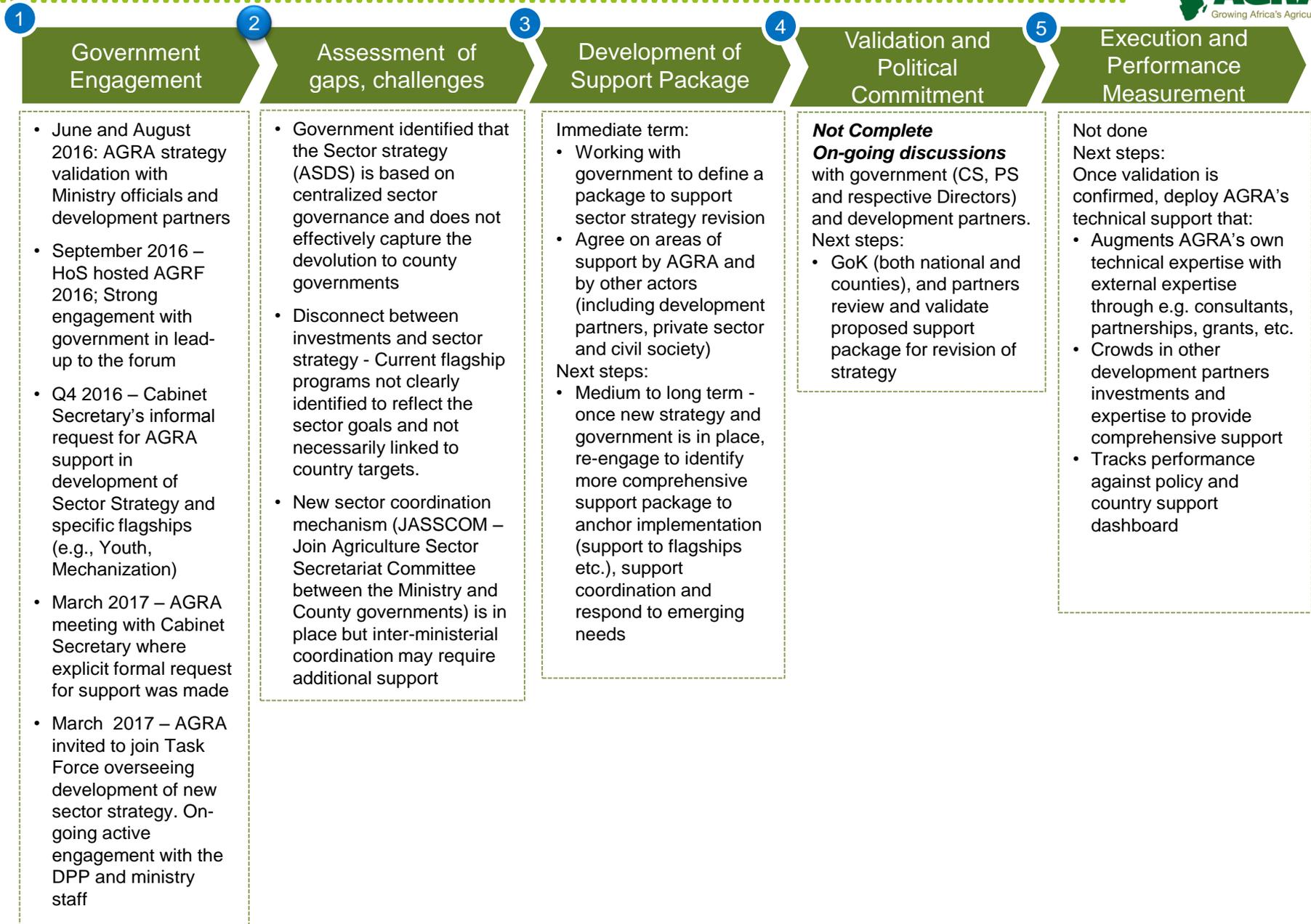
1) Country Support and Policy Engagement

- Enhanced sector evidence based planning and analytics: Support Ministry in the development of a new Agriculture Sector Growth and Transformation Strategy
- Enhanced sector coordination and implementation: Support development of inter-ministerial and county coordination; build implementation capabilities at National and country levels; Provide expert advisory support to Ministry of Agriculture e.g. communication, coordination of GODAN
- Support development of an enabling environment e.g., by Supporting the development of a policy matrix aligned to the new sector strategy

2) Value chains and Market Systems development

- Support the development of integrated value chain system; including forward contracting, pricing, quantity projections, transportation costs, digital extension, Mechanization Hire services
- Support the commercialization of seed varieties in Sorghum, Pulses, Irish Potato & drought tolerant maize that are adapted for climate variability and diseases
- Support improved private sector investment in Agriculture through Public Private Partnerships
- Build the capacity of financial institutions to better understand the agriculture sector and develop agriculture products and delivery mechanisms
- Support the growth of digital financial solutions
- Support Risk Sharing facilities to financial institution to increase their appetite to lend to the agriculture sector
- Improve the capability of women to access inputs, extension and financial services and market information and services

AGRA's support to Country and policy engagement started in 2016 and has focused mainly around strengthening the Ag sector plan to accommodate devolution



Initial areas for investment in Country support and Policy engagement include strategic planning, coordination and policy engagement



Based on the country's needs and leveraging AGRA's comparative advantage in supporting governments in building institutional capacity and creating a favorable environment for the private sector, AGRA will drive strengthened capacity for driving evidence based planning, implementation alignment between government bodies, increased coordination between MoALF and external stakeholders, and an enhanced policy environment for private sector investments

Strategic engagement area	indicative interventions	Potential partners	Link to results framework
Enhanced sector evidence based planning and analytics	Support Ministry in the development of a new Agriculture Sector Growth and Transformation Strategy	FAO, USAID, McKinsey Consulting	IO 8.1
Enhanced sector coordination	Identify strategic country support initiatives towards strengthening: <ul style="list-style-type: none"> - Strategy leadership & alignment - Planning and coordination capabilities of the Joint Agriculture Technical Steering Committee (JATESC) - Implementation capabilities at National and County levels 	FAO, USAID	IO 8.1
Support development of an enabling environment	Support the development of a policy matrix aligned to the new sector strategy Provide communication advisory support to Ministry of Agriculture Provide technical assistance in the coordination of GODAN	USAID	IO 8.1 CC 9

To deliver on Value Chains and Market system strengthening, AGRA will prioritize high potential value chains - Maize, Potatoes, Sorghum & Pulses



Legend

- Irish Potato
- Maize
- Maize_Pulses
- Maize_Sorghum_Pulses
- Sorghum_Pulses_IrishPotato
- Pulses
- Sorghum_Pulses
- Sorghum
- Other Counties

Crop 1 - Maize

- Maize is a major crop for food security in Kenya and grown in all the select areas and usually intercropped
- Maize is also a government priority under ASDS
- AGRA shall focus on promoting drought tolerant varieties in the ASAL Regions of Kitui, Machakos, Makueni, Kilifi, Kwale, Tana River, Tharaka Nithi, Taita Taveta

Crop	Acreage, ha	Farmers,
Potatoes	134,630	859,518
Sorghum	213,520	672,018
Pulses	581,044	558,857
Maize	480,390	491,881

Crop 2 – Irish Potatoes

- Selected for food security as it's the second most consumed crop after maize. However it has low use of certified seed, Lack of processing variety seeds
- Very little government investment
- There is an opportunity to commercialize existing KARLO seed varieties
- Areas - Nakuru, Nyandarua, Elgeyo Marakwet, Meru, Uasin Ngishu, Kiambu, Narok, Bungoma, Nyeri, Muranga
- 859,518 farmers; 1,458, 670 MT

Crop 3 - Sorghum

- Selected for commercial opportunity given the strong brewing market but suffers from low productivity. The regions of Nyanza & Western Kenya have the biggest opportunity to make income from sorghum
- Very little government investment
- Areas: Kitui, Homabay, Kisumu, Busia, Siaya, Tharaka Nithi, Meru, Machakos, Migori, Embu
- 672,018 farmers; 155,896 MT

Crop 4 - Pulses

- Pulses have a very strong Asian Market, very low production and poor GAP, low use of certified seed, lack of seeds. KARLO now has released seed varieties that can be commercialized
- Kenya India Partnership offers market opportunity
- Areas: Makueni, Kitui, Machakos, Tharaka Nithi, Embu, Meru, Kwale, Lamu, Kisumu, Tana River
- 558,857 farmers; 249,638 MT

An assessment of the partner landscape shows significant donor and private sector presence working across value chains

Not Exhaustive

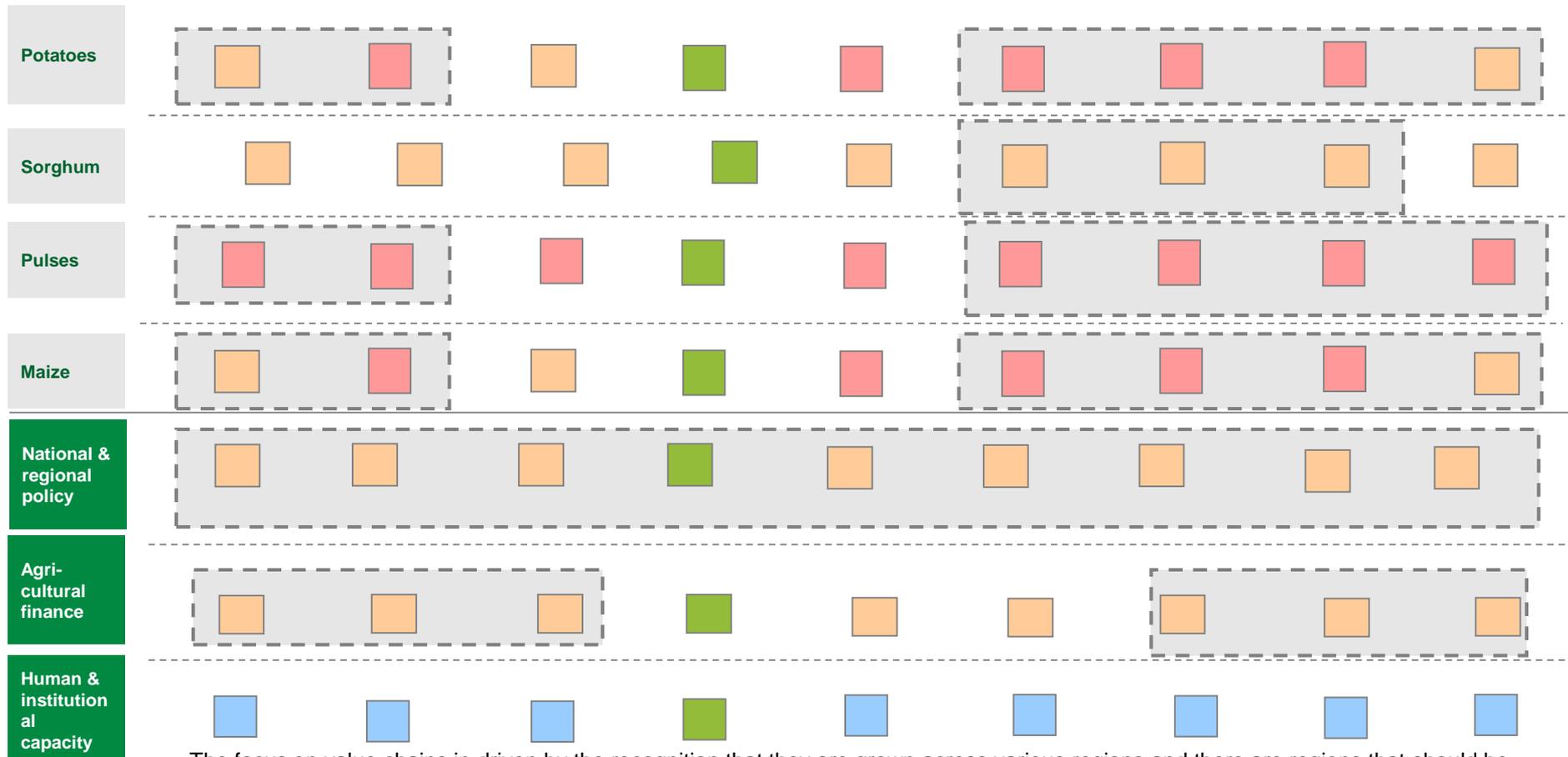


	Seed supply & research	Fertilizer supply & research	Access to Finance	Infrastructure	Farmer access (agro dealers)	Farmer awareness (extension)	Farmer organization	Market linkages	Post-harvest management, quality and standards
Potatoes	USAID, EU, giz, JIFAD, THE WORLD BANK	USAID, EU, giz, JIFAD, THE WORLD BANK	USAID, EU, JIFAD, THE WORLD BANK	USAID, EU, JIFAD, THE WORLD BANK	USAID, EU, SWEDEN, THE WORLD BANK	USAID, EU, THE WORLD BANK	USAID, EU, THE WORLD BANK	USAID, EU, THE WORLD BANK	USAID, EU, THE WORLD BANK
Sorghum	USAID, EU, giz, JIFAD, THE WORLD BANK	USAID, EU, giz, JIFAD, THE WORLD BANK	USAID, EU, JIFAD, THE WORLD BANK	USAID, EU, JIFAD, THE WORLD BANK	USAID, EU, SWEDEN, THE WORLD BANK	USAID, EU, THE WORLD BANK	USAID, EU, THE WORLD BANK	USAID, EU, THE WORLD BANK	USAID, EU, THE WORLD BANK
Pulses	USAID, EU, giz, JIFAD, THE WORLD BANK	USAID, EU, giz, JIFAD, THE WORLD BANK	USAID, EU, JIFAD, THE WORLD BANK	USAID, EU, JIFAD, THE WORLD BANK	USAID, EU, SWEDEN, THE WORLD BANK	USAID, EU, THE WORLD BANK	USAID, EU, THE WORLD BANK	USAID, EU, THE WORLD BANK	USAID, EU, THE WORLD BANK
National & regional policy	USAID, giz, THE WORLD BANK	USAID, giz, THE WORLD BANK, FAO	USAID, giz, THE WORLD BANK, FAO	USAID, giz, THE WORLD BANK, FAO	USAID, giz, THE WORLD BANK, FAO	USAID, giz, THE WORLD BANK, FAO	USAID, giz, THE WORLD BANK, FAO	USAID, giz, THE WORLD BANK, FAO	USAID, giz, THE WORLD BANK, FAO
Agri-cultural finance	JIFAD, THE WORLD BANK, USAID, EU	JIFAD, THE WORLD BANK, USAID, EU	JIFAD, THE WORLD BANK, USAID, EU	JIFAD, THE WORLD BANK, USAID, EU	JIFAD, THE WORLD BANK, USAID, EU	JIFAD, THE WORLD BANK, USAID, EU	JIFAD, THE WORLD BANK, USAID, EU	JIFAD, THE WORLD BANK, USAID, EU	JIFAD, THE WORLD BANK, USAID, EU
Human & institutional capacity	THE WORLD BANK, EU	THE WORLD BANK, EU, FAO, USAID, giz	THE WORLD BANK, EU, FAO, USAID, giz	THE WORLD BANK, EU, FAO, USAID, giz	THE WORLD BANK, EU, FAO, USAID, giz	THE WORLD BANK, EU, FAO, USAID, giz	THE WORLD BANK, EU, FAO, USAID, giz	THE WORLD BANK, EU, FAO, USAID, giz	THE WORLD BANK, EU, FAO, USAID, giz
Private Sector	Ojay Greens, VARA, JOHN DEERE	Mahindra, UPL, TATA	AGCO, eabl, GAEA FOODS	Sereni Fries					

Specific areas of the value chain in potatoes, sorghum & pulses are currently under-resourced, constraining farmer opportunities



- Not a challenge; or, outside AGRA's core focus areas
- Challenge area; effective partners already present or intend to intervene in alignment with AGRA's Theory of Change
- Challenge area; partners already present or considering entering; AGRA's expertise/influence could guide more effective or scaled interventions
- Challenge area; partners not present



The focus on value chains is driven by the recognition that they are grown across various regions and there are regions that should be focusing on other value chains other than what they are focusing on today

Value chains strengthening (1/2)



AGRA will invest in developing integrated value chains linking organized groups of farmers to markets, finance and productive technologies and addressing policy bottlenecks

Strategic choices	Intervention description & AGRA's role	Potential partners	Approach to scaling	Results framework
Value chains and Input systems strengthening	Support private sector investment in value addition and seed systems development	Processors	Once the constraints in the value chains have been de-risked and private companies are making profit they will continue to make more investment and new players will emerge.	IO 5.1,5.2,5.3
	Support the development of integrated value chain system; including forward contracting, pricing, quantity projections, transportation costs, digital extension, Mechanization Hire services	ICFA, 2Kuze, G-Soko/ Food trade/EACG, Processors/Buyers/aggregators, Mechanization vendors, Input companies	Well functioning integrated value chains have opportunities to improve food security and increase incomes of farmers and agribusinesses and ensure sustainable provision of services; this can lead markets to a tipping point beyond which scale will be market driven	IO 2.2,5.1,5.2,5.3
	Support the commercialization of seed varieties in Sorghum, Pulses, Irish Potato & drought tolerant maize that are adapted for climate variability and diseases	KARLO Private Investors	If the farmers meet the quality and quantity needs of markets we shall have developed virtuous sustainable seed systems and investment in seed companies will grow and drive scale	IO 1.1, 1.3,
	Support the introduction of new agricultural technologies through field days and demo plots; scale up ICT, video and radio based extension messaging, and BDS to FOs	ICT Partners, Mediae, County Governments, Input companies, Researchers	The introduction of new technologies will be integrated in agribusiness platforms whose partners will then drive scale	IO 2.1, 2.2, 6.1, 6.2

Value chains strengthening (2/2)



AGRA will develop integrated value chains linking organized groups of farmers to markets, finance and productive technologies and addressing policy bottlenecks

Strategic choices	Intervention description & AGRA's role	Potential partners	Approach to scaling	Results framework
Building the capacity of the demand and supply side of the financial value chain	Build the capacity of financial institutions to better understand the agriculture sector and develop agriculture products and delivery mechanisms	BDO, Finline, Deloitte	Financial institutions are the partners to scale financing to farmers; by AGRA's investment in capacity and product development additional finance will be unlocked	IO 6.1,6.2
	Support the growth of digital financial solutions	ICT Solution Providers, Financial Institutions	Digital solutions provide a path to scale through innovation and lower distribution costs - With growth in digital solutions it will reduce costs for financial institutions leading to profitability and increased scale	IO 6.1,6.2
	Build the capacity of farmers and SMEs to increase their capacity to uptake financial services	Deloitte, LDA, SNV	The focus is on scale through sustainability - Farmers and SMEs will have the capacity to absorb financial products and increase earnings and re-invest	IO 6.1,6.2, CC 12
	Provide Risk Sharing facilities to financial institution to increase their appetite to lend to the agriculture sector	Financial Institutions	Risk sharing facilities offer significant opportunities for leverage in the scale of up to 1:10 - With Risk Sharing Facilities banks will test the viability of lending to agriculture and the success thereof becomes key lesson in advancing agriculture financial services	IO 6.1,6.2

Market systems strengthening



For isolated communities with significant potential for productivity and ability to drive own food security; AGRA will seek to increase access to markets while strengthening market outlets for key value chains. of the desired quality and quantity

Strategic choices	Intervention description & AGRA's role	Potential partners	Approach to scaling	Results framework
Market Systems Development	Facilitate the establishment of the Farm to market Alliance platform in Kenya	WFP, USAID, DFID TGCU	This platform seeks to reach 100,000 SHF through an integrated model that provides structured access to inputs, markets, finance and training. The model can be replicated and taken up by the markets	IO 5.1, 5.2, 5.3
	Support the development of integrated value chain Consortiums and stakeholder forums that work to industry related issues including self regulation	EAGC, CGA, NPCK, Kenya Pulses Platform	Well functioning integrated value chains Consortiums and Stakeholder forums have industry players who have stake in the sector and hence will continue to operate and invest in the sector	IO 5.1, 5.2, 5.3
	Support development of structured trade through large off-take agreements	TBD	Partnerships with various stakeholders remove ensure that you have various players carrying the vision of success	IO 5.1, 5.2, 5.3, CC 13, 3.1, 3.2
	Exploration and development of Public Private Partnerships Investment in Postharvest loss reduction and improved produce quality Support farmer organization and improved access to private sector initiatives for improved produce marketing			

Country results framework and budget

Kenya Results Framework



- AGRA's overall goal in Kenya is to Catalyze and Sustain an Inclusive Agricultural Transformation to increase Incomes and improve Food Security of 1.65 million smallholder farming households through strategic country support and government engagement coupled with a set of targeted catalytic downstream and systemic investments made through its alliance of partners.
- Agricultural transformation is defined as a **process by which farmers shift from highly diversified, subsistence-oriented production towards more specialized production** oriented towards the market or other systems of exchange, involving a greater reliance on input and output delivery systems and increased integration of agriculture with other sectors of the domestic and international economies.
- Kenya's goal and objectives are directly contributing to the SDG two of ending hunger, achieving food security and improved nutrition and promoting sustainable agriculture. AGRA is equally committed to implementing interventions that are contributing to the AU Malabo declaration, aligning the Kenya Results Framework with the CAADP framework .
- To achieve its ambitious goal, AGRA seeks to contribute to four inter-related and inter-dependent objectives: 1) Increased staple crop productivity for smallholder farmers, 2) Strengthened and expanded access to output markets, 3) Increased capacity of smallholder farming households and agricultural systems to better prepare for and adapt to shocks and stresses, and 4) Strengthened continental, regional and government multi-sectoral coordination and mutual accountability in the agriculture sector. Interventions in Kenya will contribute directly to the 8 overall AGRA Primary Outcomes, all the five cross-cutting outcomes and directly contribute to most of the overall AGRA's intermediate outcomes.

Kenya results framework

Direct focus

Indirect focus

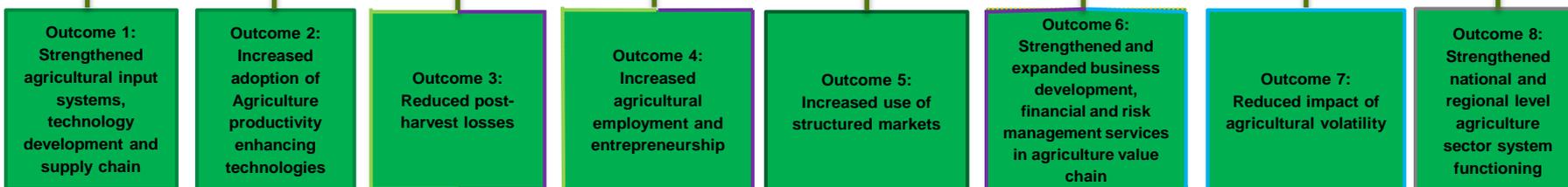


Goal: Catalyze and Sustain an Inclusive Agricultural Transformation in Africa to increase incomes and improve food security

Objectives



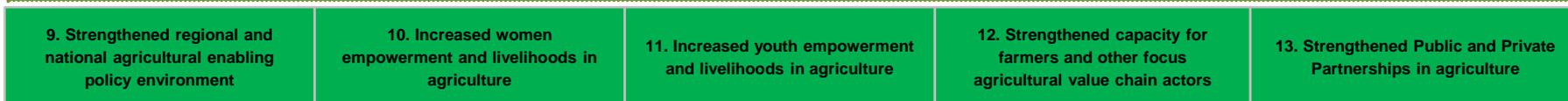
Primary Outcomes



Intermediate outcomes



Cross-cutting outcomes



Kenya - Key Country Indicators and Targets



AGRA is tracking 73 indicators across its strategy and at country level, but a version of the following dashboard will be tracked for ongoing management and summary reports

1 GOAL LEVEL IMPACT INDICATORS I	Baseline 2017	2018 Target	2019 Target	2020 Target	2021 Target
Average number of months of adequate household food provision	-		-		-
Improved food security: Household dietary diversity index)	-		-		-
2 OBJECTIVE LEVEL OUTCOME INDICATORS	Baseline 2017	2018 Target	2019 Target	2020 Target	2021 Target
Average yield (MT/ha) of Crop1	-	-	-	-	-
Average yield (MT/ha) of Crop 2	-	-	-	-	-
Average yield (MT/ha) of Crop 3	-	-	-	-	-
3 PRIMARY LEVEL OUTCOMES INDCATORS	Baseline 2017	2018 Target	2019 Target	2020 Target	2021 Target
Adoption rate of target improved productivity technologies or management practices at farmer level)	-	-	-	-	-
Percent of crop losses (After harvest, threshing and storage levels)	-	-	-	-	-
Number of jobs created by SMEs receiving AGRA support along the focus value chains)	-	-	-	-	-
Percent of total household produce sold through structured market facilities/arrangements)	-	-	-	-	-
Percent of loan/risk facilities directed to agricultural activities/SMEs in target financial/risk providers	-	-	-	-	-

Kenya - Key Country Indicators and Targets



4 INTERMEDIATE OUTCOMES LEVEL INDICATORS	Baseline 2017	2018 Target	2019 Target	2020 Target	2021 Target
Quantity (MT) of targeted improved seeds of focus crops produced by enterprises/entities supported by AGRA	-	-	-	-	-
Quantity (MT) of fertilizer blends produced by local fertilizer producers supported by AGRA	-	-	-	-	-
Percent of households using target certified seed of improved varieties, fertilizer blends and other improved productivity technologies or management practices	-	-	-	-	-
Cubic meter of storage space developed or refurbished /rehabilitated	-	-	-	-	-
Average fertilizer use (Kg/Ha)	-	-	-	-	-
Percent of farming households using post-harvest technologies/facilities	-	-	-	-	-
Percent of target SMEs along focus value chains operating profitably	-	-	-	-	-
Percent of farmers using structured trading facilities/arrangements	-	-	-	-	-
Quantity (MT) of target crops sold through structured markets)	-	-	-	-	-
Percent target farmers using financial/risk management services of engaged institutions	-	-	-	-	-
Number of post-harvest technologies sold/distributed to farmers	-	-	-	-	-

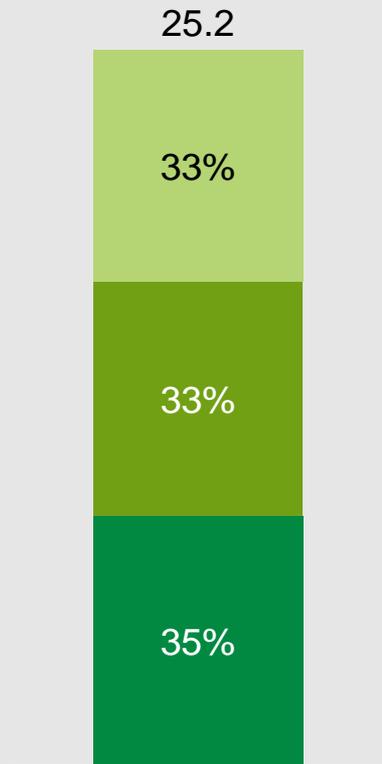
AGRA Projected program costs for KENYA



\$M

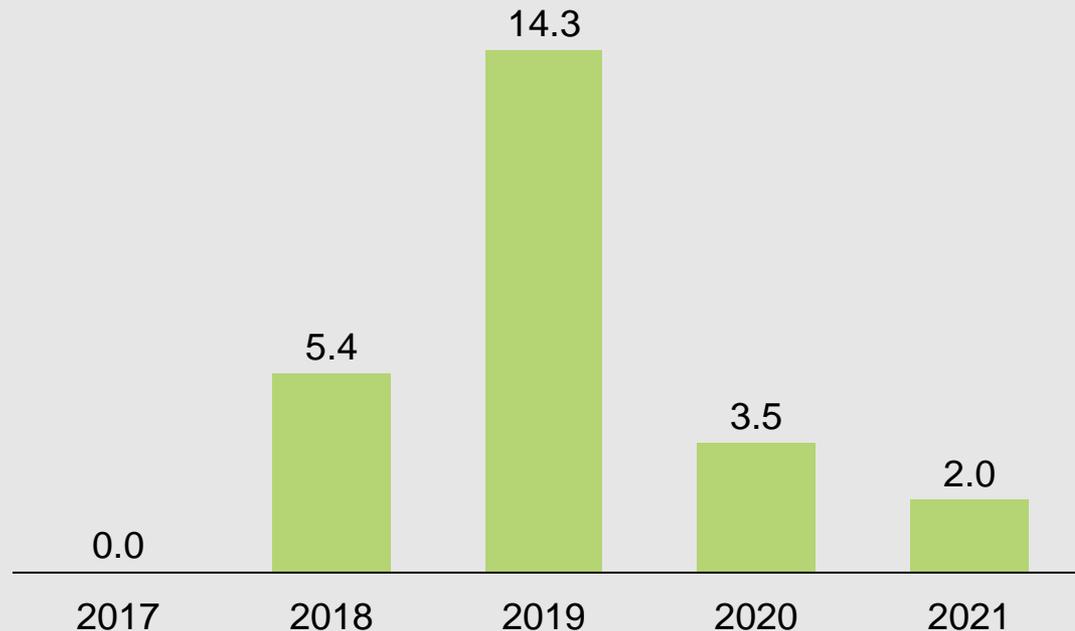
Funding areas

Kenya year-by-year projected investments (excl program implementation cost)



Kenya

- Input systems devt
- Market systems devt
- Country support and policy engagement



The Kenya operational plan is scheduled for full roll-out in 2018. A catalytic fund exists out of which high priority investments in Kenya can be made e.g., in the area of country support

AGRA's organizational capacity to deliver

Kenya's country office will be the frontline for delivering AGRA's interventions in country



VP Country Support, Policy & Delivery

Regional / Country Manager (Kenya, Uganda, Rwanda, Ethiopia)

- **Geographic service teams (GSTs) will lead regional and country delivery**
- POs and APOs will be **responsible for managing an integrated portfolio of ongoing programs, as well as new initiatives** reflecting the new organizational strategy
- **New initiatives will be developed on the frontlines**, but draw on the expertise and existing body of knowledge within the Nairobi teams (i.e., Program Development & Innovation, Business Development and Strategic Partnerships)

Admin Assistant

Lead Country PO, Kenya with significant country experience

2 APOs – One supporting farmer facing activities and another covering marketing facing activities

2 PO/APOs covering other topical areas:

- PO, Programme for Rural Outreach of Financial Innovations and Technologies (PROFIT)
- APO, Financial Inclusion for Smallholder Farmers in Africa Program (FISFAP)

GST Finance Administrator

GST M&E Officer

PO – program officer
APO – Associate Program Officer